CHAPTER 2

2.0 REVIEW OF LITERATURE

The purpose of this chapter is to review the literature related to corporate social responsibility and employee commitment. This review of literature discusses the history, definitional boundaries, antecedents and consequences of the variables included in the discussion of Corporate Social Responsibility and Employee Commitment. To contextualize the literature background information related to employee’s attitude, perceptions, commitment, CSR Implementation will be presented in this chapter and will be supported by hypotheses proposed in Hypothesis Development. The literature review will include following sections: Introduction to CSR in Organisations, Corporate Social Responsibility, Theories and Models of Corporate Social Responsibility, Related concepts to Corporate Social Responsibility, CSR towards internal and external stakeholders, CSR and Employees, Social Identity Theory, Social Exchange Theory, Organisational Commitment and Hypothesis Development. In addition, this chapter discusses linking key concepts clearly tied to CSR and commitment of the employees towards the organisation and their intentions to quit.

2.1 Introduction to Corporate Social Responsibility in Organisations

“We generate wealth for the people. What comes from the people must, to the extent possible, therefore get back to the people.”

-Bharat Ratna, J R D Tata

Corporate social responsibility (CSR) has variously been described as a ‘motherhood issue’\(^1\), the hot business issue of the noughties\(^2\) and ‘the talk of the town in corporate circles these days\(^3\). Modern Business is obliged to meet increasingly demanding ethical, environmental, legal, commercial and public standards as defined by the social fabric of the society. Corporate Social Responsibility (CSR) has therefore become important consideration for managers at all levels, as well as one of the most vibrant areas of study and research in the field of management\(^4\). The role of corporations in society is clearly on the agenda. Hardly a day goes by without media reports on corporate misbehaviour and scandals or more positively, on contributions from organisations to society. A quick stroll to local cinema and films such as Blood Diamond, The Constant
Gardener, Inside Job or Supersize Me reflect a growing interest among public in impact of organisation on contemporary life. There has been a growing interest in CSR across a range of disciplines. Whichever perspective is adopted, CSR has to have purpose and has to be championed whether for reasons of economic reputation management or as reflection of individual, personal values.

Ozen & Fatma (2009) studied the reasons why organizations would go beyond opportunistic compliances to be voluntary contributors to the environment thereby becoming environment citizens. Ligeti & Agnes (2009) carried out a study of CSR communication of companies in Hungary. They formed the questionnaire and conducted interviews of the managers. Their findings suggest that these companies engage in CSR activities only to get good relations with authority to make good public relations or to boost Research & Development activities.

Fuentes et.al (2008) examined the potential applicability of CSR in Spain in context of human resource management. Hiss (2009) describes the institutional and changing business practices in Germany and how the CSR has come into business practices.

Turker (2009) investigated that CSR in organisation has internal and external practices. Internal CSR practices refer to the CSR practices which are directly related with the physical and psychological working environment of employees. It is expressed in concern for health and well-being of employees their training and participation in the business, equality of opportunities, work-family relationship.

Looking from a different perspective established a curvilinear relationship between CSR and financial performance. They have measured the financial social link within the mutual funds that deal with SRI (Social Reporting Investing). Organisations are fast realizing that there is more to their existence than strategies towards competition. CSR reporting provides the stakeholders with a more holistic view of an organizational and its activities.

Research on CSR has largely been focused on assessing the relationship between a corporations’ engagement in socially responsible business activities and its profitability (Margolis & Walsh, 2001), while relatively few studies have analysed how consumers think about and react to CSR. Therefore, the following literature will explore corporate social responsibility, its link to the management and how corporate social responsibility activities perceived by the employees affect the employee commitment. The literature on identity theory will support the exploration of
corporate social responsibility and extend the concept as often understood in the individual-organization fit research.

2.2 Corporate Social Responsibility

2.2.1 Definition and History of Corporate Social Responsibility.

*I believe the distinction between a good company and a great one is this: A good company delivers excellent products and services, a great one delivers excellent products and services and strives to make the world a better place."

- William Clay Ford, Jr. Ford Motor Company

What does it mean for a corporation to be socially responsible? Academics and practitioners have been striving to establish an agreed upon definition of this concept for 30 years. (Corporate Social Responsibility- Readings and Cases in Global Context, p.61) For the better part of 30 years now, corporate executives have struggled with the issue of firms responsibilities to its society. No metaphor is perfect and the CSR pyramid is no exception. (Carroll, 1991) While there exist a number of different definitions of corporate social responsibility with varying features, there is no definitive version of the concept (Marinetto 1998). For this reason, Carroll’s all-encompassing and still relevant definition will provide the context for which CSR is understood in the present study.

Bartol et al. (2005) defined, organizational responsibility is the concept related to operating in a way such that the community is impacted in a positive way, and the organization’s own objectives are met simultaneously. Further, corporate social responsibility was described by Friedman as a form of pure and unadulterated socialism (Lenkowsky, 2006) CSR supports a corporation’s desire to offer their services to stakeholders without putting them in jeopardy (Wan-Jan, 2006). The numerous definitions of CSR identified in this section indicate that social responsibility has evolved from a focused operational concept to a more strategic global approach encompassing more elements (e.g., Porter & Kramer, 2002; Saiia, 2001; Saiia et al., 2003). Initially, the definitions were more limited to the company’s immediate environment (Steiner, 1979). Gradually however, the definition has expanded to include external areas such as stakeholder engagement (e.g., Johnson, 1971; Moir, 2001).
"If someone said 'corporate social responsibility' five years ago, no one would have known what it meant. Today it is a top priority for a large corporation that has a reputation to watch over. But we can't go out and achieve everything that everyone wants on the first day."

- Ray Gilme

While these are modern conceptualizations of corporate social responsibility, historically it has also been thought of as for the purpose of solely profit-making (Friedman, 1962)\textsuperscript{26}, beyond profit making (Davis, 1960; Backman, 1975)\textsuperscript{27, 28}, and beyond legal and economic obligation (McGuire, 1963)\textsuperscript{29}. Additionally, corporate social responsibility has been conceptualized as voluntary activity (Manne & Wallich, 1972)\textsuperscript{30}, as economic, legal, voluntary activities (Steiner, 1979)\textsuperscript{31}, in relation to the broader social system (Eells & Walton, 1961)\textsuperscript{32}, pertaining to various social problem areas (Hay, Gray, & Gates, 1976)\textsuperscript{33}, and as preceding the newly accepted concept of social responsiveness (Ackerman & Bauer, 1976; Sethi, 1979)\textsuperscript{34,35}. The heterogeneity of CSR definitions has continued undebated. (Corporate Social Responsibility- Readings and Cases in Global Context, p.5)\textsuperscript{5}

1. Bowen, 1953\textsuperscript{36}
   “Businessmen… must follow those lines of action which are desirable in terms of objectives and values of our society.”

2. Manne & Wallich, 1972\textsuperscript{37}
   “…I take responsibility to mean a condition in which the corporation is at least in some measure a free agent. To the extent that any of the foregoing social objectives are imposed on the corporation by law, the corporation exercises no responsibility when it implements them”.

3. Davis, 1973\textsuperscript{38}
   “…It is the firm’s obligation to evaluate in its decision-making processes the effects of its decisions on the external social system in a manner that will accomplish social benefits along with the traditional economic gains which the firm seeks”.

4. Preston and Post 1975\textsuperscript{39}
   “…In the face of the large number of different, and not always consistent, usages, we restrict our own use of the term social responsibility to refer only to a vague and highly generalized sense of social concern that appears to underlie a wide variety of ad hoc managerial policies and practices. Most of these attitudes and activities are well-intentioned and even beneficent; few are
patently harmful. They lack, however, any coherent relation to the managerial unit’s internal activities or to its fundamental linkage with its host environment”
5. H. Gordon Fitch, 1976
“…Corporate social responsibility is defined as the serious attempt to solve social problems caused wholly or in part by the corporation”
6. Carroll, 1979
“…Before anything else, the business institution is the basic economic unit in our society. As such it has a responsibility to produce goods and services that society wants and to sell them at a profit. All other business roles are predicated on this fundamental assumption.”
7. Thomas M. Jones, 1980
“…Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.”
“…Corporate social responsibility relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects on pertinent corporate stakeholders. The normative correctness of the products of corporate action has been the main focus of corporate social responsibility”.
9. UK government
“…The voluntary actions that business can take, over and above compliance”
10. European Commission, 2001
“…A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.
“…A concrete action taken by Chinese companies to implement the political aspiration of the new Communist Party collective leadership - putting people first to create a harmonious society”
<table>
<thead>
<tr>
<th>Organization</th>
<th>Type of organization</th>
<th>Definition of CSR</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gap Inc.</td>
<td>Corporation</td>
<td>Being socially responsible means striving to incorporate our values and ethics into everything we do - from how we run our business, to how we treat our employees, to how we impact upon the communities where we live and work’</td>
<td><a href="http://www.gapinc.com">www.gapinc.com</a></td>
</tr>
<tr>
<td>HSBC</td>
<td>Corporation</td>
<td>Means managing our business responsibly and sensitively for long-term success. Our goal is not, and never has been, profit at any cost because we know that tomorrow's success depends on the trust we build today’</td>
<td><a href="http://www.hsbc.com">www.hsbc.com</a></td>
</tr>
<tr>
<td>Christian Aid</td>
<td>Non- government organization</td>
<td>An entirely voluntary, corporate-led initiative to promote self-regulation either national or international level</td>
<td>'Behind the Mask: The Real Face of Corporate Social Responsibility', 2004</td>
</tr>
<tr>
<td>CSR Asia</td>
<td>Social enterprise</td>
<td>A company's commitment to operating in an economically, socially and environmentally sustainable manner while balancing the interests of diverse stakeholders</td>
<td><a href="http://www.csr-asia.com">www.csr-asia.com</a></td>
</tr>
<tr>
<td>Aditya Birla Group</td>
<td>Corporation</td>
<td>Transcending business interests and grappling with the “quality of life” challenges that underserved communities face, and working towards making a meaningful difference to them.</td>
<td><a href="http://www.adityabirla.com">www.adityabirla.com</a></td>
</tr>
</tbody>
</table>

Table 2.1 Organizational Definitions of CSR (Corporate Social Responsibility- Readings and Cases in Global Context, p.6)

These definitions and conceptualization of CSR have evolved over the past decades, the evolution of CSR in the two more important decades for CSR development is described in the following.
### 2.2.1.1 CSR in the 1980s.

The 1980’s was marked by the beginning of further conceptualization CSR and more importantly, the introduction of various manifestations of CSR (CSP and CSO). Other important contributions were also made during this period. Jones (1980)\(^4\) presented an overview of arguments in support of and against the tenets of CSR. He postulated that CSR should not be seen as solely a set of outcomes, but more importantly, as a process by which decision-making is part of the whole process. At this point in the development of CSR, various researchers began to explore actual influences of CSR activity, namely, examination of the CSR – profitability relationship (e.g., Aupperle, Carroll, & Hatfield, 1985; Cochran & Wood, 1984; Drucker, 1984; Mcguire, Sundgreen, & Schneeweis, 1988)\(^4\). Spurned by the findings of many of these studies which claimed that social obligations have the potential to be transformed into business opportunities, the main consensus was that “…responsible firms were also profitable firms” (Carroll, 1999, p. 286)\(^4\).

For referencing purposes, various researchers attempted to present ways to visualize CSR (Carroll, 1991; Dalton & Cosier, 1982; Strand, 1983; Tuzzolini & Armandi, 1981)\(^4\). Maslow’s (1954) hierarchy of needs was utilized in Tuzzolini’s and Ammandi’s (1981)\(^5\) research, while Dalton and Cosier (1982)\(^5\) offered an illustration to depict illegal/legal and irresponsible/responsible, which when combined, constitute the “four faces” of CSR.
The beginning of conceptualizing the paradigm for CSR originated in the work by Strand (1983)\textsuperscript{51}. Specifically, the interrelatedness of social responsibility, responsiveness and responses was addressed within the organization-environment relationship. Carroll (1983)\textsuperscript{53} introduced a similar conceptualization of CSR, when he extended CSR to include the discretionary element which led to CSR being understood as including “…four parts: economic, legal, ethical and voluntary or philanthropic” (as seen in Figure 2.1). Led by the research of Carroll (1979)\textsuperscript{54}, Wartick and Cochran (1985)\textsuperscript{55} further investigated the three-dimensional Corporate Social Performance model, which included corporate social responsibilities, corporate social responsiveness, and social issues. To tie it together, Epstein (1987)\textsuperscript{56} described the combination of corporate social responsiveness and business ethics as the “corporate social policy process”

2.2.1.2 Evolution of CSR

There are several researchers who feel that CSR is a legitimate role of business (e.g., Carroll, 1979; Lantos, 2000; Margolis, & Walsh, 2003)\textsuperscript{57,58,59} and is fundamentally driven to promote community and societal outreach. On the other hand however, exists the idea that CSR must be undertaken as pure strategy to foster improved image, reputation, and increase profits by targeting specific populations that may patronize the organization (e.g., Argenti & Druckermiller, 2004; Brown & Dacin, 1997; Porter & Kramer, 2002; Ricks, 2005; Schiebel & Pöchtrager, 2003)\textsuperscript{60,61,62,63,64}. Therefore, when businesses give money strategically to benefit social ills, they may be viewed as decent and thus worthy of patronage in the eyes of consumers. Early themes in CSR conceptualization emphasized that corporate volunteerism was critical to the discharge of social responsibilities. Additionally, it was proposed that managers should accept that it would not be possible to gauge the economic impacts of socially responsible actions in most cases (Walton 1967)\textsuperscript{65}. Taking this a step further, Manne and Wallich (1972)\textsuperscript{66} argued that in order for business expenditures to qualify as socially responsible, they must provide lower returns than an alternative investment.
<table>
<thead>
<tr>
<th>Corporate Social Responsibility Content</th>
<th>Motivations for CSR</th>
<th>Effects of CSR on Firm Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadening of scope of CSR to include: Consideration of employee and community welfare and educational and political needs of society. <strong>McGuire (1963)</strong>&lt;sup&gt;67&lt;/sup&gt;</td>
<td>Firms need to balance multiple interests to ensure achievement of multiple goals and long-run profit maximization <strong>Johnson (1971)</strong>&lt;sup&gt;68&lt;/sup&gt;</td>
<td>Lexicographic view of social Responsibility: Firms pay attention to social issues only after meeting profitability goals. <strong>Johnson (1971)</strong>&lt;sup&gt;68&lt;/sup&gt;</td>
</tr>
<tr>
<td>Service to improve the quality of human life. <strong>Committee for Economic Development (1971).</strong></td>
<td>Iron Law of Responsibility: Businesses must behave responsibly or lose the power and legitimacy granted by society. <strong>Davis (1973)</strong>&lt;sup&gt;69&lt;/sup&gt;</td>
<td>Theory of slack resources states that firms that have resources to spare outperform those that don’t in terms of social performance. <strong>Waddock and Graves (1997)</strong>&lt;sup&gt;70&lt;/sup&gt;</td>
</tr>
<tr>
<td>Acknowledgment of managerial role in discharging CSR: Quality of managerial response to changing societal expectations is explicitly mentioned. <strong>Committee for Economic Development (1971).</strong></td>
<td>Normative stakeholder theory: Firms are moral agents due to contractual obligations to satisfy Societal expectations. <strong>Donaldson (1983)</strong>&lt;sup&gt;71&lt;/sup&gt;</td>
<td>Social problems can be turned into Business opportunities to create wealth. <strong>Drucker (1984)</strong>&lt;sup&gt;47&lt;/sup&gt;</td>
</tr>
<tr>
<td>Businesses must not spoil society and provide solutions through voluntary assumption of obligations. <strong>Manne and Wallich (1972)</strong>&lt;sup&gt;66&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delineation of CSR and Actionable Models: CSR encompasses economic, legal, ethical, and discretionary expectations of society. <strong>Carroll (1979)</strong>&lt;sup&gt;54&lt;/sup&gt;</td>
<td></td>
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Table: 2.2. Evolution of CSR concept. Source: Journal of Business and Economics Research
Volume 2, p.51

<table>
<thead>
<tr>
<th>Corporate Social Responsibility Content</th>
<th>Motivations for CSR</th>
<th>Effects of CSR on Firm Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delimiting the scope of CSR and development of complementary constructs stakeholder theory businesses are responsible to those who can affect or are affected by its purposes. Freeman (1984)</td>
<td></td>
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<tr>
<td>Instrumental stakeholder theory firms must satisfy stakeholders because they are instrumental to achieving firm objectives. Freeman (1984)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmentalism improves business performance, environmentally responsible firms can garner competitive advantages through cost reductions, differentiation potential, and strategic direction. Porter and van der Linde (1995); Hart (1995); Klassen and McLaughlin (1999); Judge and Douglas (1998)</td>
<td></td>
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</table>

Corporate Citizenship
Maignan, Ferrell, and Hult (1999)

Corporate Environmentalism

Corporate Sustainability demands attention to economic, environmental, and social issues. Van Marrewijk (2003)

Sustainable theory of firm satisfying stakeholders is the sole purpose and reason for a firm’s existence. McWilliams and Siegel (1995); Stead and Stead (2001)

Sustainable Growth: A business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments. Dow Jones Sustainability Index 1999

Table: 2.3: Evolution of CSR concept. Source: Journal of Business and Economics Research
Volume 2, p.51
2.2.1.3 CSR in the 1990s.
During the decade of the 1990’s, (Carroll, 1999)\textsuperscript{49} little was offered definitional to the study of CSR, however, several related concepts such as CSO and CSP that originated in the 1980’s were expanded upon. Wood (1991) revisited the idea of CSP, expanding on the work of Carroll (1979)\textsuperscript{41} and Wartick and Cochran (1985)\textsuperscript{55} noting that the “past, healthy discourse that led the development of the CSP model makes its future very promising”.

Wartick and Cochran’s (1985)\textsuperscript{55} model “reflects an underlying interaction among the principles of social responsibility, the process of social responsiveness, and the policies developed to address social issues” and is touted as a “valuable framework for overall analyses of business and society” (Wartick & Cochran, 1985, p. 758)\textsuperscript{55} Carroll (1999)\textsuperscript{49}, echoing the sentiments of Wood (1991)\textsuperscript{81} suggested “the CSR concept has a bright future because at its core, it addresses and captures the most important concerns of the public regarding business and society relationships”. Expansion on the CSP model and introduction of various related terms marked the 1990s, and beyond the 1990s, (Carroll 1999)\textsuperscript{49} suggested that the CSR concept has “a bright future because at its core, it addresses and captures the most important concerns of the public regarding business and society relationships”

2.2.1.4 CSR in the 21st Century
Lantos (2001)\textsuperscript{58} in his article discussing the development, concepts and history of CSR suggested “…the notion that business has duties to society is firmly entrenched, although in the past several decades there has been a revolution in the way people view the relationship between business and society”. Illustrating that scholars should judge corporations on their financial success and also on certain non-economic criteria, a concept referred to as the TBL, or “triple bottom-line” (Norman & MacDonald, 2003)\textsuperscript{82}. The TBL approach defines a company’s ultimate worth in financial, social, and environmental terms. Therefore, corporate social responsibility means that business and society are interwoven rather than distinct entities and that a company is simply responsible for its wider impact on society (Wood, 1991)\textsuperscript{81}.

CSR has rapidly grown in the last 20 years, moving up the boardroom agenda of even the most hard-headed companies. At its most passive, there is the 'hands-off’ approach, with charitable giving and patronage of charities decided by the chairman or a board committee. Even
where there is a more business-based approach a great deal of what passes as CSR at top companies has been described as merely ‘passive box ticking’ driven by external pressures rather than a genuine desire to do business in an ethical way. But increasingly there is support for more active CSR involving a range of stakeholders. The following sub section provides information on the various concepts related to CSR.

2.2.2 Theories of CSR

There is a great heterogeneity of theories and approaches of CSR, discussion in this article is based on a comprehensive analysis. Secchi has come up with a group of theories based on a criterion what role the theories confer to the corporation and society. The theories are as follows: 1) The utilitarian theory, 2) The managerial theory, and 3) The relational theory (Table 2). On the other hand, Garriga and Mele’s (2004) analysis maps CSR into four types of territories. They are: 1) Instrumental theories, 2) Political theories, 3) Integrative theories, and 4) Ethical theories. Table 3 describes the theories and the relevant approaches. There is no doubt that some similarities do exist in both conceptualizations of CSR and the discussion will be based on emphases and approaches.

<table>
<thead>
<tr>
<th>Utilitarian Theory</th>
<th>Managerial Theory</th>
<th>Relational Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theories on social costs</strong></td>
<td>Corporate social performance</td>
<td>Business and society</td>
</tr>
<tr>
<td><strong>Functionalism</strong></td>
<td>Social accountability, auditing and reporting (SAAR)</td>
<td>Stakeholder approach Corporate global citizenship</td>
</tr>
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<td></td>
<td>Social responsibility for multinationals</td>
<td>Social contract theory</td>
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</tbody>
</table>

Table 2.4: Utilitarian, managerial and relational theories of CSR. Source: The Journal of International Social Research Volume 2 / 9, Fall 2009
<table>
<thead>
<tr>
<th>Types of theory</th>
<th>Approaches</th>
<th>Short description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instrumental theories</strong></td>
<td>Maximization of shareholder value</td>
<td>Long term value of maximization social investment in a competitive context firm’s</td>
</tr>
<tr>
<td>(Focusing on achieving economic</td>
<td>strategies for competitive</td>
<td>view on natural resources and its dynamic capabilities altruistic activities</td>
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<tr>
<td>objectives through social activities)</td>
<td>advantage cause-related marketing</td>
<td>socially recognized as marketing tool.</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Political theories</strong></td>
<td>Corporate constitutionalism</td>
<td>Social responsibilities of businesses arise from the social power the firms have</td>
</tr>
<tr>
<td>(focusing on a responsible use of</td>
<td>Integrative social contract</td>
<td>assumes that a social contract between business and society exists. The firm is</td>
</tr>
<tr>
<td>business power in the political arena)</td>
<td>Corporate citizenship</td>
<td>understood as being like a citizen with certain involvement in the community.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Integrative theories</strong></td>
<td>Management issues</td>
<td>Corporate response to social and political issues law and the existing public</td>
</tr>
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<td></td>
<td>Public responsibility</td>
<td>policy process are taken as a reference for social performance balances the</td>
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<td></td>
<td>Stakeholder management</td>
<td>interests of firms’ stakeholders searches for social legitimacy and processes to</td>
</tr>
<tr>
<td></td>
<td>Corporate social performance</td>
<td>give appropriate responses to social issues</td>
</tr>
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<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Ethical theories</strong></td>
<td>Stakeholder normative theory</td>
<td>Considers fiduciary duties towards stakeholders of the firm. This requires some</td>
</tr>
<tr>
<td>(Focusing on the right thing to</td>
<td>Universal rights</td>
<td>moral theories. Based on human rights, labor rights and respect for environment</td>
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<tr>
<td>achieve a good society)</td>
<td>Sustainable development</td>
<td>aimed at achieving human development considering present and future generations.</td>
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<td></td>
<td>The common good</td>
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</tbody>
</table>

Table 2.5: Description of Utilitarian, managerial and relational theories of CSR. Source: The Journal of International Social Research Volume 2 / 9 Fall 2009
1. Utilitarian Theories
In the utilitarian theories the corporation serves as a part of the economic system in which the function is mechanical i.e. Traditionally known as in profit maximization. CSR ideas emerged after a realization that there is a need for an economics of responsibility, embedded in the business ethics of a corporation. Hence, the old idea of laissez faire business gives way to determinism, individualism to public control, and personal responsibility to social responsibility. Utilitarian could also be taken synonymously with instrumental theories (Garriga and Mele, 2004; Jensen, 2002)\(^{83,84}\) in which the corporation is seen as only an instrument for wealth creation, and its social activities are only a means to achieve economic results. Instrumental theories were also based on the basic idea about investment in a local community in which Friedman (1970)\(^{85}\) strongly stated earlier that the investment will be in long run provide resources and amenities for the livelihoods of the people in the community. The utilitarian theories are related to strategies for competitive advantages. The proponents of these theories are, for instance, Porter and Kramer (2002)\(^{62}\) and Litz (1996)\(^{86}\) who viewed the theories as bases for formulating strategies in the dynamic usage of natural resources of the corporation for competitive advantages. The strategies also include altruistic activities that are socially recognized as instruments for marketing.

2. Managerial Theory
Secchi’s (2007) analysis further stresses the logic of managerial theory that emphasizes corporate management in which CSR is approached by the corporation internally. This makes the difference between utilitarian and managerial perspective of CSR. This suggests that everything external to the corporation is taken into account for organizational decision making. Managerial theories have been divided into three sub-groups: 1) Corporate social performance (CSP); 2) Social accountability, auditing and reporting (SAAR), and 3) Social responsibility for multinationals.

3. Relational Theory
Relational theory has a root from the complex firm-environment relationships. As the term implies, interrelations between the two are the focus of the analysis of CSR. As indicated in Table 2, relational theory is further divided into four sub-groups of theories:

1) Business and Society;
2) Stakeholder Approach;
3) Corporate Citizenship; and
4) Social Contract.

Business and society is proposed to mean ‘business in society’ in which CSR emerges as a matter of interaction between the two entities. One of the measures of CSR is the development of economic values in a society. Another is a person’s obligation to consider the effects of his decision and action on the whole social system. Stated in the form of a general relationship, social responsibilities of businessmen need to reflect the amount of social power they have. Stakeholder approach has been developed as one of the strategies in improving the management of the firm.

Finally, the social contract theory of the relational group refers to the fundamental issue of justifying the morality of economic activities in order to have a theoretical basis for analyzing social relations between corporation and society. Hence, CSR is derived from the moral legitimacy the corporation achieves in the society and understanding about CSR is contained in the justification of social actions that legitimize the behaviour of the corporation. Garriga and Mele’s (2004) analysis puts the social contract theory under the group of ethical theories, the approaches of which include universal rights (UN Global Compact, 1999) and sustainable development. Both approaches of CSR are based on human rights, labor rights and respect for the environment.

2.2.2.1 Models of CSR

1. Davis Model

“CSR is the businessman’s decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest... which need to be commensurate with the company’s social power”.

-Davis, 1960

There are three tier levels of corporate responsibility namely, institutional, organizational and individual. Firms with good CSR policies tend to create a good relationship with government bodies, investors, suppliers, banks and tend to attract better and more qualified employees (Davis, 1960, 1973)\textsuperscript{27,38}. 

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Limitations of Davis Model

1. CSR has been claimed to be a way in which corporations use to market themselves and improve the status in the society; not to benefit the society in any way.

2. CSR is seen as a sales booster and not a way to benefit the society or employee relations

2. Carroll’s pyramid of corporate social responsibility, 1991

According to Carroll (1979)\textsuperscript{41}, CSR refers to those obligations that a company has to the society that are not legal or economic in nature. CSR refers to those voluntary and philanthropic acts that a corporate organization extends to the society in which it operates in. Businessmen are obligated to be responsible of their actions to the society based on the values and principles that the society holds. The social responsibility of a business encompasses the economic, legal, ethical and discretionary aspirations that society has of organizations at a given time (Schwartz and Carroll, 2008)\textsuperscript{87}.
Carroll designed a pyramid that outlines the four types of responsibility that business has namely philanthropic, legal, ethical and economic. The pyramid levels are however not exclusive but are interrelated; they only serve to demonstrate to the manager the different levels in an organisation.
Carroll obtained the pyramid by interviewing 241 managers in the ‘Forbes 500’ and asking them a set of 171 questions. Data was tallied from these answers and the four levels of responsibilities appeared clearly from the data.

**Strengths of the Carroll’s pyramid**

1. It is logical and easy to comprehend
2. It has been empirically tested by previous researchers and proven to be valid
3. It acknowledges that profitability is the major objective on which all business operations are based on.
4. It can be incorporated into many business and CSR processes of an organisation
Weaknesses of Carroll’s pyramid:
1. It refuses to acknowledge that there are other responsibilities outside the four used in the model such as religious, cultural etc.
2. It is based on the opinions of top level managers and assumes that their opinions represent those of lower level employees.

Maclagan (1999)\textsuperscript{88}, states that CSR is a process whereby the moral values and concerns of various stakeholders and individuals are articulated and the means by which those concerns are addressed by companies. The way in which employees perceive their firm affects how they identify with the firm and their commitment to its goals. Maclagan (1999)\textsuperscript{88}, further states that it is important to involve the employees in CSR initiatives as this contributes to their personal growth and development. The opinions of Maclagan support and verify those held by Carroll and Schwartz. Maclagan’s study came after Carroll’s and served only to verify Carroll’s claims.

The Confederation of British Industry (CBI), states that CSR is whereby companies accept that they hold some accountability for the effects of their activities to the environment and the society. CSR should be voluntary and goes further than what is in the legislation. There are various guidelines that direct companies on their CSR policies on matters such as waste management, human resources, work place safety, employee health, environment issues and sustainable development. Companies should be given space to invent and come up with custom CSR policies based on their own unique circumstances (CBI, 2010). The CBI discourages the use of standard measures that define what and how CSR should be done but fronts for a flexible approach towards CSR whereby each company defines its own CSR. The use of standard measures and guidelines for CSR by companies hinder competition and innovation (CBI, 2010).

Studies show that employees consider aspects such as the firm’s values and ethics codes when deciding which company to work for (Turban and Greening, 2000)\textsuperscript{89}. The behaviour of employees varies with gender with women placing more emphasis on CSR and behaviour of a firm. Figure below show how CSR functions in an organisation.
3. **The three domain model**

This model was formed from the early Carroll model of CSR formulated in 1979. The first Carroll model was evolved by Carroll together with Schwartz who formed the modern three domain model. This model unlike the first has 6 levels. Of these levels, there are three main levels: economic domain, the legal domain and the ethical domain (Schwartz and Carroll, 2003). The economic domain deals with those activities that lead to financial gain for the company. This involves activities that aim at maximizing the company’s profits and increasing its share value. Such activities include advertisement, budgeting etc. The legal domain deals with all the activities that handle legislative issues of the company. Legislation governs the relationship of the company with the state, its clients, its employees and other businesses. In the legal domain the company tries to avoid civil cases and adheres to the set laws of the country to avoid legal action by the Chinese state. The ethical domain deals with the expectations that
society has for the business, and the obligations that the company has towards the society and the environment that it operates in (Schwartz and Carroll, 2003)\(^8\).

Ethical domains are divided into three i.e. conventional, consequentialists and deontological. Conventional ethical domains refer to the common expectations that the society has of a company. Consequentialist ethical domains are those responsibilities that a company has to the society or environment by virtue of the result of its actions. The deontological approach to ethics is based on the legality and conformity of the organization’s actions to the set rules and regulations (Schwartz and Carroll, 2003)\(^8\).

The other levels of the domain model include economic/ethical that categorises situations whereby the company has both economic and legal responsibility such as in the sponsorship of art programs (Moir, 2006)\(^9\).

Limitations of the three domain model:
1. The three domain model is academic in nature and not managerial. There is a distinct line between academic concepts and practical concepts.
2. This approach fronts CSR as a drain to business rather than a means to enhancing business operations.
3. It does award order of importance to the three domains.

Strengths of three domain model
1. Integrates the major spheres of a business’s operations
2. It recognised the importance of ethics and social responsibilities of an organisation
3. It is easy to apply and integrate into the management of an organisation

4. 3C – SR (Three 3s Social Responsibility) model

This model was formed as a result of the study of previous works by CSR authors. Works by Davis, Carroll, Schwartz, Waddock and Crane were reviewed. In total work from 25 authors was used in the formulation of the theory. This model unlike other CSR models claims that corporate responsibility is a tool to profitability and not a hindrance to it. Corporate responsibility is a facilitator of profit making and not a channel for reducing a company’s revenue. This model blends the corporate responsibilities of a company to the three conditions that a CSR conscious customer requires in a good or service; social resources (SR). Social commitments are the promises that the organisation makes to its stakeholders and expresses in its missions, goals and vision. These commitments are similar to those made by the Carroll and Schwartz model.

The corporate performance of a company does not go well if it neglects in executing its ethical and social commitments. Consumers tend to cut spending on companies with poor corporate morals. The 3C – SR approach to value networks strives to ensure equal commitment and the mutuality of interests throughout the entire value network. This model states that there is an importance of companies to exhibit consistent social responsibility behaviour. Customers are very keen on companies that do not fulfil to their CSR promises. Inconsistent CSR behaviour of a company will cause criticism from the public and this will greatly affect the company’s reputation.
2.3 Related Concepts of Corporate Social Responsibility

Researchers have investigated ways to measure and conceptualize CSR (Carroll, 1991, 1999a, 1999b; Kleim, 1978). These rationalization of the fundamental concepts related to CSR, will be examined in the following, and as some of these are only supportive to the core of the present study, the depth with which each is examined will vary accordingly.

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Figure 2.7: The 3C- SR model, Meehan et al., 2005
2.3.1 Corporate Citizenship

“Corporate Citizenship is about the way we do business, incorporating everyday business activities. It is not an add on: it is part of the DNA of the corporation.”

- P Kapelus

Corporate citizenship appears in the literature with many meanings and approaches, and frequently without a precise definition (e.g., Grit, 2004; Matten et al., 2003; Verschoor, 2005; Waddock, 2004)\(^{94, 95, 96, 70}\). The expression is often used interchangeably with other concepts such as corporate social responsibility, corporate social responsiveness and corporate social performance, the expression ‘corporate citizenship’ is a clearly identifiable and empirically researchable construct (Pinkston & Carroll, 1994)\(^{97}\). In their view, the operationalization resulting from Maignan et al.’s (1999; based on Carroll, 1979, 1991)\(^{41, 15}\) definitions is a list of factual statements of practices that are free of value judgments. It has a clear philosophical stance (corporations are capable of assuming responsibilities), provides normative prescriptions (such responsibilities must extend further than the generation of profit and obedience of law) and is based on the assumption that stakeholders have articulate expectations of morality and participation in social affairs.

Corporate citizenship is “the extent to which businesses meet the economic, legal, ethical and discretionary responsibilities placed on them by their various stakeholders” (Maignan et al., 1999, p. 457)\(^{98}\). Economic responsibilities include the duty to be productive, to maintain corporate economic wealth and to meet consumption needs. Legal responsibilities require that companies pursue their economic mission within the prescriptions of the law. Ethical responsibilities require that companies abide by the society’s mores. Discretionary responsibilities are those that meet the society’s desire to see companies actively involved in societal betterment beyond economic, legal and ethical activities.

Corporate citizenship has been mainly studied at the organizational level of analysis. Few studies (e.g., Peterson, 2004)\(^{99}\) have looked at how individual employees (the firm’s internal audience) develop attitudes and behaviors according to the ways they perceive corporate citizenship.

The concept of corporate citizenship is a driving force of modern argument by practitioners and academics and concern of CSR as a business matter (Babiak & Wolfe, 2009; Porter & Kramer, 2002; Wilner, 2008)\(^{100, 20, 101}\).
2.3.2 Corporate Social Responsiveness

Corporate social responsiveness is the way in which CSR is conceptualized. There are concerns with the concept of CSR and its related concepts, such as corporate social responsiveness (Preston & Post, 1975; Wartick & Cochran, 1985). In recognizing the business aspects of CSR, Carroll (1979) developed a conceptual model including three dimensions: discretionary, ethical and economic responsibility. The model was used by Wartick and Cochran (1985) and Wood (1991) to build a complete model of corporate social performance. Incorporating CSR and corporate social responsiveness, Wood (1991) emphasized the need of measuring corporate social performance. Elaborating the discretionary dimension; managers’ moral responsibilities in selecting activities to achieve socially responsible outcomes, Schwarz and Carroll (2003) improved the concept of CSR beyond philanthropic framework. This new paradigm integrated CSR into the main business functions removing it outside ‘non-business’ voluntary activity label.

Epstein (1979) duly noted that “social responsibility relates to outcomes or products, whereas social responsiveness relates to process; these two perspectives have significantly different implications for the firm” (Wartick & Cochran, 1985). While this is not directly considered in the present study, the implications from the findings of this study will impact the understanding of the corporate social responsiveness concept on employee attitudes and employee perceptions.

2.3.3 Corporate Social Performance

Sethi (1975) proposed that corporate social performance was evaluated based on classified corporate behaviour. Wartick and Cochran (1985) conceptualized corporate social performance as “…social responsibility as principles, social responsiveness is thought of as processes, and social issues management should be thought of as policies”. Wood (1991) later reconfigured their approach by recognizing the three dimensions as three principles. The result of the actions taken by organisations in order to improve their impact on society is what is understood by Corporate Social Performance (CSP) (Preston, 1988; Clarkson, 1995). While there have been several attempts to conceptualize CSP, there has yet to be an established definition (Wood, 1991). However, as previously described, Wartick and Cochran (1985) noted CSP as resting on “…the principles of social responsibility, the process of social responsiveness, and the policies of issue management”, which has been generally accepted and used in research. Wood identified environmental assessment, stakeholder management, and issue management as social
responsibility processes, while the policies section was reconstituted as outcomes of corporate behavior. While there have been several attempts to conceptualize CSP, there has yet to be an established definition (Wood, 1991)\textsuperscript{81}.

2.4 Various researches conducted in the field of CSR

Companies across all industry sectors donate millions of dollars and contribute socially to various non-profit organizations through CSR initiatives including philanthropy, cause-related marketing, employee volunteerism, and other programs (McAlister & Ferrell, 2002; Porter & Kramer, 2002)\textsuperscript{20,108}. The idea of employee perceptions, specifically how consumers react (both attitudinally and behaviourally) to CSR, is where research on the construct has not yet made significant strides. Most of the work done with regard to CSR has been conceptual in nature and few scholarly works have examined empirically, the overall effects that CSR has on employee perceptions and commitment. As an academic field, with highly permeable boundaries, CSR will exhibit a number of different research traditions focusing on different issues relating to CSR. In this paper the interest is the focus of CSR research and how it has changed over time. There are four areas of focus delineated for CSR research: business ethics, environmental responsibility, social responsibility and stakeholder approaches. Clearly, any such classifications will include some overlaps and lacuna.

The general area of corporate social responsibility may be traced back to Bowen (1953)\textsuperscript{36}. Although discussions of CSR were sufficiently prominent in the USA in the late 1960s to prompt Milton Friedman (1970)\textsuperscript{85} to warn about its excesses, it has flourished more conspicuously and more internationally over the last twenty years.(Business and Society, Business and Society Review, Journal of Corporate Citizenship) and management standards (SA 8000).

Finally, stakeholder management emerged as a focus for scholars for the purposes of delineating an appropriate approach to, and normative reference for, CSR. This has been so pronounced that Freeman (1984)\textsuperscript{109}, the key author in stakeholder management, has been prompted to distinguish his original formulation from CSR (Phillips et al., 2003)\textsuperscript{110}. Moreover, there is now also a management standard for stakeholder relations which has an explicit CSR character (AA 1000).

The literature on the development of CSR education suggests that CSR and its antecedents ‘business ethics’ (BE) and ‘business and society’ (B&S) have relatively long-standing status
within business schools. This is illustrated by the number of endowed chairs in US and European universities (Dunfee and Werhane, 1997; van Luijk, 1997); course development (Bampton and Cowton, 2002; Collins and Wartick, 1995; Dunfee and Werhane, 1997; Ferrell et al., 2002; Matten and Moon, 2004a; Spence, 2000)\textsuperscript{111,112,113,114,115,116} and the integration of CSR into mainstream courses (Aspen/WRI, 2003; Matten and Moon 2004b)\textsuperscript{115}. This status of CSR education was complemented by the formation of the ‘Social Issues in Management’ division of the Academy of Management in 1971 and by the emergence of numerous related journals (Business and Society Review, Journal of Business Ethics, Business and Society, Etica degli Affari e delle Professione, Business Ethics Quarterly, Business Ethics: A European Review, Revue Ethique des Affaires). In a recent meta-analysis of the past several years of the CSR in the financial performance literature, Orlitzky, Schmidt, and Rynes (2003)\textsuperscript{117} detailed the extent to which a compendium of variables and theories influenced the link between CSR and corporate financial performance. Among the theories that show a positive link for the firms engaging in CSR were stakeholder theory, slack-resources theory, good-management theory, and stakeholder-agency theory. In addition, the number of variables influencing the social/financial interaction included internal and external benefits not limited to, reputation, image, environment, and strategic variables. The empirical analysis revealed the impression that “in the aggregate, results are inconclusive” regarding any theoretical conclusions about the relationship between CSR and corporate financial performance (CFP).

Ullmann (1985)\textsuperscript{118} and Wood and Jones (1995)\textsuperscript{119} argued that during the past three decades of empirical research on this relationship, researchers have engaged in a futile search for stable causal patterns. The authors suggested that factors such as stakeholder mismatching (Wood & Jones 1995), the general neglect of contingency factors (Ullmann 1985)\textsuperscript{118}, and measurement errors (Waddock & Graves 1997)\textsuperscript{120} may explain some of the inconsistencies in the findings. There exist 3 views on CSR namely: a sceptic view, a utopian view and a realist view.
1. Sceptic view
According to this view, the notion of CSR is inimical to democracy and freedom, frustrating business focus on its purpose of wealth creation. Milton Friedman best defines the approach: “Few trends would so thoroughly undermine the very foundations of free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as they possibly can”.

2. Utopian view:
The utopian view of CSR reflects the idea that companies have a prior duty to any-one touched by their activity, their stakeholders rather than their shareholders, and especially the vulnerable, who may be exploited by the company's operation.

3. Realist view
The view that gathers the greatest following is the realist view. According to this view, CSR is not simply about whatever funds and expertise companies choose to invest in communities to help resolve social problems, it is also about the integrity with which a company governs
itself, fulfil its mission, lives by its values, engages with its stakeholders, measures its impacts and reports on its activities.

2.4.1. Can Business Afford To Ignore Social Responsibility

CSR is the business contribution to sustainable development, which is about integrating economic, social and environmental policies to ensure a better quality of life for everyone now and for generations to come. It encourages companies to accept that corporate responsibility and ethical behavior are drivers of profit, largely because they enhance reputation. This new standard guides organizations towards effective management of their impact on society and the environment, along the route to enhanced organizational performance and success.

1. Treatment of employees
Employees are integral to business success across all sectors and all sizes. Ethical behavior can offer the prospect of a financial pay-back in the treatment of staff. In service industries – travel management companies, banks, airlines etc. - employees are often ambassadors for the business. If they enjoy their work, that positive sentiment is soon picked up by customers. The reverse is also true. Disgruntled employees can soon turn the reputation of your business into decline through delivering poor service. This can be avoided by creating a working environment that supports and promotes training, development, health, safety and well-being of employees.

2. Environment
An Environmental Management System will help businesses to use natural resources efficiently and minimizing waste thus reducing costs. Offer innovative products and services that minimize harm to the environment. Help suppliers and customers reduce their own environmental footprint. Improve climate change impacts by reducing greenhouse gas emissions from energy use, transport and industrial processes.

3. The Marketplace
Achieving success in business by meeting social needs, treating customers and suppliers fairly and with respect and not irresponsibly exploiting market position.

4. Community
Recognizing that how a company recruits, purchases and invests can create opportunities to build thriving communities as well as stronger businesses. Together with working in partnership with community organizations and charities to invest through employee support, expertise, skills, cash, and gifts in kind and linking brands to causes.
2.5 Stakeholder Theory

“In a free enterprise, the community is not just another stakeholder in business, but is, in fact, the very purpose of its existence.”

- J N Tata

Stakeholder theory is based on the concept of a social contract which maintains that CSR is a function of on-going terms of general agreement between business and society (Quazi, 2003)\textsuperscript{121}. The idea that corporations have stakeholders have now become commonplace in the management literature both academic and professional. (Corporate Social Responsibility-Readings and Cases in Global Context, p.139)

Moir (2001)\textsuperscript{25} identified and provided a definition of a stakeholder according to the classic statement by Freeman (1984)\textsuperscript{72} as “any group or individual who can affect or is affected by the achievement of an organization’s objectives”. The author further explains the distinction between the two specific groups of stakeholders – primary and secondary. A primary stakeholder is: “One without whose continuing participation the corporation cannot survive as a growing concern, with the primary group including shareholders and investors, employees, customers and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations may be due”. Secondary groups (e.g., media groups, local residents, and social activists) are defined as those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival (Moir, 2001)\textsuperscript{25}.

Companies have a duty of satisfying the needs of their stakeholders (Freeman, 1984)\textsuperscript{72}. The basis of this principle is founded on moral and philosophical principles of the operation of a business (Donaldson and Preston, 1995)\textsuperscript{122}.
Stakeholder theory armed its protagonists with strategic arguments to favour those stakeholders that might affect long term success and survival. In a similar attempt to delineate the scope of corporate social and environmental responsibility and clarify its potential value, marketing researchers developed the constructs of corporate citizenship (Maignan, Ferrell, and Hult 1999)\textsuperscript{124}, environpreneurial marketing (Menon and Menon 1997)\textsuperscript{125}, and corporate environmentalism (Bannerjee, Iyer, and Kashyap 2003)\textsuperscript{126}. This delimited view of CSR has much appeal since it provides a basis for firm strategy and aids accountability. More recently, an alternate perspective argues that the stakeholder approach be translated into a model of corporate sustainability (Marrewijk 2003)\textsuperscript{127}, that demands managerial attention to economic, environmental, and social issues. This view is supported by a sustainable theory of the firm, and calls to support the creation of sustainable value.

The focus of stakeholder theory is articulated in two core questions (Freeman 1994)\textsuperscript{72}. First, it asks, what is the purpose of the firm? This encourages managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. This propels the firm forward and allows it to generate outstanding performance, determined both in terms of its

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<table>
<thead>
<tr>
<th>Internal Stakeholders</th>
<th>External Stakeholders</th>
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<tbody>
<tr>
<td>Hierarch (Formal Power) e.g. Authority, Senior Power</td>
<td>Control of Strategic Resources e.g. Monopolistic supplier</td>
</tr>
<tr>
<td>Influence (Formal Power) e.g. Leadership Style</td>
<td>Involvement in strategy implementation e.g. strategic partner in distribution channels</td>
</tr>
<tr>
<td>Control of strategic resources e.g. responsibility for strategic products.</td>
<td>Possession of knowledge and skills e.g. subcontractors</td>
</tr>
<tr>
<td>Possession of knowledge and skills e.g. expert knowledge that forms firms organizational core competence</td>
<td>Through internal links e.g. networking</td>
</tr>
<tr>
<td>Control of the environment e.g. network of relationship to external stakeholders</td>
<td></td>
</tr>
<tr>
<td>Involvement in strategy implementation e.g. as a change agent</td>
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</tbody>
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Figure 2.9 Internal stakeholders versus external stakeholders, Mintzberg, 1999\textsuperscript{123}
purpose and marketplace financial metrics. Second, stakeholder theory asks, what responsibility does management have to stakeholders?

Stakeholder theory claims that whatever the ultimate aim of the corporation or other form of business activity, managers and entrepreneurs must take into account the legitimate interests of those groups and individuals who can affect (or be affected by) their activities (Donaldson and Preston 1995, Freeman 1994). Stakeholder theory is inherently managerial, as Donaldson and Preston (1995) argue and as countless executives have testified (George 2003).

Hu and Chia-Chung (2009) provide that CSR reflects the basic assumptions of stakeholder theory based on three levels of justification: Descriptive, Instrumental and Normative. Normative justifications have philosophical considerations like righteousness, descriptive focuses on stakeholder’s existence itself as justification and instrumental justification depends on strategic and performance criteria.

2.5.1 Stakeholder Responsibility Matrix

The stakeholder responsibility matrix was developed in 1991 by Carroll. This is a tool that outlines the major steps of an organisation in applying CSR goals and outlines the responsibilities of each stakeholder towards reaching the goals. The first step with a responsibility matrix on CSR is to list the various types of responsibilities that the firm has, the second step is to list a set of relevant stakeholders, the third step is to specify the responsibility of each stakeholder and the last step of the process is to incorporate the responsibility matrix into the running of the company (Carroll, 1991).
A new model of CSR was developed by O’ Riordan and Jenny (2008). They argue that big business, particularly the pharmaceutical companies are facing huge pressure from stakeholders to act irrespective manner. The new model developed by them comprised of 4 domains namely the context in which the firm and stakeholders operate events, stakeholders and their nature and management response towards these determinants.

Rodrigo and Daniel (2008) investigated whether employees of an organisation care for CSR initiatives. They studied the different attitudes which emerge in the employees as a result of CSR implementation as well as what kind of employee typology these CSR initiatives develop. The study was conducted on two Chilean firms from construction sector. The findings of the study reveal that the attitudes formed by the employees are combination of attitudes towards society and organisation.

2.5.2 CSR and Stakeholders

CSR is strictly embedded with a multitude of business actors. With the call for sustainability and the new role of business in society (Blowfield & Googins, 2006), and with increased expectations and new rules and tactics (Burke, 2005), leadership is bound to come into contact—and conflict—with key stakeholders in the arena of responsible business, global versus
regional and local needs, and different national cultures. The concept of stakeholder engagement and communication with stakeholders looks like a catch-22 of leadership practices for CSR (Morsing, Schultz, & Nielsen, 2008). Although companies strive to engage in CSR together with their stakeholders, they are simultaneously struggling to understand the true relationship behind this marriage—and first of all, who their stakeholders are. In both the business and academic literature, the shareholders are now renamed as one of many key stakeholders, and they are seen as competing for influence with employees, customers, consumers, suppliers, competitors, trade unions, the environment, the local communities, and the society at large, to name a few and the most recurrent ones. Two basic relationship models may help to explain how leaders can best interact with multiple and diverse stakeholders. The inside-out approach suggests that leaders can manage their CSR activities and achieve favorable reputations with their stakeholders by building CSR activities across boundaries and in a framework where the decision-making point resides inside the organization and where communication with stakeholders is a means to deliver information already developed and perhaps even implemented. CSR reporting for stakeholders can be one such practice and has sometimes been used as a tool in the marketing communicator’s toolbox (Sweeney & Coughlan, 2008).

The literature also shows this can backfire, feeding scepticism toward CSR and its terminology from trade unions as well as from the activist opposition (Burke, 2005; David, Bloom, & Hillman, 2007). An alternative approach is based on substantial attention and engagement with the stakeholders to reach CSR goals (Morsing et al., 2008). Communication is not just a device for alignment; the decision-making process is negotiated and concepts or key actions developed. The stakeholders in this model are actors, together with the company, in achieving sustainable development. This differentiation is similar to that seen in other literature that focuses on the difference between stakeholder identity—the extent to which the corporations and their stakeholders’ interests are linked—and stakeholder management—the incorporation of stakeholders’ interests into operational decision making (Black & Hartel, 2003; Boutilier, 2007; Shropshire & Hillman, 2007). Despite the debate, real stakeholder engagement ultimately leads to a combination of organizational and social learning, which is a basis for long-term change based on trust, but which is not always clearly quantifiable or predictable in the short term (Roome & Wijen, 2006; Van Kleef & Roome, 2001). Halal (2000) suggested managers increasingly engage employees in solving business problems directly because it is
estimated that employee knowledge comprises 70 percent of all corporate assets. Meaning, the closer we come toward community integration and cohesion, the greater the wealth (potentially) that will be created.

2.5.3 Employees as Stakeholders
The scope of its narrow economic, technical and legal requirements (Aguilera et al. 2007; Carroll, 2008). According to Barnett (2007: 798-801) CSR is a form of corporate investment characterized by a dual orientation towards the improvement of social welfare and of stakeholder relations. This focus on stakeholder relations explains why employees, as a stakeholder group, impact CSR policy.

![Diagram](https://via.placeholder.com/150)

**Figure 2.11: Impact of Employees as Stakeholders on CSR**

Employees are identified as stakeholders in the organisation from almost all stakeholder perspectives (Greenwood, 2007). Employees are closely integrated with the firm and this gives them a “peculiar role among stakeholders” (Crane & Matten, 2004, p.224). They contribute to the firm in fundamental ways. However, employees actually constitute the firm: they are in many cases the most important factor or resource of the corporation, they represent the company towards other stakeholders and they act in the name of the corporation (Crane & Matten, 2004).
Employees are greatly affected by the success or failure of the firm; having an investment of experience and specialised skills (Maltby & Wilkinson, 1998)\textsuperscript{149}, accrued resources, and personal relationships; and are dependent upon their employer’s success through income or equity. People often make a substantial investment in their work: a geographical move, a change in relationships, and further investment in training. Accompanying this investment, workers often depend on their work for social relationships, self-identity, and self-actualisation (Crane & Matten, 2004)\textsuperscript{148}. It is on this basis that employees can be identified as having a moral claim (Kaler, 2002)\textsuperscript{150} and high legitimacy (Mitchell et al., 1997)\textsuperscript{151} in the firm.

2.6 Organizational Type and Corporate Social Responsibility

Attitudes of individuals from various designations and with varying attributes (e.g., race, gender, religious affiliation) differentially influence their perception of corporate social responsibility. Acar, Aupperle, and Lowy (2001)\textsuperscript{152} explored measures of corporate social orientation across organizational types. The results generally supported their hypotheses that stated “the mean response regarding concern for economic and social responsibility issues for each category of the organization type are not all the same and will vary gradually from one end of the continuum to the other” and “the mean response regarding concern for economic and social responsibility issues from the combined for-profit group is different from the mean response from the combined non-profit group” (Aupperle et al., 2001, p. 36)\textsuperscript{152}. Thus, the following will attempts to describe the increasing demand for social responsibility, and further will lead into revisiting the perceptions of the employees towards CSR and their intentions to quit the organisation. Collier, Esteban (2007)\textsuperscript{153} identified two types of factors that impact on employee motivation and commitment to CSR 'buy-in'. The first of these is contextual: employee attitudes and behaviours will be affected by organizational culture and climate, by whether CSR policies are couched in terms of compliance or in terms of values, and by whether such policies are integrated into business processes or simply an 'add-on' that serves as window dressing. The second set of factors is perceptual.

2.7 Social Identity Theory

As it is the purpose of this thesis to propose corporate social responsibility relationship with employee commitment and the consideration of CSR initiatives taken by the organisation in enhancing the attitudes, perceptions and commitment of employee, the understanding of the
identity literature is important to grasp. The following will review the concept of social identity theory, identification and how this leads into acknowledging corporate social responsibility as a predictor of commitment of employees and their intentions to quit.

2.7.1 The Concept of Identity Theory

Tajfel and Turner’s (1978, 1979, 1986) research on Social Identity Theory (SIT) contends that individual’s self-concept is comprised of both personal identities and social identities. This has been widely accepted and used in much research thereafter, specifically in organizational contexts (e.g., Bhattacharya & Elsbach, 2002; Dutton, Dukerich, & Harquail, 1994; Feather & Rauter, 2004; Haslam, 2001; Hogg & Terry, 2000; Larson & Pepper, 2003). A review of the literature reveals that SIT provides an explanation for the link between corporate social activities and employees’ work attitudes. (Turker 2009)

The theory proposes that people tend to describe their self-descriptions in a social context and classify themselves and others into different social categories (Ashforth and Mael, 1989; Dutton et al., 1994; Tajfel and Turner, 1986). A person has a repertoire of memberships in different social categories consisting of nationality, political affiliation, sport team, or similar groups (Hogg et al., 1995). Social identity includes all aspects of an individual’s self-image which derived from the categories to which that individual perceives him or herself to belong (Hewstone and Jaspars, 1984). Therefore, every membership in different social categories is a social identity that describes and prescribes one’s attributes as a member of that group – i.e., what one should think and feel, and how one should behave (Hogg et al., 1995).

The identification can be defined as the perception of oneness with or belongingness to a group, involving direct or vicarious experience of its success and failures (Ashforth and Mael, 1989). The factors that are likely to be associated with identification are the distinctiveness of the group values and practices in relation to those of comparable groups, the prestige of the group, in competition with, or at least aware of other groups (Ashforth and Mael, 1989). Hewstone and Jaspars (1984) indicated that individuals strive for a positive social identity to establish psychological distinctiveness for one’s own group or to achieve intergroup differentiation. The prestige of a group can affect self-description of its members (Ashforth and Mael, 1989).

A business organization can also be taken as a social categorization. Based on the SIT literature, organizational membership may become an important dimension of one’s identity and affects the
self-description of an employee. (Turker 2008)\textsuperscript{168}. If employees perceive their organization as being a socially responsible member of society, the sense of belongingness to this favourable reputable organization can enhance their self-concept (Brammer et al., 2005; Smith et al., 2001)\textsuperscript{169,170}. According to the theory, it can be proposed that if an employee starts to be proud of being a member of socially responsible organization, his or her work attitudes can be influenced positively. (Ashforth and Mael, 1989; Brammer et al., 2005; Dutton et al., 1994; Maignan and Ferrell, 2001; Peterson, 2004)\textsuperscript{163, 169, 158, 73, 99}.

The individual in relation to Social Identity Theory can be understood in terms of his or her global and specific esteem as they measure identity salience of the individual (Ervin & Stryker, 2001; Stets & Burke, 2000)\textsuperscript{171,172}. Moreover, individuals construct self-image that enhance their self-esteem, also known as desired identity images, and use situated identity, an understanding of self-relative to that particular social setting, as ways to represent their self-schemata (Schlenker, 1985; Leary, 1983)\textsuperscript{173,174}.

Several individuals sharing varying degrees of affiliation can be identified as having formed associations with many social groups. These associations with a social group form the basis for social identity, the “part of an individual’s self-concept which derives from his knowledge of his or her membership of a social group (or groups) together with the value and emotional significance attached to that membership” (Tajfel, 1978)\textsuperscript{155}.

Theories of social identity share the idea that there are three components including the cognitive, affective, and evaluative dimensions (e.g., Brewer & Silver, 2000; Jackson & Smith, 1999; Johnson, Johnson, & Heimberg, 1999)\textsuperscript{175,176,177}. This notion has been further explored, with the proposition that those with higher in-group identification have the tendency to exhibit greater bias (e.g., Garza & Herringer, 2001; Hamid, 1996; Wann & Grieve, 2005)\textsuperscript{178,179,180}. For example, Jones (2000)\textsuperscript{181} used social identification to demonstrate four compensatory behaviors shown by football fans from which favouritism and out-group derogation.

Self-categorization, within the organization’s dialectical relationship to its employees and volunteers and of other subgroups (based on gender and/or tenure), aids in bringing to the fore what is salient to the group. In fact, there is a shared recognition that “organizations and individuals possess multiple identities or self-conceptions and that the context mandates which specific identities become salient” (Brickson, 2000)\textsuperscript{182}. Moreover, “identification processes
possess both static and dynamic aspects that are driven by the needs of stakeholders at all levels of analysis”.

Management of the diverse and multiple stakeholder groups occurs at top-level management where “organization-wide issues such as identity can be shaped or modified” (Pratt & Foreman, 2000)\(^3\). Thus, the emphasis on the importance of the activity of assessing stakeholder needs and tending to them specifically has been reflected in the work of some (Cooper, 2004; Scott & Lane, 2000; Pratt & Foreman, 2000; Preble, 2005)\(^4,5,6,7\).

**2.7.2. Employee Motivation and Commitment in relation to CSR**

Motivation is a force that causes employees to react and behave in a certain way. Motivation involves the setting of goals and the pursuit of these goals, the outcome of the pursuit determines the amount of satisfaction the employee attains (Locke, 1997)\(^8\).

“Employee motivation is a set of energetic forces that originate from within as well as beyond an individual’s being, to initiate work related behaviour and to determine its form direction intensity and duration.”

-Pinder, 1998
Commitment is a force that influences an individual to pursue a certain course of action (Meyer and Allen, 1991)\textsuperscript{189}. Commitment can assume different forms and can be directed to different sources. For an employee to show commitment to an organisation, he / she must display positive attachment to his / her company, must have the responsibility of sacrificing themselves fully for the company and should have a perceived loss in case of termination of their employment (Meyer and Allen, 1991)\textsuperscript{189}. The commitment principle states that there are three types of commitment; ‘affective commitments’, ‘normative commitments’ and, ‘continuance commitments’. These three types of commitment bind an individual to his obligations towards the commitments themselves.

Commitment and motivation work hand in hand; as commitment of an employee increases, the motivation also increases. However the main differences between the motivation and
commitment theories is that, the commitment theory focuses on employee retention and the motivation theories focus on task performance (Locke, 1997)

2.8 Commitment

“Unless commitment is made, there are only promises and hopes, but no plans.”

- Peter Drucker

The concept of Organisational Commitment has attracted considerable attention over recent years and has become a central objective of human resource management (Helen Lydka, 1994). No organisation in today’s competitive world can perform at peak levels unless each employee is committed to the organisation’s objectives and works as an effective team member. It is no longer good enough to have employees who come to work faithfully every day and do their job independently. (Coetzee, M 2005)

Organisational Commitment has an important place in the study of organisational behavior. This is in part due to the vast number of works that have found relationships between organisational commitment, attitudes and behavior in workplace (Porter et.al 1974, 1976; Koch and Steers, 1978; Angle & Perry, 1981). Bateman and Strasser (1984) state that reasons for studying organisational commitment are related to employee behavior and performance effectiveness; attitudinal, affective and cognitive constructs such as job satisfaction; characteristics of employees job and role; personal characteristics of the employee such as age, job, tenure. (p. 95-96).

“Employees are definitely a company's greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps”

-Mary Kay Ash, Company, Success

Commitment has its origins in society (H.S.Becker, 1960) and social psychology (Kiesler, 1971) and gained importance in the organisational behavior literature as the potential predictor of employee turnover (Mowday, Porter and Steer, 1982).

In today’s workplace employees face more ambiguity in their daily activities and decreased job security (Bergmann, Lester, De Meuse, Graham 2000). The importance of Employee Commitment is quite evident if one considers prior research into the relationship between commitment and job satisfaction (Bateman and Organ 1983), workplace justice (Moorman,
Niehoff and Organ, 1992)\textsuperscript{201}, trust in and loyalty to the leader (Deluga, 1994)\textsuperscript{202} and perception of managers fairness (Niehoff and Moorman, 1993)\textsuperscript{201}.

Organisational Commitment involves loyalty to and identification with an organisation. Commitment has been associated with three factors: strong belief in and acceptance of the organisational goals and values, willingness to exert considerable effort on behalf of the organisation, a strong desire to maintain membership in the organisation (Mowday, Steers and Porter, 1979)\textsuperscript{198}

\subsection*{2.8.1 History of Commitment}

Work and employee commitment was being researched as early as the 1950s in terms of a single and a multidimensional perspective (Suliman & Iles, 2000)\textsuperscript{203}. The most prominent single-dimensional approach to employee commitment is the attitudinal approach of Mowday, Steers and Porter (1979)\textsuperscript{198}, which views commitment largely as an employee attitude or a set of behavioral intentions. Becker’s theory (as cited in Powell & Meyer, 2004)\textsuperscript{204}, also known as the side-bet theory, has also been widely used to explain commitment from a behavioral perspective. Becker’s theory describes side-bets as consequences to other interests and activities that result from a particular line of action. In life's routines, individuals stake value on continuing a consistent line of behavior. Together, this line of action may come to represent a series of side-bets that an individual is unwilling to lose (Powell & Meyer, 2004)\textsuperscript{204}. According to Suliman and Iles (2000)\textsuperscript{203} the most popular multi-dimensional approach to organisational commitment is that of Meyer and Allen who in 1991, basing their argument on Becker’s theory, introduced the dimension of continuance commitment to the already existing dimension of affective commitment. They later added a third, normative commitment component.

Exchange theory has permeated the literature on commitment and represents a widely used variation of the behavioral approach to the determination of commitment. According to exchange theory, an employee who perceives a favorable exchange and greater rewards is more likely to be a committed employee (Emerson 1976)\textsuperscript{205}. In research on attitudes towards work, organisational commitment has been shown in factor analytic studies to be distinguishable from job satisfaction, job involvement, career resilience, occupational commitment, turnover intention and the Protestant work ethic (Meyer & Allen, 1997; Mueller, Wallace, & Price; 1992)\textsuperscript{189,206}. Thus an employee may not experience job satisfaction or
high job involvement and yet be satisfied with the organisation and therefore continue working for it.

The behavioural perspective on commitment, as defined by Johnson (as cited in Powell & Meyer, 2004, p.138) imply “those consequences of the initial pursuit of a line of action which constrain the actor to continue that line of action”. This perspective differs from Mowday, Steers, and Porter (1979) who refers to these commitment-related behaviors as representing “sunk costs where individuals forgo alternative courses”. Meyer and Allen (1991) proposed that organisational commitment is a psychological state linking employees to the organisation, which is multifaceted in both, form (affective, continuance, normative) and focus (organisational, work team, top management team leader).

In contrast to the behavioural approach, the psychological interpretation describes commitment as a more active and positive orientation (Morris & Sherman, 1981), and stresses bonding, linkage, and attachment. Kanter (1968) in her study of how commitment develops in communities in Utopia, defines commitment as "the process through which individual interests become attached to the carrying out of socially organized patterns of behavior which are seen as fulfilling those interests, as expressing the nature and needs of the person". A number of theorists and researchers have begun to distinguish among foci and bases of commitment. Foci refer to the individuals and groups to whom an employee is attached, while bases of commitment are the motives engendering attachment (O’Reilly & Chatman, 1986).

2.8.2 Definition of Commitment

Multiple authors have defined the concept of organisational commitment. The definition of organizational commitment has evolved over time, and to this day is still under examination as its multidimensionality has made it difficult to establish one definition. The following are the definitions given by several researchers and authors.

1. Bateman and Strasser(1984) “….multidimensional in nature, involving an employee’s loyalty to the organisation willingness to exert effort on behalf of the organisation, degree of goal and value congruency with the organization and desire to maintain membership”

2. O’Reilly et.al and Chatman (1986) “…psychological attachment felt by the person for the organisation; it will reflect the degree to which the individual internalizes or adopts the characteristics or perspectives of the organisation”
3. Porter et al (1974)\textsuperscript{10} 
“…a strong belief in acceptance of the organisations goals a willingness to exert considerable effort on behalf of the organisation and a definite desire to maintain organisational membership”

4. Meyer and Herscovitch (2001)\textsuperscript{211} 
“…Commitment is a force that binds an individual to a course of action that is of relevance to a particular target”

5. Sheldon (1971)\textsuperscript{212} 
“…a positive evaluation of the organisation and the organisation goals”

6. Buchanan (1974)\textsuperscript{213} 
“…a bond between an individual (employee) and the organisation (the employer)”

7. Allen and Meyer (1990)\textsuperscript{214} 
“…multidimensional construct involving “the affective component of organizational commitment [which] refers to the employee’s emotional attachment to, identification with, and involvement in, the organization”

“….a psychological state that binds the individual to the organisation”

8. Scholl (1981)\textsuperscript{215} 
“…a stabilizing force that acts to maintain behavioral direction when expectancy/ equity conditions are not met and do not function”

9. Brickman (1987)\textsuperscript{216} 
“…a force that stabilizes individual behavior under circumstances where the individual would otherwise be tempted to change the behavior”

10. Brown (1996)\textsuperscript{217} 
“…an obliging force which requires that the person honor the commitment, even in the face of fluctuating attitudes and whims”

The authors Meyer and Allen (1991, 1997, Meyer and Herscovitch, 2001)\textsuperscript{211,214} compiled the list of definitions and analyzed the similarities and differences. The differences in definition led to the conclusion that commitment takes different forms. The authors, however, disagree about the nature of the mind-set and therefore different types (dimensions) of commitment are identified. Table 2.5 presents definitions of the different forms of commitment provided in several multidimensional models of organisational commitment.
### Forms of Commitment

<table>
<thead>
<tr>
<th>Description</th>
<th>Source: Meyer &amp; Herscovitch (2001:320)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Angle and Perry (1981)</strong>&lt;sup&gt;194&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>1. Value commitment</td>
<td>1. Commitment to support the goals of the organisation</td>
</tr>
<tr>
<td>2. Commitment to stay</td>
<td>2. Commitment to retain their organisational membership</td>
</tr>
<tr>
<td><strong>O’Reilly and Chatman (1986)</strong>&lt;sup&gt;209&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>1. Compliance</td>
<td>1. Instrumental involvement for specific extrinsic rewards.</td>
</tr>
<tr>
<td>2. Identification</td>
<td>2. Attachment based on a desire for affiliation with the organisation involvement predicated on congruence between individual and organisational values</td>
</tr>
<tr>
<td>3. Internalization</td>
<td></td>
</tr>
<tr>
<td><strong>Penley and Gould (1988)</strong>&lt;sup&gt;218&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>1. Moral</td>
<td>1. Acceptance of and identification with organisational goals.</td>
</tr>
<tr>
<td>2. Calculative</td>
<td>2. A commitment to an organisation which is based on the employee’s receiving inducements to match contributions.</td>
</tr>
<tr>
<td>3. Alienative</td>
<td>3. Organisational attachment which results when an employee no longer perceives that there are rewards commensurate with investments; yet he remains due to environmental pressures.</td>
</tr>
<tr>
<td><strong>Meyer and Allen (1991)</strong>&lt;sup&gt;189&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>1. Affective</td>
<td>1. The employee’s emotional attachment to, identification with, and involvement in the organisation.</td>
</tr>
<tr>
<td>2. Continuance</td>
<td>2. An awareness of the costs associated with leaving the organisation.</td>
</tr>
<tr>
<td>3. Normative</td>
<td>3. A feeling of obligation to continue employment</td>
</tr>
<tr>
<td><strong>Mayer and Schoorman (1992)</strong>&lt;sup&gt;219&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>1. Value</td>
<td>1. A belief in and acceptance of organisational goals and values and a willingness to exert considerable effort on behalf of the organisation.</td>
</tr>
<tr>
<td>2. Continuance</td>
<td>2. The desire to remain a member of the organisation.</td>
</tr>
</tbody>
</table>

Table 2.6 Organisational Commitment in Multidimensional Models.
2.8.3 Models of Commitment- Allen and Meyer Three Component Model

Meyer and Allen (1991) \(^{189}\) initially developed a three component model to address the similarities and differences in one-dimensional conceptualization of Organisational Commitment (H.S.Becker, 1960; Mowday et al, 1982; Weiner 1982) \(^{196,198,220}\). Meyer and Allen (1991) \(^{189}\) investigated that organisational commitment reflects at least three general themes: affective attachment to the organisation, the perceived costs associated with leaving it and the obligation to remain with it. These three approaches are referred to as affective, continuance and normative commitment.

2.8.3.1. Affective Commitment

Affective commitment is defined as the emotional attachment, identification and involvement that an employee has with its organisation and goals (Mowday et al, 1997; Meyer and Allen, 1993) \(^{221,222}\). Porter et al (1974) \(^{210}\) characterized affective commitment by three factors: belief in and acceptance of organization’s values and goal’s; willingness to focus effort on help achieving its goals; desire to maintain organisational membership. Affective commitment refers to the employee’s emotional attachment to, identification with, and involvement in the organisation. Employees with a strong affective commitment continue employment with the organisation because they want to (Coetzee, M 2005) \(^{191}\). Mowday (1982) \(^{198}\), the antecedents of affective commitment generally fall into four categories:

(1) Personal characteristics,
(2) Structural characteristics (organisational),
(3) Job-related characteristics, and
(4) Work experiences

Although various research studies have been conducted to link demographic characteristics such as age, tenure, gender and education to commitment, the relations were neither strong nor consistent, the reason being too many variables such as job status, work rewards and work values moderating the relationship. Relatively few studies have examined the relationship between organisational characteristics and commitment (Coetzee, M 2005) \(^{191}\). Work experience variables that have been found to correlate with affective commitment include equity in reward distribution (Rhodes & Steers, 1981) \(^{223}\), role clarity and freedom from conflict (Glisson & Durick, 1988) \(^{224}\), supervisor consideration (Glisson & Durick, 1988) \(^{224}\), fairness of performance-based

Research to date suggests that work experiences play the largest role in employees’ decisions to remain with an organisation (Coetzee, M 2005). Mowday et al (1979) further states that affective communication is “when the employee identifies with a particular organization and its goals in order to maintain membership to facilitate the goal”.  

2.8.3.2 Continuance commitment

Continuance commitment is the willingness to remain in an organization because of the investment that the employee has with “non-transferable” investments. Non-transferable investments include things such as retirement, relationships with other employees, or things that are special to the organization (Reichers, 1985). The potential costs of leaving an organisation include the threat of wasting the time and effort spent acquiring non-transferable skills, losing attractive benefits, giving up seniority-based privileges, or having to uproot family and disrupt personal relationships. Apart from the costs involved in leaving the organisation, continuance commitment will also develop as a function of a lack of alternative employment opportunities. Employees whose primary link to the organisation is based on continuance commitment remain because they need to. (Coetzee, M 2005). Continuance commitment also includes factors such as years of employment or benefits that the employee may receive that are unique to the organization (Reichers, 1985). Meyer and Allen (1997) further explain that employees who share continuance commitment with their employer often makes it very difficult for an employee to leave the organization.

2.8.3.3 Normative commitment

Normative commitment (Bolon, 1997) is the commitment that a person believes that they have to the organization or their feeling of obligation to their workplace. In 1982, Weiner discusses normative commitment as being a “generalized value of loyalty and duty”. Wiener (1982) suggests that the feeling of obligation to remain with an organisation may result from the internalization of normative pressures exerted on an individual prior to entry into the organisation (family or cultural orientation), or following entry (organisational orientation).

Meyer and Allen (1991) supported this type of commitment prior to Bolon’s definition, with their definition of normative commitment being “a feeling of obligation”. It is argued that normative commitment is only natural due to the way we are raised in society. Normative
commitment can be explained by other commitments such as marriage, family, religion, etc. therefore when it comes to one’s commitment to their place of employment they often feel like they have a moral obligation to the organization (Wiener, 1982)\textsuperscript{220}. Normative commitment may also develop when an organisation provides the employee with “rewards in advance” (e.g. paying college tuition), or incurs significant costs in providing employment (e.g. head-hunting fees or the costs associated with job training). Recognition of these investments causes employees to feel an obligation to reciprocate by committing themselves to the organisation until the debt has been repaid (Scholl, 1981)\textsuperscript{215}.

2.8.4 Model Developed By O’reilly and Chatman

O’Reilly and Chatman (1986)\textsuperscript{209} developed their multidimensional framework on basis of the assumption that commitment represents an attitude towards the organisation. According to these authors, commitment takes on three distinct forms, which they labelled compliance, identification and internalization.

Compliance occurs when attitudes and corresponding behaviors are adopted in order to gain specific rewards. Identification occurs when an individual accepts influence to establish or maintain a satisfying relationship. Internalization occurs when influence is accepted because the attitudes and behaviors one is being encouraged to adopt are congruent with existing values. Employees thus become committed to organisations with which they share values. Figure 2.2 provides a schematic representation of a general model of workplace commitment.
2.9 Drivers of employee commitment

“A business organization whose employees are happy is more productive, has a higher morale, and has a lower turnover”

-Mihaly Csikszentmihalyi

Bragg (2002)\textsuperscript{228} identified the following three drivers as the key factors influencing an employee’s commitment:
2.9.1 Fairness
To create a perception of fairness, employers should pay competitive wages, create and administer policies that are unbiased, offer competitive benefits, provide timely, accurate and useful performance appraisals, promote the most qualified employees and develop employees by providing opportunities for growth (Coetzee, M 2005)\textsuperscript{191}. Research studies demonstrated that an unfavourable outcome is better received by a receiver when he or she is treated in an interpersonally fair manner such as being given an explanation for a decision. In such instances, although the employee might feel that the decision is not distributive fair, he or she will remain committed to the organisation because he or she was treated with respect and fairly.

2.9.2 Trust
To nurture commitment, employers must create an environment of trust. If employers wish to develop and maintain trust, they should do what they say they will do, be consistent, maintain confidences, be a role model of behavior, encourage employee involvement, allow people to make decisions that affect their work, allow people to make mistakes without fear or ridicule, learn from mistakes and not crucify scapegoats, explain reasons for major decisions and act on employee suggestions. (Coetzee, M 2005)\textsuperscript{191}. It is interesting to note that research by Mathieu and
Zajac (1990) concluded that the link between commitment and performance was largely non-existent and commitment to supervisors was more strongly linked to performance than commitment to organisations. One implication of these results is that human resource professionals concerned with employee performance focus their efforts on commitment to supervisors rather than commitment to organisations. Supervisors play a crucial role in the perceptions employees form about the organization’s supportiveness and the extent to which it can be trusted to look after their interests. According to the author, high-quality managers are one of the principal factors in retaining high-quality employees — hence the need for organisations to ensure that they select, train, evaluate and reward managers for trustworthy behavior. Effective managers inspire loyalty, trust and admiration.

2.9.3 Concern for employees
In a survey of over 7500 US workers, Watson Wyatt International found that human resource practices and trust in management had the strongest impact on building commitment (Whitener, 2001). Whitener (2001) conducted a research exploring the relationships between human resource practices and organisational commitment. The results indicated that human resource practices affect the relationship between perceived organisational support and organisational commitment. By relying on the social exchange theory, the study has shown that employees’ commitment to the organisation derives from their perceptions of the employers’ commitment to and support of them. Recognizing this tendency to personify the organisation, researchers predicted that positive, beneficial actions directed at employees by the organisation contribute to the establishment of high-quality exchange relationships which create obligations for employees to reciprocate in positive, beneficial ways. Employees interpret organisational actions such as human resource practices and the trustworthiness of management as being indicative of the personified organization’s commitment to them. They reciprocate their perceptions accordingly in their own commitment to the organisation.

2.10 Antecedents of Commitment
There are numerous studies on both the antecedents and the outcomes of organizational commitment and both of these variables offer highly desired information to managers, and others studying organizational behavior(Schultz). Mowday et al (1982), Steers (1977), all investigated the role of personal characteristics and found that the characteristics and experiences
that a person brings to an organization can predict their commitment to the organization. Allen & Meyer, 1993, Buchanan, 1974, and Hall et al. (1977) have found there to be a positive relationship to between an employee’s age and time with the organization and their level of commitment. Studies have also found that employee traits such as leadership and communication styles have an effect on organizational commitment (Decottis & Summers, 1987). Florkowsi and Schuster, 1992, found a positive relationship between profit sharing and job satisfaction and commitment. Meyer and Allen (1987) recognize that in order for there to be continuance commitment between the employee and organization, the employee must be able identify alternatives.

Van Dyne and Graham (1994) contend that various personal, situational and positional factors can affect the commitment of employees and consequently their attitudes and behavior. In their exploration of constituency-specific and global organizational commitment, Morgan and Hunt (1994) examined three antecedents. Specifically, they examined internalization, compliance, and identification in two different models. O’Reilly and Chatman (1986) also found organizational identification (and internalization and compliance) has a positive significant relationship with commitment. Brown (1996) discussed antecedent factors to include work experiences, role factors, and organizational and personal factors. Brown, Hrebiniaj and Alutto (1972) found that “commitment is differentially related to such personal variables as sex, marital status, and father’s occupation; the results of multivariate analyses show the primary importance of role-related factors in explaining organizational commitment”

Steers (1977) was cited by Mowday (1979) to have “examined the extent to which commitment was related to personal, work, role, and organizational characteristics....and individual-level outcome variables, including absenteeism, turnover, and job performance” Outcomes of organizational commitment are job performance (Angle & Perry, 1981), prosocial behaviors (O’Reilly & Chatman, 1986), organizational effectiveness, higher levels of job performance, and innovativeness (Katz & Kahn, 1978).

2.11 CSR Influence on Employees

Employees as a unit of analysis have received limited attention in past CSR literature (Aguilera et al., 2007; Rupp et al., 2006; Swanson & Niehoff, 2001). Past CSR and HRM research has mainly focused on relationships between leadership and corporate social behavior (Swanson, 2008; Waldman, Siegel & Javidan, 2006), or defined socially responsible
leadership (Waldman & Siegel, 2008). Some theoretical models of Corporate Social Performance explicitly included employees as a level of analysis (e.g., Wood, 1991). Studies have investigated CSR’s influence on employees’ attitudes and behavior. Numerous studies have focused externally, looking at the influence of CSR on prospective employees. These works, which tend to be based on signalling theory (Spence, 1973) and social identity theory (Ashforth & Mael, 1989), suggest that a corporation’s socially responsible practices send a positive signal to potential workers. The workers, in turn, are likely to get identified with a responsible organization, especially if their values correspond with promoted practices (Strand, Levine & Montgomery, 1981). These studies show how a socially responsible reputation influences corporate attractiveness for prospective employees such as undergraduates, or MBA students (Albinger & Freeman, 2000; Blackhaus, Stone & Heiner, 2002; Greening & Turban, 2000; Luce, Barber & Hillman, 2001). CSR’s effect on organizational attractiveness is stronger for job seekers who have many job choices (Albinger & Freeman, 2000), and when they have prior knowledge of CSR and/or are directly concerned with the issues addressed by CSR (Blackhaus et al., 2002).
<table>
<thead>
<tr>
<th><strong>Focus</strong></th>
<th><strong>Strand, Levine, Montgomery 1981</strong></th>
<th><strong>Turban &amp; Greening 1997</strong></th>
<th><strong>Riordan, Gatewood, Bill 1997</strong></th>
<th><strong>Maignan, Ferrell, Hult 1999</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theoretical Mechanism</strong></td>
<td>Information integration Theory (decision-making processes)</td>
<td>Social identity theory, Signalling theory</td>
<td>Organizational identity Signalling theory</td>
<td>Resource based view of competitive advantage</td>
</tr>
<tr>
<td><strong>Measurement of the Independent Variable</strong></td>
<td>Scenarios manipulating corporate responsibility toward its physical environment, opportunities of career advancement, social justice and pay</td>
<td>KLD ratings</td>
<td>Six items scale designed on the basis of Dutton and Dukerich (1991) and focused on organizational impact on its community</td>
<td>18 item scale developed by the authors and based on the CSR typology of Carroll (1979)'s model of CSP</td>
</tr>
<tr>
<td><strong>Dependent Variable</strong></td>
<td>Entry preferences</td>
<td>Organizational Reputation (OR) Organizational Attractiveness as an employer (OA)</td>
<td>Job satisfaction (JS) and Intentions to Turnover (IT)</td>
<td>Employee Commitment (EC)</td>
</tr>
<tr>
<td><strong>Measurement of the Dependent Variable</strong></td>
<td>Scale at the end of each scenario</td>
<td>OR: one item scale developed by the authors OA: idem</td>
<td>IT: one item scale, 5 points JS: Five facets items, 5 points</td>
<td>EO: 7 items scale developed by Jaworski &amp; Kohli (1993)</td>
</tr>
<tr>
<td><strong>Relevant Control Variable</strong></td>
<td>Age, gender and values</td>
<td>Firm size and firm profitability</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td><strong>Relevant Moderating Variable</strong></td>
<td>None</td>
<td>None</td>
<td>None. But the determinants of corporate image are integrated</td>
<td>None</td>
</tr>
<tr>
<td><strong>Method</strong></td>
<td>Scenario manipulation during two experiments</td>
<td>Survey</td>
<td>Survey</td>
<td>Survey</td>
</tr>
<tr>
<td><strong>Analysis</strong></td>
<td>Information Integration of system attributes</td>
<td>Regressions</td>
<td>Structural Equation Modelling</td>
<td>Structural Equation Modelling</td>
</tr>
<tr>
<td><strong>Sample</strong></td>
<td>College seniors (n = 15 in the first experiment, n=120 in the second experiment)</td>
<td>Senior level students (N = 75 for CSP impact on OR; N = 39 for CSP impact on OA)</td>
<td>N = 174 employees from a small electric utility company</td>
<td>Actual marketing executives (N=210) and senior level marketing students (N = 154)</td>
</tr>
<tr>
<td><strong>Key findings</strong></td>
<td>Though they have a low weight in the attribute function, social and environmental dimensions are integrated in entry preferences</td>
<td>CSP is positively related to corporate reputation and attractiveness as an employer</td>
<td>Corporate image as perceived by employees influence positively job satisfaction and negatively turnover intention</td>
<td>Positive influence of CC on EC by marketing executives</td>
</tr>
</tbody>
</table>

Table 2.7 Studies of the influence of CSR on employees Source: Jean-Pascal Gond et.al, 2010
<table>
<thead>
<tr>
<th>Focus</th>
<th>Albinger &amp; Freeman 2000</th>
<th>Greening &amp; Turban 2000</th>
<th>Maignan &amp; Ferrell 2001</th>
<th>Luce, Barber &amp; Hillman 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theoretical Mechanism</td>
<td>Social identity theory</td>
<td>Social identity theory</td>
<td>Resource based view of competitive advantage</td>
<td>Signalling theory, Reputation, Organizational image</td>
</tr>
<tr>
<td></td>
<td>Signalling theory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measurement of the Independent Variable</td>
<td>Reputation index developed by the authors to assess the social performance of 25 local firms (community, diversity, workplace, environment)</td>
<td>Scenario based on KLD criteria (advancement, compensation, employee relations, treatment of woman and minorities, environment, product quality)</td>
<td>18 item scale developed by the authors and based on the CSR typology of Carroll (1979)'s model of CSP (economic, legal, ethical, discretionary)</td>
<td>KLD database (with a aggregation process leading to a score ranging from 0 to 20)</td>
</tr>
<tr>
<td>Dependent Variable</td>
<td>Organizational Attractiveness (OA)</td>
<td>Job Pursuit Intention (JPI)</td>
<td>Employee Commitment (EC)</td>
<td>Firm familiarity (FF) Organizational Attractiveness (OA)</td>
</tr>
<tr>
<td>Measurement of the Dependent Variable</td>
<td>OA: one item scale developed by the authors</td>
<td>2 items scale developed by the authors for JPI; estimations of probability to attempting an interview and to accept a job offer</td>
<td>EO: 7 items scale developed after Jaworski &amp; Kohli (1993)</td>
<td>FF: 1 item scale OA: 2 items scale</td>
</tr>
<tr>
<td>Relevant Control Variable</td>
<td>None</td>
<td>Work experience, valuing the environment, age, sex</td>
<td>None</td>
<td>Firm size (assets and number of employees), profitability</td>
</tr>
<tr>
<td>Method</td>
<td>Survey</td>
<td>Experiments</td>
<td>Survey</td>
<td>Survey</td>
</tr>
<tr>
<td>Analysis</td>
<td>Manova</td>
<td>Regressions (hierarchical)</td>
<td>Structural Equation Modelling</td>
<td>Hierarchical Regression</td>
</tr>
<tr>
<td>Sample</td>
<td>79 highly qualified students, 91 less qualified students and 30 actual job seeker</td>
<td>Students with a majority of senior students (82%) (N = 287)</td>
<td>French managers (IM = 120)</td>
<td>Undergraduate student (N =335) for 100 corporations (from S&amp;P 500)</td>
</tr>
<tr>
<td>Key findings</td>
<td>CSP is positively related to employer attractiveness only for job seekers with high levels of job choice.</td>
<td>Prospective job applicants are more likely to pursue jobs from socially responsible firms than from firms with poor social performance reputation</td>
<td>Positive influence of CC on EC Only the discretionary component of CC is strongly correlated to EC</td>
<td>CSP influences positively and indirectly OA by increasing the level of firm familiarity. FF mediates the influence of CSP on OA</td>
</tr>
</tbody>
</table>

Table 2.8 Studies of the influence of CSR on employees Source: Jean-Pascal Gond et.al, 2010
<table>
<thead>
<tr>
<th>Focus</th>
<th>Backhaus, Stone &amp; Heiner 2002</th>
<th>Peterson 2004</th>
<th>Smith, Wokutch, Harrington &amp; Dennis 2004</th>
<th>Ng &amp; Burke 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theoretical Mechanism</td>
<td>Social identity theory Signalling theory</td>
<td>Social identity theory</td>
<td>Fit individual / organizational values</td>
<td>Fit individual / organizational values</td>
</tr>
<tr>
<td>Relevant Independent Variable</td>
<td>Corporate Social Performance (CSP)</td>
<td>Corporate Citizenship (CC)</td>
<td>Corporate Social Orientation (CSO) ; Affirmative Action (AA); Diversity Management (DM)</td>
<td>Diversity Management (DM)</td>
</tr>
<tr>
<td>Measurement of the Independent Variable</td>
<td>KLD ratings (including the 5 main criteria and the 6 area of concerns) have been used to design a scale CSP is rated by the students before and after learning the KLD ratings</td>
<td>Maignan &amp; Ferrell (2000) 18 items scale of CC (economic, legal, ethical, discretionary)</td>
<td>CSO: scale of Aupperle et al. (1985) AA and DM: inclusion of mentions in university brochures provided to students</td>
<td>Manipulation of employment offers including (or not) commitment to develop DM</td>
</tr>
<tr>
<td>Dependent Variable</td>
<td>Employer Attractiveness (EA)</td>
<td>Employee commitment (EC)</td>
<td>Organizational Attractiveness (OA)</td>
<td>Organizational Attractiveness (OA)</td>
</tr>
<tr>
<td>Measurement of the Dependent Variable</td>
<td>EA: 4 items assessing the importance of CSP during the stages of the job process</td>
<td>EC: 9 items version of the Mathieu &amp; Farr (1991) scale</td>
<td>OA: 7 items assessing the desirability of the universities presented; 4 items assessed admissions pursuit intentions</td>
<td>OA: Job choice decision (1 item); Organizational impression (1 item) (Schwoerer &amp; Rosen, 1989)</td>
</tr>
<tr>
<td>Relevant Control Variable</td>
<td>Gender, Age, Ethnicity (Control group of 80 students)</td>
<td>Gender, Age, Tenure, Firm size</td>
<td>Gender, Age, Tenure, Ethnicity</td>
<td>Gender, Age, Ethnicity, Nationality</td>
</tr>
<tr>
<td>Method</td>
<td>Survey and Quasi-experimentation</td>
<td>Survey</td>
<td>Survey conducted in class</td>
<td>Experiments</td>
</tr>
<tr>
<td>Analysis</td>
<td>T tests, ANOVA</td>
<td>Hierarchical Multiple Regression</td>
<td>ANOVA, MANOVA</td>
<td>Variance analysis</td>
</tr>
<tr>
<td>Key findings</td>
<td>Environment, community relations and diversity have a largest influence on EA than others CSP facets.</td>
<td>CC perceptions are positively related to OC; stronger link among employees who believe in CSR. The effect of Ethical CC is stronger.</td>
<td>AA programs are perceived more favourably than DM programs and have a stronger influence on attractiveness for prospective students.</td>
<td>DM programs influence positively job choice decisions from women and ethnic minorities</td>
</tr>
</tbody>
</table>

Table 2.9 Studies of the influence of CSR on employees Source: Jean-Pascal Gond et.al, 2010
2.12 Employees Perceptions of CSR

Corporate CSR actions influence employees’ attitudes and behavior only to the extent this stakeholder group perceives and evaluates them (Barnett, 2007; Bhattacharya & Sen, 2004). Accordingly, employee’s perceptions of CSR are the central variable mediating the influence of CSR actions on employees (Rupp et al., 2006; Schuler & Cording, 2006). Carroll (1979) identified four levels of economic, legal, ethical and discretionary corporate social responsibilities. Several studies assumed that managers, consumers and/or employees’ perceptions of CSR would be structured according to these four categories (Aupperle, Carroll & Hatfield, 1985; Maignan & Ferrell, 2001; Peterson, 2004).

Other cross-cultural research analyzed top managers’ perceptions through a stakeholder structure (Egri et al., 2004a/b). Rupp et al. (2006) used organizational justice to model CSR perceptions by considering three dimensions of employees CSR. Psychological factors influence employees’ socially responsible attitudes and behaviors (Schneider et al., 2004). Evaluations: social concerns embedded in the CSR action (procedural CSR), outcomes that results from that action (distributive CSR), and interpersonal treatment of individuals, both inside and outside the organization, following an action (interactional CSR) (Rupp et al., 2006). According to consumer research, CSR is likely to influence employees’ attitudes and behaviors only if they are aware of the actions (Bhattacharya & Sen, 2004; Schuler & Cording, 2006). Knowing about past CSR actions and communicating them inside the corporation influences employees’ perceptions.

Employees who tend to be unsupportive of CSR are unlikely to be positively influenced by widely deployed CSR programs. Conversely, employees who personally encourage the adoption of CSR behavior are more likely to be influenced by these actions. (Jean-Pascal Gond et.al, 2010)

Identification explains how prospective employees and customers react to CSR (Brown & Dacin, 1997; Sen & Bhattacharya, 2001; Turban & Greening, 1997). It impacts incumbent employees especially because CSR directly affects social identification in areas such as an organization’s prestige and external image, and employees’ self-esteem (Ashforth & Mael, 1989; Dutton & Dukerich, 1991; Riordan et al., 1997; Tajfel & Turner, 1986). CSR is also an important component of corporate reputation and image (Fombrun & Shanley, 1990) and employees find it gratifying to be identified with organizations which are socially...
valuable’ (Turban & Greening, 1997)\textsuperscript{89}. CSR can enhance employees’ self-esteem by increasing their pride in their organization (Tyler & Blader, 2000)\textsuperscript{261}. Ambrose et al. (2008)\textsuperscript{262} showed that fit between personal and organizational ethics is related to increased levels of commitment and job satisfaction, and lower levels of turnover. Congruent personal and organizational values should strengthen employee’s cognitive and emotional connections to an organization (Mael & Ashforth, 1992)\textsuperscript{263}. Beyond its impact on image and reputation, CSR perceptions can alter the dynamics of social exchange between corporation and their employees. CSR can influence the norms of reciprocity between corporations and their employees (Blau, 1964; Gouldner, 1960; Molm & Cook, 1995)\textsuperscript{264,265,266}. First, by socially and emotionally enriching employer-employee relationships, CSR can stimulate reciprocal behavior through pro-social or citizenship behaviors in the workplace. Second, according the process of gift and counter-gift (Blau 1964; Mauss 1925)\textsuperscript{264,267}. One of the main barriers to research on OB and CSR remains assessment of employee’s perceptions of CSR.

Data from CCL’s World Leadership Study support the finding: employees’ perceptions of their organizations concern for community and environment is linked to their level of organizational commitment. Even after controlling for a whole host of relevant variables, perceptions of CSR make a unique and positive contribution to overall commitment. That is, the higher an employee rates their organization’s corporate citizenship, the more committed they are to the organization. Cropanzano et al (2001)\textsuperscript{268} demonstrates that employee attitudes and behaviors are heavily influenced by fairness of organizational actions towards them. In a survey conducted by Cherenson group, a New Jersey based public relations and recruitment ad agency; in 2002 found that the most important factors affecting the reputation of an organization as a place to work in are the way the employees are treated and the quality of its products and services. Good relationships with employees also allows a company to gain additional benefits including improving their public image, increasing employee morale, and support from the community.(Zappala and Cronin,2002)\textsuperscript{269}. 
Companies appear to be managing the left-hand side of Figure 2.8 more than the right hand side. In a survey conducted by Simon Knox and Stan Maklan (2006) respondents confirmed that their firms develop CSR programmes which are consistent with their core vision and values; manage it through employees and corporate branding and measure stakeholder perceptions of the business. They also confirmed that this does not usually carry through to a robust analysis of stakeholder behaviours and business outcomes. Firms are measuring what is relatively easy for them to measure i.e. attitudes. Attitude-behaviour correspondence is often difficult to reconcile (Oliver, 1997).

2.13 Employees Attitudes towards CSR

“Attitude is a little thing that makes a big difference.”

- Winston Churchill

The attitude of employees affects their productivity in many ways--and often without the awareness of the employees themselves. While positive attitudes generally result in increased productivity, negative attitudes can have the opposite effect. Employee attitude is not simply tied to how much money an employee makes or what position she holds. While some influences are internal to the workplace, such as what supplies employees have or who they work with, other
factors come from the outside lives of the employees (HR Village: The Work Environment and Employee Productivity).

When employee feels that the organization is responsible toward them (e.g., improving work-family balance, offering salaries higher than industry average), they tend to reciprocate (Settoon et al., 1996; Eisenberger et al., 2001)\textsuperscript{271,272} with positive attitudes toward the organization, including affective bonds and feelings of loyalty. They form a stronger sense of community, feeling that they can satisfy their social, intimacy and security needs, and experiencing higher levels of psychological well-being (Baumeister & Leary, 1995; Burroughs and Eby, 1998; Christopher et al., 2004; Haller & Hadler, 2006)\textsuperscript{273,274,275,276}. These positive emotions can induce people to develop higher affective and normative commitment toward the organization. Employees may also experience a sense of psychological and emotional safety (Brown & Leigh, 1996; Burroughs & Eby, 1998)\textsuperscript{277,274}, develop trust in the organization and its leaders and a higher sense of organizational virtuousness (Cameron et al., 2004)\textsuperscript{278}.

When employees feel that the organization is committed to them (Robertson et al., 2007)\textsuperscript{279}, they tend to develop a sense of duty toward the organization, and are willing to reciprocate with more cooperative and supportive actions, and with greater loyalty, affective commitment, enthusiasm, work effort and productivity, thus performing their jobs better and contributing to organizational performance (Cameron et al., 2004; Eisenberger et al., 2001)\textsuperscript{278,272}. A company can be recognized by its employees for its social initiatives, and yet engage in a series of lay-offs (Maignan & Ferrell, 2001b)\textsuperscript{254}. One can presume that the employees’ attitudes are not the same when they feel that the organization is a “good citizen” regarding all dimensions versus when they feel that the organization is “good” regarding some dimensions but “bad” regarding other ones.

In a survey conducted by Centre for Creative Leadership (CCL) in 2008-09 opinions of 2,215 employees around the globe was sampled and found that, as one might expect, perceptions of CSR do, indeed, make a unique and positive contribution to overall employee commitment and that a strong CSR program can positively impact employees’ perceptions.
2.14 Instrumentation

2.14.1 Organisational Commitment Questionnaire (OCQ)

Many factors influence employee commitment. These include commitment to the manager, occupation, profession, or career (Meyer & Allen, 1997). Organizational commitment focuses on employees’ commitment to the organization. In explaining the significance of organizational commitment, Meyer & Allen (1997) refer to Morrow & McElroy's (1993) statement that organizational commitment is the most maturely developed of all the work commitment constructs. To measure employee commitment, 9 item shortened Organisational Commitment Questionnaire (OCQ) was used. The Organizational Commitment Questionnaire was initially developed by Porter and Smith in 1970 to measure commitment within an organization. The measure was created with commitment “being a generally affective reaction to the organization rather than specifically to the work.”

The questionnaire relates directly to organizational diagnosis, in that it measures employees’ commitment to the organization oppose to their particular jobs. In this context, organizational commitment is “defined as the strength of an individual’s identification with and involvement in a particular organization, and is said to be characterized by three factors: a strong belief in, and acceptance of, the organization’s goals and values; a readiness to exert considerable effort on behalf of the organization; and a strong desire to remain a member of the organization.”

Journal of Psychology (1998), a study was done on 150 employees of a mid-Atlantic insurance company. They used the OCQ to measure commitment, which resulted in a coefficient alpha of 0.91. According to the Academy of Management Journal (1995); a study was performed by a large multinational firm in the south-eastern United States examining 231 managers and 339 subordinates. In their research, they also used the OCQ to measure employees’ commitment to the organization (coefficient alpha 0.87). In addition, the Journal of International Business Studies indicated that this measurement was even being used internationally. According to this article, the Japanese used the OCQ to measure commitment in a study that “involved Japanese firms and firms from eleven other countries where business is conducted primarily in English”. Their sample identified a population of 880 with a coefficient alpha of 0.87.

This tool has proven to be reliable and valid over and over. “The Organizational Commitment Questionnaire has been used successfully with high reliability in over thirty-five studies in
organizational behavior.” Researchers like, Dubin, Champoux and Porter (1974), Mowday, Porter, and Dubin (1974), Porter, Crampon, and Smith (1976), Porter, Steers, Mowday, and Boulian (1974), Steers (1977) have proven this measure to be a competent tool to measure organizational commitment. The OCQ coefficient alpha is evidenced to remain consistently high in the studies done by the aforementioned names in addition to other people who used the questionnaire years later and concluded a coefficient between the confirmed ranges, 0.82 to 0.93 with a median of 0.90. This measure has proven to be reliable and valid over and over.

2.14.2 Organisational Commitment Scale (OCS)

Balfour and Wechsler’s (1996) scale development procedures included three steps. First, they interviewed 19 individuals about their attachment to their organization. Applying the repertory grid (RG) technique (Adams-Webber, 1979; Bannister & Fransella, 1971; Kelly, 1955), they were able to elicit constructs that defined individuals’ attachment to the organization. In the second step, Balfour and Wechsler content analyzed the interviews and used the results to develop a cognitive map of the organizational commitment process. Finally, items that measured the components of the cognitive maps were developed and tested. The items included in the scale were a combination of items from other commitment scales and new items that used the actual words of the interviewees (e.g., “I am quite proud to be able to tell people who it is I work for”). The second scale used to measure organizational commitment was the 9-item OCS developed by Balfour and Wechsler (1996). Example items include “What this organization stands for is important to me” and “I feel like ‘part of the family’ at this organization.” The respondents used a 7-point Likert-type scale to indicate their agreement (1 = strongly disagree and 7 = strongly agree) with each of the items in these scales. The internal consistency reliability for the OCQ scores was .87. The subscale scores for the OCS produced the following reliabilities: identification = .69, affiliation = .73, exchange = .74.

2.14.3 Corporate Social Responsibility Scale

Corporate social responsibility (CSR) is one of the most prominent concepts in the literature and, indicates the positive impacts of businesses on their stakeholders. Despite the growing body of literature on this concept, the measurement of CSR is still problematic. Although the literature provides several methods for measuring corporate social activities, almost all of them have some limitations.
A review of the literature shows that there are several methods to measure corporate social activities. Although these methods have contributed a lot to the CSR literature, almost all of them have some limitations. Second, and more importantly, none of these methods addresses the issue of CSR from the perspective of the current study. As mentioned previously, this study conceptualizes CSR based on the employee’s perceptions and attitudes.

The literature offers some valid and reliable scales to measure corporate social involvement (Aupperle, 1982; Carroll, 1979; Maignan and Ferrell, 2001; Quazi and O’Brien, 2000; Turker, 2008; Wood and Jones, 1995). Since the current study focuses on the responsibilities to various stakeholders, the scale developed by Turker (2006) was used to measure CSR. The scale has four factorial subscales comprised of 17 items and measures CSR to social and non-social stakeholders (CSR-1), CSR to employees (CSR-2), and CSR to ethics (CSR-3) (Table II). In the study, the scale is rated on a five-point Likert-type scale ranging from strongly agree to strongly disagree.

2.14.4 Perceived Role of Social Responsibility (PRESOR)

Ethical behaviour and socially responsible practices in business have been extensively discussed in recent years and have accepted as significant aspects of management practice and decision-making. While few reputable authorities argue against their importance in principle, there is a good deal of controversy about the extent to which they should be taken and their relevance to organizational effectiveness.

The concept of the perceived role of ethics and social responsibility (PRESOR) was first introduced by Singhapakdi et al. (1996), whose purpose was to measure the understanding of ethics and social responsibilities at the managerial level. Later, Axinn et al. (2004) took PRESOR one step further and provided a clearer definition of ethics and social responsibility, based on stockholder and stakeholder viewpoints.

In the current study corporate social responsibility (CSR) was measured using Singhapakdi and colleagues’ (1996) 13-item attitude toward social responsibility of business scale. The PRESOR scale has been used in numerous studies (e.g., Singhapakdi et al., 1996; Vitell et al., 2003), and has been found to have acceptable reliability and validity. For example, the internal reliability of the PRESOR subscales has generally ranged from 0.6 to 0.7 (Singhapakdi et al. 1996). Responses were provided on a nine point scale anchored on ‘‘strongly disagree’’ and ‘‘strongly agree.’’ Five of the PRESOR items were reverse scored, so that higher values for
responses to this scale always indicate endorsement of the importance of ethics and social responsibility to organizational success. The present study a reliable tool of Corporate Social Responsibility developed by Dugyu Turker was used.
References

5. Corporate Social Responsibility- Readings and Cases in Global Context, p.3


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