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Corporate Social Responsibility:
How Internal and External CSR Perceptions Influence Employee Outcomes

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Abstract

Employees can be considered the inner workings of an organization. With CSR on the rise it is surprising to find comparatively little research exploring how CSR impacts such an existential stakeholder group. This study aims to theoretically explore and empirically test if internal and external CSR perceptions affect employees' organizational citizenship behavior, affective commitment, and turnover intention. Additionally, possible interposed influences of perceived organizational support and person-organization fit on aforementioned CSR-employee outcome linkages are investigated. Results are based on surveys of 160 employees from three firms. Implications for literature and management as well as limitations and research suggestions are provided.

Keywords: Corporate Social Responsibility, Organizational Citizenship Behavior, Affective Commitment, Turnover Intention

1) Introduction

*“Employees are your most valuable assets. They are the heart and guts of a company.”*¹

- Carlos Ghosn, Chairman and CEO of Renault

The time where sheer profit maximization was the only goal a company had to pursue has long passed. It has been replaced by a broader concept of organizational success and responsibility driven by a new perspective held by and focused on key stakeholders of a firm (Freeman, 1984). Stakeholders, ranging from shareholders to investors, employees, management, consumers, suppliers, NGOs, the media and society, now deem companies accountable, not only for their economic performance, but also for the social and environmental ramifications of their activities. Hence, they are making Corporate Social Responsibility (CSR) a strategic necessity in today’s corporate world (Falkenberg & Brunsael, 2011). Ignoring stakeholder demands for a triple bottom line approach respecting profit, people, and planet bears risks of negative organizational outcomes (Falkenberg & Brunsael, 2011). Therefore, some scholars suggest embracing the trend by deriving CSR initiatives from firm-specific core competencies, creating tangible benefits and opportunity for competitive advantage (Porter & Kramer, 2006).

Albeit the ambiguous results yielded by ample research on a direct link between CSR and financial firm performance (i.e. Cochran & Wood, 1984), scholars of various disciplines have underpinned the perspective that CSR is a worthwhile strategy for firms to pursue. This is due to CSR’s favorable outcomes on many key stakeholders such as investors (i.e. Johnson & Greening, 1999), shareholders (i.e. Cochran & Wood, 1984), consumers (i.e. Maignan, Ferrell, & Hult, 1999), employees (i.e. Rupp, Ganapathi, Aguilera & Williams, 2006) and management (i.e. Waddock & Graves, 1997a). Conspicuously, external stakeholders are the focus of previous CSR research,

¹ <http://www.brainyquote.com/quotes/quotes/c/carlosghos437709.html> (25-10-2013)

leaving research gaps concerning how internal stakeholders perceive CSR and how it influences their attitudes and behaviors and thus possibly firm performance (Aguilera, Rupp, Williams & Ganapathi, 2007). This external focus is startling inasmuch as employees undoubtedly comprise a very existential stakeholder group, especially when taking into account that organizational knowledge, know-how, and skills are accumulated and dispersed throughout the organization via its human resources (Brammer, Millington & Rayton, 2007). Furthermore, the attraction, accumulation and retention of talented employees have been identified as organizational priorities (Hart, 1995). This is particularly the case in the 21st century where the projection of labor and skill shortages and simultaneous demand increase are foreseen to aggravate the so-called war for talent (Zhang & Gowan, 2012).

Of the individual level CSR research that has been undertaken so far, two directions have been considered (Turker, 2009). One direction is assessing the potential of CSR to attract employees (i.e. Turban & Greening, 1996) and the other is examining CSR effects on current employee attitudes and behaviors (i.e. Brammer et al., 2007; Rupp et al., 2006). Both lines of research demonstrate CSR to be an effective tool within the domain of Human Resource Management (HRM).

This article will make important contributions to the literature in several ways. First, by researching the impact of employee CSR perceptions on their Organizational Citizenship Behavior, Affective Commitment and Turnover Intention, the article will add to the explanations of how internal effects might create a CSR-firm performance link. Second, while these particular relationships have been previously studied (i.e. Brammer et al., 2007; Hansen, Dunford, Boss, Boss & Angermeier, 2011; Turker, 2009), this article will extend the literature by theoretically grounding and empirically

testing a distinction between perceptions of Internal and External CSR. Internal CSR is directly aimed to benefit employees while External CSR targets external stakeholders and thus, at best, indirectly influences employees. Therefore, the employee perception of the two CSR types may vary and affect their behaviors and attitudes in different ways. Third, theoretical grounding will combine social exchange and social identification theory to provide a more multilateral explanation of why and how CSR would influence employees. Finally, this article will explore how and if theoretically reasoned mechanisms, namely Perceived Organizational Support regarding Internal CSR and Person-Organization Fit regarding External CSR, will impact on the CSR-employee outcome relationships. This will extend the literature as mediating and moderating mechanisms through which CSR might influence employees are up to now poorly understood (Jones, 2010).

Concerning the structure of this article, first there will be a brief literature review regarding CSR. Next, the variables of interest will be introduced along with the theoretical framework upon which the hypotheses will be built. Subsequently, methodology is described followed by the statistical results and their discussion. Lastly, the article will conclude by drawing academic and practical implications from the results and by acknowledging the limitations of this study.

2) Corporate Social Responsibility

Despite growing academic and practical interest there is no globally accepted definition of Corporate Social Responsibility (CSR). In fact, multiple overlapping, yet in some ways considerably different constructs can be found in literature such as Corporate Citizenship, Corporate Social Performance, Corporate Community Relations or Stakeholder Theory (Waddock, 2004). What these constructs have in common is the internalization of a stakeholder orientation (The Economist, 2005) as proposed by

Freeman (1984, p.13) who argues that business should have a positive impact on all groups relevant to its existence. Thereby, he opposes Friedman (1970) who claims a firm's sole purpose to be the generation of shareholder profit and a still ongoing debate about the role of business in society had been sparked. Moreover, most definitions stress the condition for CSR to go beyond what is legally required (Siegel & Vitaliano, 2007). Also, they often refer to one or more of the four levels of firm responsibility, namely legal, economic, ethical, and discretionary, as originally identified by Carroll (1979). Here, CSR is broadly defined as behaviors displayed by a corporation with the aim to positively affect stakeholders while going beyond economic interest (Turker, 2009).

Regarding the motivation to pursue CSR, Hansen et al. (2011) stress two cases, one being normative, meaning morally motivated, and the other being purely business-oriented. The latter has spawned literature on how to make CSR strategic, exploring how it can simultaneously create benefits for stakeholders and value for the organization by building on firm-specific core competencies and resources (Porter & Kramer, 2006). Moreover, stakeholders nowadays have witnessed ethical scandals such as the Enron case and are more aware of so-called "greenwashing". This often leaves them skeptical of the motives behind an organization's CSR program, thus making the alignment of CSR initiatives with firm culture and strategy more important (Story, 2013).

CSR has been demonstrated to evoke many favorable firm outcomes. According to the integrating review of Aguinis and Glavas (2012), most CSR research has investigated institutional and organizational outcomes such as firm reputation (i.e. Brammer & Pavelin, 2006), stimulated buying (i.e. Brown, 1998), increased brand value (i.e. Luo and Bhattacharya, 2006), reduced firm risk (i.e. Bansal & Clelland, 2004), attractiveness to investors (i.e. Graves & Waddock, 1994), competitive advantage (i.e.

Greening & Turban, 2000), good management practices (i.e. Waddock & Graves, 1997a), perceived quality of management (i.e. Waddock & Graves, 1997b), operational efficiencies (i.e. Sharma & Vredenburg, 1998) and product quality (i.e. Johnson & Greening, 1999). Noteworthy, however, is that comparatively little has been revealed about how employees perceive CSR and how it affects their behaviors and attitudes and thus firm performance (Aguilera et al., 2007).

2.1) Employee Outcomes

The comparative research deficit regarding CSR-employee outcomes is startling considering that employees are the inner workings of a firm and thus clearly relevant to its existence (Rodrigo & Arenas, 2007). Mitchell, Agle & Wood (1997) argue that legitimacy, urgency and power are three characteristics making employees a key stakeholder. Others go as far as to claim that in today's knowledge society employees, as the sponge of organizational knowledge, are of greater importance than physical capital (i.e. Drucker, 2001). Beyond that, tapping into the potential of superior human resources has long been identified as a possible source of competitive advantage (i.e. Branco & Rodrigues, 2006). Exploring what role CSR can play in creating such an advantage may therefore be of interest to management.

Indeed, research has begun to identify positive impacts that CSR can have on employees such as identification with the firm (i.e. Carmeli, Gilat & Waldman, 2007), citizenship behavior (i.e. Jones, 2010), employee retention (i.e. Jones, 2010), employee engagement (i.e. Glavas & Piderit, 2009), in-role performance (i.e. Jones, 2010), employee commitment (i.e. Brammer et al., 2007), employee creative involvement (i.e. Glavas & Piderit, 2009), firm attractiveness to prospective employees (i.e. Greening & Turban, 1996) and improved employee relations (i.e. Glavas & Piderit, 2009).

3) Hypothesis Development

3.1) Explanatory Variables: ICSR & ECSR

The exact effects of CSR on an individual's attitudes and behaviors are difficult to comprehend and measure. In fact, CSR initiatives of a firm only impact employees to the extent that they perceive these actions (i.e. Glavas & Godwin, 2013). Because perceptions are what employees base their attitudes, behaviors and opinions on (Hansen et al., 2011), **CSR perceptions** will constitute the independent variables in this study. Specifically, this article will distinguish between two types of CSR perceptions, those of internal and external CSR. **Internal CSR (ICSR)** constitutes CSR activities aimed at enhancing the physical and psychological working environment (Turker, 2009). Employees are the targeted beneficiaries. Arguably, the organization will have an interest in communicating these discretionary initiatives to its employees. **External CSR (ECSR)**, also called CSR to social and non-social stakeholders, is, according to Turker (2009), bundled by a common goal of securing the welfare of current and future generations, i.e. by protecting the environment. As such, ECSR includes CSR initiatives to society, the environment, next generations, and non-governmental organizations (Turker, 2009). Designed for externals, the firm might not communicate these ECSR programs directly to employees. However, that does not necessarily mean that employees do not have a perception of ECSR as they might absorb and interpret internal or external cues or be actually involved in the execution of the programs. To sum up, the different target audience and aim of each CSR type suggests that employees might have different perceptions of the two constructs and thus different responses to them.

3.2) Explained Variables: OCB, AC & TI

Organizational success in a world with ever-changing, partly unforeseeable, circumstances relies on employees to go beyond their original job description. **Organizational Citizenship Behavior (OCB)** as originally defined by Organ (1988)

describes this concept as voluntary, individual behaviors that are not specified or compensated for in the official reward system and which, taken together, boost effective and efficient functioning of the firm (Organ, 1988, p. 4). Manifestations of OCBs range from helping behaviors between employees to being on time, or staying positive in difficult situations. Research has demonstrated OCB to be organizationally highly relevant and related to firm effectiveness (i.e. Podsakoff & MacKenzie, 1997). For example OCBs may free up resources or enhance the stability of performance by picking up the slack for others (Podsakoff & MacKenzie, 1997).

Organizational commitment describes a psychological state comprising the relationship between the individual employee and the organization as a whole, thus holding relevant implications regarding the endurance of organizational membership (Meyer & Allen, 1991). There are various types of organizational commitment (Meyer & Allen, 1991). This article will focus on **Affective Commitment (AC)** which is defined as “an emotional attachment to, identification with, and involvement in the organization” (Meyer & Allen, 1991, p.67) and has been demonstrated to have the strongest effects on organizationally relevant outcomes (Meyer, Stanley, Herscovitch & Topolnytsky, 2002). In fact, meta-analytic studies by Meyer et al. (2002) confirm that AC is negatively related to withdrawal cognition, turnover intention, and turnover as well as stress and work-family conflict and positively related to attendance, job performance and OCB.

Turnover Intention (TI) has been chosen as a variable of interest on the grounds that scholars have demonstrated it to be a significant antecedent of actual turnover (i.e. Bluedorn 1982), which is known to cause high costs to the organization. On the one hand turnover creates direct costs due to having to recruit and train new

employees (Staw, 1980), and on the other hand it leads to indirect costs such as stress and decreased morale for the remaining employees (Dess & Shaw, 2001). It is therefore of high concern for all managers to identify and to reduce turnover intentions.

3.3) Theoretical Framework: SET & SIT

Social Exchange Theory (SET) and **Social Identity Theory (SIT)** constitute two widely used academic theories that can be consulted to explain why and how each of the two types of CSR perception might affect employee attitudes and behaviors.

SET according to Blau (1964) highlights the interactions between social bodies such as individuals or groups of people, i.e. an organization. Blau (1964) claims social exchange to have three specificities. First, it is a form of exchange where one party provides something with expectation for reciprocation. Second, the acceptor has the obligation to reciprocate through some kind of reward; the relationship in itself is not considered a reward. Third, the exact time and form of reciprocation is unspecified and does not underlie an equally calculated basis (Blau, 1964; Jiang & Law, 2013). SET arises from the norm of reciprocity, which proposes that individuals act favorably towards one another for the goal of receiving likewise favorable treatment and hence establishing and maintaining a long-term, beneficial relationship (Gouldner, 1960).

SIT proposes that individuals classify themselves and others by membership in numerous social categories in order to define, divide, and structure their social environment (Ashforth & Mael, 1989). According to SIT, the definition and view of oneself, called an individual's self-concept, is affected by membership in various social categories such as gender, age bracket, or organizational membership (Ashforth & Mael, 1989; Tajfel & Turner, 1985). More precisely, social identification is defined as a feeling of oneness or belonging to any such category and encompasses vicariously experiencing its successes and failures (Ashforth & Mael, 1989). The extent of one's

identification is a matter of degree as the concept is “relational and comparative” (Tajfel & Turner, 1985, p. 16), meaning that individuals can enhance their self-concept through comparison of characteristics of themselves or their category with other individuals or categories (Ashforth & Mael, 1989; Brammer et al., 2005; Tajfel & Turner, 1986).

3.4) Effect of ICSR on Employee Outcomes

ICSR programs are voluntary measures taken by the firm directly aimed at enhancing employees` physical and psychological working environment (Turker, 2009), e.g. through training opportunities, work-life balance enhancing measures or just treatment procedures. SET and norm of reciprocity predict a favorable response by employees to these beneficial, voluntary measures in order to maintain a positive, mutual relationship with the firm (Blau, 1964; Goulder, 1960; Jones, 2010). ICSR initiatives create a feeling of debt towards the organization. One way for employees to release themselves from this feeling and to repay the organization is to display extra work efforts, namely OCBs, towards the organization (i.e. Cho & Kessler, 2008).

Furthermore, SET predicts repayment of perceived beneficial treatment not only through favorable work behaviors but also through positive attitudes towards the organization. ICSR, due to its discretionary character, might signal firm commitment to its employees which in turn will lead employees to reciprocate with increased AC (i.e. Hoeven & Verhoeven, 2013). Additionally, increased AC can be claimed from an SIT perspective (Brammer et. al, 2007) since organizational identification is in fact included in the very definition of AC (Meyer & Allen, 1991, p.67). Arguably, employees may perceive benefits and opportunities provided via ICSR as a distinctive value of the organization and a factor differentiating it from other organizations. Due to the relational character of the self-concept (Tajfel & Turner, 1985), identification with such a comparatively advantageous firm will lead to an enhanced self-concept (Ashford &

Mael, 1989) and accordingly to higher AC (Brammer et al, 2007). Furthermore, Turker (2009) argues that the internal firm environment, i.e. as determined by ICSR measures, provides opportunities to fulfill high order employee needs such as esteem or self-actualization, which in turn also positively influences identification and hence AC.

Ashforth and Mael (1989) argue that for those individuals who identify with an organization, leaving it would create some kind of psychological loss. As reasoned above, ICSR measures can, through their distinctiveness, relative prestige (Ashford & Meal, 1989) and need-fulfillment (Turker, 2009), increase the social identification of the employee with the firm. Therefore, it can be proposed that the perception of ICSR increases employees' feelings of oneness with and belonging to the organization, thus reducing their intentions to leave the organization.

H1a: The perception of ICSR will be positively related to OCB.

H2a: The perception of ICSR will be positively related to AC.

H3a: The perception of ICSR will be negatively related to TI.

3.4.1) Mediating Role of POS

Despite the above argumentation, one may pose the question if the mere perception of the existence of ICSR alone, in fact, causes the mentioned favorable firm outcomes. ICSR initiatives may be perceived and appreciated differently, e.g. additional training may be welcomed as an opportunity to increase one's own market value or be seen as an additional burden given on top of the regular work load. Another example would be an employee volunteer program that might be valued as a chance to contribute to a good cause or could be seen as a sheer marketing tool of the firm. Thus, ICSR per se does not necessarily cause the discussed favorable firm outcomes and it is important to investigate which positive psychological processes have to precede.

Research has spawned **Perceived Organizational Support (POS)**, the

employees` general belief about the extent that the organization cares about their well-being and values their contributions (Eisenberger & Huntington, 1986, p. 501) as the firm`s contribution to social exchange (i.e. DeConinck & Johnson, 2009). Within SET frame-work scholars claim that it is in fact the employees` POS that triggers the feeling of obligation to repay beneficial firm treatment and ensures firm welfare through favorable work behaviors and attitudes (Rhoades & Eisenberger, 2002; Rhoades et al., 2001). Likewise, with regards to SIT, it has been suggested that it is indeed POS that increases social identification via the fulfillment of socio-emotional needs such as affiliation or approval (Rhoades et al., 2001). Positive influence of POS on OCB (Shore & Wayne, 1993) and AC (Rhoades et al., 2001) as well as negative influence on TI (Wayne, Shore & Liden, 1997) has already been empirically demonstrated.

Eisenberger and Huntington (1986) propose that a firm`s numerous ways to treat their human resources influence employee perception of POS. Further, Rhoades et al. (2001, p.826) argue that “POS is strengthened by favorable work experiences that employees believe reflect voluntary and purposeful decisions made by the organization”. Therefore, it is especially the discretionary character of ICSR that may signal the firm`s care for their employees` well-being, hence increasing their POS. Summing up, a firm`s ICSR initiatives will positively influence employee POS which in turn will cause the mentioned favorable outcomes.

H1b: POS will mediate the relationship between perception of ICSR and OCB.

H2b: POS will mediate the relationship between perception of ICSR and AC.

H3b: POS will mediate the relationship between perception of ICSR and TI.

3.5) Effect of ECSR on Employee Outcomes

ECSR does not directly target or favor employees. Instead, the organization aims to benefit external social- and non-social stakeholders. Employees are, as described by

SIT, also part of other social categories outside of work (Ashforth & Mael, 1989), e.g. the local community or society as a whole. Therefore, ECSR might have an indirect impact on them. If that is the case, SET predicts that the employees will display favorable behaviors and attitudes, such as OCBs and AC, to repay the ECSR efforts. While this ECSR – employee outcome link proposed via SET may seem weak due to a mere indirect influence, SIT argumentation can strengthen it. First, concern for current and future generations can be perceived by employees as a distinctive value differentiating the firm from other organizations increasing firm prestige and thus increasing employees' propensity to identify with the firm (Ashford & Mael, 1989). This is especially relevant considering that the interest in CSR within all stakeholder groups is growing and that the new generation of employees is confronted with this topic at leading business schools worldwide. Second, ECSR is aimed at and thus primarily communicated to external stakeholders. If these externals perceive the ECSR activities as beneficial, they will attach a positive image to the organization and a positive organizational reputation will develop (i.e. Brammer & Pavelin, 2006). According to SIT, employees want to identify with a reputable firm in order to enhance their self-concept (Ashforth & Mael, 1989). They may feel proud to work for an organization that cares about current and future generations and is publicly known for doing so (Brammer et al., 2007, Turker, 2009).

As being a member of a reputable organization enhances the employee's self-concept, one can argue that the employment itself becomes a source of pride. SIT accordingly predicts reduced employee TI as leaving the organization would mean the loss of membership in a self-enhancing social category.

H4a: The perception of ECSR will be positively related to OCB.

H5a: The perception of ECSR will be positively related to AC.

H6a: The perception of ECSR will be negatively related to TI.

3.5.1) Moderating Role of POF

Reaping not only external, but also internal benefits of ECSR initiatives would constitute enhanced value for organizations. Accordingly, it is important to explore factors that would strengthen the proposed relationships, so that organizations may address these factors to aggravate the internal benefits of their external CSR activities.

Zhang and Gowan (2012) describe CSR as a salient and visible embodiment of the organization's ethical values. According to Posner (2010, p. 535), "values are at the core of who people are" thus influencing their attitudes, beliefs and behaviors (Da Silva, Hutcheson & Wahl, 2010; Posner, 2010). Value congruency between individuals and organizations is one operationalization of a research domain concerned with **Person-Organization Fit (POF)**. The term POF was first used and defined by Jennifer Chatman (1989, p.339) as "the congruence between the norms and values of organizations and the values of persons" and has since been demonstrated to reduce TI and to increase employee job satisfaction and commitment (i.e. Ng & Sarris, 2009).

According to Chatman (1989) people are drawn to firms displaying norms and values they deem as important. In line with Schneider's (1987) attraction-selection-attrition model, employees are expected to self-select an organization with a sufficient level of POF because similarity of values is expected to increase their chances of feeling a sense of belonging and ultimately identifying with the organization (Ng & Sarris, 2009). Further, Cable & Judge (1997) showed that interviewers judge the congruence of values between prospective employees and the organization and actively select for POF.

ECSR initiatives, no matter if connected to the firm's core business activities or not, are a signal of firm values, e.g. sense of responsibility towards society. Turban and

Greening (1996) have already exhibited that a firm's sense and display of social responsibility plays a positive role in applicants' attraction. How current employees perceive and react to displays of ECSR inter alia depends on their general fit with organizational values (Boon, Den Hartog, Boselie & Paauwe, 2011). Boon et al. (2011) argue that employees with high POF and thus high value congruence will better understand the firm's needs and wants as well as actions taken, such as ECSR, and be therefore more likely to agree with them. According to SET, employees will then be more likely to want to reciprocate through positive work attitudes and behaviors. Moreover, Schneider (1987) proposed that social identification for employees is higher if the value congruence with the firm is higher. Summarizing, SET and SIT predict that POF may be a factor strengthening the proposed relationships between ECSR and the discussed employee outcomes.

H4b: POF moderates the positive relationship between the perception of ECSR and OCB such as that higher POF will make the relationship stronger.

H5b: POF moderates the positive relationship between the perception of ECSR and AC such as that higher POF will make the relationship stronger.

H6b: POF moderates the negative relationship between the perception of ECSR and TI such as that higher POF will make the relationship stronger.

4) Methodology

4.1) Sample and Procedures

Many organizations were contacted to participate in an employee survey regarding CSR and employee outcomes. Three firms agreed to participate. These firms come from a variety of industries, namely footwear and apparel, construction and logistics and from the countries Germany, Austria and Sweden respectively. Upon agreement, the survey was translated from English into German for the Austrian and the

German company. The Swedish organization opted to keep the survey in English. Next, the survey was sent to a contact person at each firm using a Qualtrics link. Subsequent distribution to employees was undertaken internally. Firms were urged to provide the survey to as many employees as possible, but at least a minimum of 50. For the analysis of the results all surveys were backtranslated from German into English.

The survey was distributed to a total of 240 employees, of which 184 responded, thus yielding a response rate of 76.6%. However, 24 response sets had to be excluded due to incompleteness, leaving a sample of 160 response sets to be analyzed. Of these 160 respondents 59.6 % were female. The respondents' age ranged from 24 to 63, the average being 52 years. Concerning education, 26% of respondents had a Bachelor's degree and 64% at least a Master's degree. 13.2% of respondents have worked less than 1 year in the participating organization, 22.6% between 1 and 3 years, 17.6% between 3 and 5 years, 25.8% more than 5 years and 20.8% more than 10 years.

4.2) Measures

Unless noted otherwise, respondents were asked to indicate their extent of agreement with each of the given items with regard to their employing organization using a 5-point Likert-type scale ranging from 'strongly agree' to 'strongly disagree'. Reliabilities of each of the scales can be found in Table 1 under the section "Results".

Perception of ICSR and ECSR were measured using two 6 item subscales of Turker's (2009) CSR scale. Specifically, ICSR perception was rated using the subscale CSR to employees and ECSR perception using the subscale CSR to social and non-social stakeholders (Turker, 2009). Sampled items include 'My organization supports employees who want to acquire additional education.' for ICSR and 'My organization targets a sustainable growth which considers to the future generations.' for ECSR.

OCB was measured using an adopted version of the 7 item scale used by Eisenberger et al. (2010) to rate subordinates' extra-role performance. It considers four categories of organizational spontaneity: making constructive suggestions, enhancing one's own knowledge and skills in ways that will help the organization, protecting the organization from potential problems, and helping coworkers (Eisenberger et al. 2010). Sampled items included 'I am always looking for ways to be more effective at work'.

AC was rated using 6 items used by Rhoades et al., (2001) which combine 5 items from Meyer and Allen's Affective Commitment Scale (Meyer & Allen, 1997) and 1 item from the Organizational Commitment Questionnaire (Mowday, Steers & Porter, 1979). Items included 'I am proud to tell others I work at my organization'.

TI was measured using an adopted version of the 4 items previously used by Robinson (1996) to rate the employees' intention to remain with their current employer. Sampled items included 'I would rather work at another organization'.

POS was rated using the 8 item short form (Rhoades et al., 2001) of the Survey of Perceived Organizational Support (SPOS; Eisenberger et al., 1986). Sampled items included 'My organization cares about my opinions'.

POF was measured adopting the 3 item scale used by Dr. Masood Ul Hassan (2012) who had adopted the scale from previous research. Sampled items included 'My organization meets my major needs well'.

5) Results

Means, standard deviations, scale reliabilities and correlations between variables are reported in Table 1. Cronbach's alpha for the scales range from 0.73 to 0.92 thus all passing the threshold of good reliability at 0.7 as suggested by Nunnally (1967). All correlations are highly significant and can be described as strong or very strong ($> |0.4|$). The pattern of correlations between the independent variables (IVs), namely ICSR and

ECSR, and the dependent variables (DVs) OCB, AC, and TI are consistent with the assumptions made in H1a through H6a.

Table 1. Mean, Standard Deviations, Scale Reliabilities, and Intercorrelations (N = 160)

Variables	M	SD	1	2	3	4	5	6	7
1. ICSR	20.52	3.702	(0.78)						
2. ECSR	22.37	3.320	0.49**	(0.83)					
3. OCB	33.13	3.844	0.55**	0.57**	(0.83)				
4. AC	22.62	4.894	0.68**	0.56**	0.71**	(0.92)			
5. TI	7.73	3.862	-0.65**	-0.51**	-0.62**	-0.84**	(0.92)		
6. POS	28.21	5.331	0.79**	0.51**	0.69**	0.81**	-0.76**	(0.88)	
7. POF	10.78	1.922	0.79**	0.57**	0.58**	0.76**	-0.69**	0.78**	(0.73)

Note: *p < 0.05; **p < 0.01(two-tailed test)

To further investigate whether ICSR and ECSR each separately have a positive influence on OCB and AC and a negative influence on TI as well as to assess the extent of that influence, regression analyses have been conducted. Figure 1 demonstrates that all regressions were significant with all R²- values and unstandardized betas (B) having p- values smaller than 0.01. H1a through H6a are therefore accepted. To exemplify interpretation, the regression model of H1a accounts for 30.3% of variance and OCB will increase by .567 units if ICSR is increased by 1 unit.

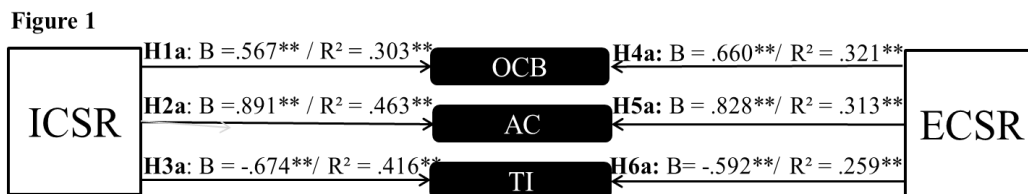


Figure 1: H1a- H6a: Unstandardized regression coefficient (B) and R². Note: *p < 0.05, ** p < 0.01(two-tailed test)

In order to test the hypothesized mediating effect of POS as described in H1b, H2b and H3b, there are three conditions that need to be met according to Baron and Kenny (1986). First, the IV (ICSR) needs to be significantly related to the DVs (OCB, AC & TI) without the presence of the mediator. This has been previously established and can be seen in Figure 1. Second, the IV (ICSR) and the mediator (POS) need to be significantly related. Linear regression showed that ICSR significantly predicted POS (B = 1.109, p < .001), the model accounting for 61.9% (R²) of variance (see Table 2).

Condition three requires adding the mediator as a second predictor into the regression, which should reduce the impact of the IV on the DVs. For all three DVs the regression coefficient B was not only reduced in magnitude as compared to a regression with only ICSR as predictor (OCB: .567 vs. .042; AC: .891 vs. .159; TI: -.674 vs. -.131), but it also became insignificant ($p > 0.05$) as can be seen in Table 2.

Table 2. Mediation Analysis Results

DV	IV	B	β	Sig	Adjusted R ²
POS	ICSR	1.109	.788	.000	.619**
OCB	ICSR	.042	.041	.667	.454**
	POS	.473	.646	.000	
AC	ICSR	.159	.121	.115	.649**
	POS	.661	.710	.000	
TI	ICSR	-.131	-.125	.140	.576**
	POS	-.487	-.660	.000	

Note: * $p < 0.05$; ** $p < 0.01$ (two-tailed test) / Coefficients: B = unstandardized, β = standardized

These results suggest that POS partially mediates the relationship between ICSR and each OCB, AC and TI. To further support mediation and validation of H1b, H2b, and H3b, Sobel (1982) tests were conducted as suggested by Baron and Kenny (1986). The Sobel tests revealed that the indirect effect of ICSR on OCB via POS ($Z = 6.23$, $p < 0.01$), of ICSR on AC via POS ($Z = 8.06$, $p < 0.01$) and of ICSR on TI via POS ($Z = -7.06$, $p < 0.01$) was significantly different from zero. Hence, H1b, H2b and H3b are accepted.

To validate H4b, H5b, and H6b, so to say to test whether POF moderates the relationship between ECSR and OCB, AC, and TI respectively, a hierarchical multiple regression analysis was conducted (Cohen, Cohen, West & Aiken, 2003). Initially, the IV (ECSR) and the moderator (POF) were mean-centered to avoid potential problems of multicollinearity (Aiken & West, 1991). Next, an interaction term was created by multiplying the centered IV (ECSR) with the centered moderator (POF).

In a first regression the IV (ECSR) and the moderator (POF) were introduced as predictors and OCB, AC, and TI were each inserted as DVs. In all three regressions,

ECSR and POF explain a significant amount of variance in the corresponding DV, as can be seen looking at the adjusted R² of Step 1 in Table 3. In step 1, the standardized coefficients (β) indicate that POF has stronger influence on each of the DVs than ECSR.

Table 3. Moderation Analysis Results

Step	DV	IV	B	β	Sig	Adjusted R ²
1	OCB	ECSR	.411	.353	.000	.411**
		POF	.757	.378	.000	
1	AC	ECSR	.280	.189	.002	.600**
		POF	1.667	.655	.000	
1	TI	ECSR	-.196	-.168	.018	.486**
		POF	-1.181	-.591	.000	
2	OCB	ECSR	.428	.367	.000	.410**
		POF	.760	.380	.000	
		ECSR*POF_cen	.029	.058	.366	
2	AC	ECSR	.294	.198	.002	.599**
		POF	1.670	.657	.000	
		ECSR*POF_cen	.024	.038	.468	
2	TI	ECSR	-.211	-.182	.013	.485**
		POF	-1.183	-.592	.000	
		ECSR*POF_cen	-.026	-.053	.381	

Note: * $p < 0.05$; ** $p < 0.01$ (two-tailed test) / Coefficients: B = unstandardized, β = standardized

In a second step, the interaction term was entered into the regression. The change in adjusted R² was insignificant in all three regressions (OCB: Δ adj. R² = .003, $p > .05$; AC: Δ adj. R² = .001, $p > .05$; TI: Δ adj. R² = .003, $p > .05$). As Table 3 shows, in all three regressions the regression coefficients (B and β) of the interaction term were statistically not significant ($p > 0.05$). Therefore, it can be concluded that while there is a strong relationship between POF and the DVs, POF is not a significant moderator as previously hypothesized. H4b, H5b and H6b are rejected.

6) Discussion

The results of this study confirm that employees' distinct perception of ICSR and ECSR each increase employee OCB and AC as well as decrease their TI. Furthermore, two mechanisms that might influence the CSR-employee outcome relationships were investigated. In contrast to the theoretical assumptions, empirical results refute the hypotheses that POF is a significant moderator in the ECSR- employee outcome relationships. POS, however, has in fact been demonstrated to act as a

mediator in the relationship between ICSR and OCB, AC as well as TI. All these findings lead to relevant academic and practical implications.

6.1) Research Implications

Despite the undeniable role of employees as key firm stakeholders, CSR research has focused on external stakeholders. Grounded in SET and SIT, this article extends individual level CSR literature by empirically proving that employee ICSR and ECSR perceptions lead to attitudinal and behavioral outcomes that can potentially affect the bottom line of business. It is particularly the theoretical as well as empirical distinction between internal and external CSR perceptions that allows for a deduction of specific insights regarding why and how CSR may influence firm performance.

SET and SIT have often been used separately to understand the impact of CSR on employees. However, only to a lesser extent have they been integrated to provide a more multilateral theoretical basis. Here, integration of both theories has led to complementary reasoning of the hypotheses and identification of potential intermediary mechanisms. Validating or rejecting such mediators and moderators is relevant in truly understanding linkages between CSR and employee outcomes (Jones, 2010).

Specifically, this study demonstrates POS to be a relevant mediator in the relationships between ICSR and OCB, AC and TI. This is consistent with previous findings that have demonstrated POS to be positively related to OCB (Shore & Wayne, 1993), AC (Rhoades et al., 2001) and negatively to TI (Wayne, Shore & Liden, 1997).

Contrary to the expectations deduced from SET and SIT, no moderating role of POF was detected in the relationships between ECSR and each of the DVs. However, the high correlation between POF and the IV as well as the DVs and the high influence of POF on the DVs demonstrated in the first step of the moderation analysis suggest that there might be relationships that differ from the hypothesized ones. Future research may

look for other theoretical connections of POF in this model. For example POF may be predictor of ECSR or play a mediating instead of a moderating role.

6.2) Management Implications

This study delivers various internal arguments to pursue CSR practices. In fact, it suggests that management may leverage both types of CSR practices, ICSR and ECSR, as strategic HRM tools to positively influence employee behaviors and attitudes and ultimately firm performance. The statistical results demonstrate that ICSR has a stronger influence on AC and TI, while ECSR has only a slightly greater influence on OCB. From an employee performance view alone, ICSR might therefore be considered more relevant, especially as it affects the emotional attachment to the firm. In fact, ICSR was previously expected to have a more direct influence on employees. However, from a broader point of view, one might consider ECSR to be more relevant to firm performance in general because of its positive effects on many stakeholder groups such as customer and shareholder as well as employees.

Concerning ICSR activities, this study demonstrates how crucial it is for management to ensure that employees feel supported and valued by their organization in order for the ICSR initiatives to have the desired positive effects (i.e. increased OCB and reduced TI). As Gouldner (1960) explained in his theory of the norm of reciprocity, discretionary measures provided by someone are more likely to be perceived as positive valuation and true concern by the recipient than forced measures. Hence, employees might very well be attentive to discretionary activities by their employer such as ICSR when assessing their POS. While this implies management shall widely communicate their discretionary ICSR activities to employees, Gouldner (1960) also stressed that likelihood of reciprocation rises with the relevance of the benefits to the recipient's needs. Practically, this suggests for management to design ICSR programs with care,

looking at the true needs and wants of the employees, making activities accessible for everyone and communicating them in the right manner, i.e. expressing how these measures support employees. The high correlation between POS and the DVs also calls for attention to POS outside a CSR context, e.g. when reacting to employee performance, ideas or mistakes (Shore & Wayne, 1993). Employees might not react favorably to ICSR programs, no matter how well designed and supportive, if they feel otherwise unsupported and unappreciated in every day work life.

The finding that ECSR positively influences employee behaviors and attitudes is valuable to management or anyone who advocates in favor of ECSR. This study suggests that a firm's care for current and future generations as expressed via ECSR does not only bring about benefits with externals, e.g. increased firm reputation (Brammer & Pavelin, 2006) or increased buying behavior (Brown, 1998), but may also positively influence firm performance through internal mechanisms. Specifically, firm-favorable employee behaviors and attitudes can be enhanced if employees see ECSR activities as something that indirectly affects them or others close to them in a positive way, and/or is a positive distinction compared to other firms, and/or is something that bestows a good reputation upon their employer. Therefore, management should ensure communication of ECSR activities to internal stakeholders, stressing their benefits on those dimensions. While this study does not support a moderating role of POF in the ECSR-employee outcome relationships, correlations suggest POF to be of interest in this model. Also, previous research suggests that it is very important for management to make sure that employees understand the fit of ECSR with firm culture and strategy to ensure that they do not perceive these activities as a random waste of valuable firm resources (Story, 2013).

7) Limitations

While holding relevant academic and practical implications, this study exhibits several limitations that need to be recognized. First, the sample size of this study (N= 160) can be considered small thus requesting great care when generalizing results.

Second, various facts concerning the data collection suggest that there might be a problem of multicollinearity (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). All data are cross-sectional and come from one source (the employee) via self-report in the same questionnaire. Further, the survey was distributed by internal personnel, which, despite ensured anonymity, might have led to problems related to social desirability (Podsakoff et al., 2003). Harman's single-factor test was conducted to assess this issue and results showed that one factor accounts for 71.88% of the variance in the model.

A third limitation could be that the concepts underlying the IVs were only broadly defined, ICSR as measures enhancing employees' physical and psychological working environment and ECSR as programs towards externals that express care of current and future generations. Future studies could formulate more specific CSR activities of both types, e.g. employee volunteering programs or specific environmental or social ECSR activities to test how these influence the discussed outcomes.

A fourth limitation regards the identification of POS as a mediating mechanism in the CSR- employee outcome relationships. Again, this study did not investigate the construct in detail, e.g. what kind of ICSR activities lead to highest feelings of POS. Future research could address these questions to give more specific guidance to management when it comes to designing ICSR initiatives.

Finally, the assumptions deduced from theory that POF plays a moderating role concerning ECSR and employee outcome relationships could not be confirmed in this study. High correlations, however, indicated that POF may play a role in these

relationships. Future research may theoretically explore and empirically test different possible connections of POF within the presented model. Further, POF was measured on a very broadly phrased 3 item scale. Future research might address this complicated and subjective construct in a more sophisticated manner in order to shed light on the relationship between personal and organizational values and their influence on employee CSR perceptions- outcome linkages.

8) Conclusion

In conclusion, this study confirms that employees' CSR perceptions influence their behaviors and attitudes. In particular, a distinction between the impact of employee perceptions of internal and external CSR is theoretically argued and empirically tested. Results demonstrate that both types indeed increase employees' Organizational Citizenship Behavior and Affective Commitment and decrease their Turnover Intention. Theoretical grounding intertwined social exchange and social identification theory that not only boosted the reasoning behind the hypotheses, but it also allowed for the identification of potentially relevant interaction effects. Indeed, this study demonstrates Perceived Organizational Support to mediate the relationship between Internal CSR and the outcome variables and refutes a moderating role of Person-Organization Fit in connection with ECSR and the outcome variables. Therefore, this article helps to close the research gap concerning interposed mechanisms that explain CSR- employee outcome relationships in more detail. In sum, this article suggests that employees care about CSR activities, in fact, not only about activities aimed to benefit employees directly, but also those targeted at external stakeholders. By demonstrating how this care translates into firm relevant employee behaviors and attitudes, this study lends support to the argument that CSR may enhance firm performance and thus the bottom line of business.

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Appendix

Appendix 1: Survey

Dear Participant,

My name is Julia Kroh and I am a 25-year-old student who is currently completing a Master degree in Management at Nova School of Business and Economics in Lisbon, Portugal.

This survey has been created to support the research part of my final Master Thesis. The purpose of this Thesis is to test various relationships between perceptions of Corporate Social Responsibility and individual outcomes. The results of this study will offer a completely new insight to this relatively unexplored field and your participation is vital in this process.

All information you provide in this survey is confidential. Also, you will not be personally identified, neither to your employer, nor to me. There are no risks in participating. All data will be reported in aggregate form.

The survey will take about 10 minutes to complete and you may find the experience enjoyable as you reflect about your work.

If you have any questions or concerns, please feel free to contact me or my advising Professor Joana Story via the following contact information:

Julia Kroh: mst15001099@novasbe.pt (+351 916 771 951)

Joana Story: joanastory@novasbe.pt (+351 21 380 16 00)

Thank you so much for agreeing to participate in this study!

Please select the answer that best describes how you feel about your organization:

	Strongly agree.	Agree.	Neither agree nor disagree.	Disagree.	Strongly disagree.
My organization is willing to help me if I need a special favor.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working at my organization has a great deal of personal meaning to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am well informed regarding how my opinion can help the organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I speak in favorable ways with colleagues about the organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I encourages others to try new and effective ways to improve work.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that my personal values are a good fit with this organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization targets a sustainable growth which considers to the future generations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am proud to tell others I work at my organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization shows little concern for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization supports the non-governmental organizations working in the problematic areas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please select the answer that best describes how you feel about your organization:

	Strongly Agree.	Agree.	Neither agree nor disagree.	Disagree.	Strongly disagree.
My organization participates to the activities which aim to protect and improve the quality of the natural environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The managerial decisions related with the employees are usually fair.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization cares about my opinions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization implements flexible policies to provide a good work and life balance for its employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel a strong sense of belonging to my organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I intend to stay for a very long time at this organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I really feel that problems faced by my organization are also my problems.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization meets my major needs well.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization implements special programs to minimize its negative impact on the natural environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am active in trying to protect the organization from potential problems.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please select the answer that best describes how you feel about your organization:

	Strongly agree.	Agree.	Neither agree nor disagree.	Disagree.	Strongly disagree.
My organization makes investment to create a better life for the future generations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If things happen as I wish, I believe that in three years I will still be working in this organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I provide suggestions to help the organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization supports employees who want to acquire additional education.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization strongly considers my goals and values.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If given the opportunity, my organization would take advantage of me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization contributes to the campaigns and projects that promote the well-being of the society.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would be happy to work at my organization until I retire.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Help is available from my organization when I have a problem.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The management of my organization primarily concerns with employees' needs and wants.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please select the answer that best describes how you feel about your organization:

	Strongly agree.	Agree.	Neither agree nor disagree.	Disagree.	Strongly disagree.
My organization would forgive an honest mistake on my part.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am always looking for ways to be more effective at work.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have acquired knowledge, competencies, and capabilities that will be beneficial to the organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Since I started to work in this organization, I have thought of changing jobs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This organization has the same values as I do with regard to concern for others.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization's policies encourage the employees to develop their skills and careers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would rather work at another organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization encourages its employees to participate to the voluntarily activities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization really cares about my well-being.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I look for new ways to help the organization to succeed.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel personally attached to my work organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify your gender:

- male
- female

Please enter the year you were born in:

Which is the highest degree or level of school that you have completed? If currently enrolled, please mark that degree.

- No schooling completed
- High school completed
- Bachelor- or equivalent
- Master- or equivalent
- Professional Training completed
- Doctorate/ PhD

How long have you been working at this organization?

- Less than 1 year
- Between 1 and 3 years
- Between 3 and 5 years
- More than 5 years
- More than 10 years