



**Impact of Corporate Social Responsibility on Organizational Identification:  
Mediating Role of Internal Respect and Employee Commitment**

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**Abstract**

This study is based on the impact of Corporate Social Responsibility (CSR) on Organizational Identification (OID) with the mediation of Perceived Internal Respect (PIR) and Employee Commitment (EC). SPSS has been used to examine the data; data has been collected through a close-ended questionnaire. Mediation analysis is used to check the mediation effects, and it is concluded that CSR has an impact on Organizational Identification (OID). Perceived Internal Respect (PIR) is the route by which CSR moved towards Organizational Identification (OID). The responses do not prove the other route (i.e. Employee Commitment). The study has contributed to the body of literature and also recommended that moderator can be added further, geographical boundaries can be changed, the quantitative research method can be replaced by the qualitative research method in future researches. The implications of the study can be used to improve the organizational identification of employees.

**Keywords:** corporate social responsibility (csr), employee commitment (ec), organizational identification (oid), perceived internal respect (pir).

**Introduction**

This research is based on corporate social responsibility and its leading outcomes in terms of the company's favor. Social responsibility has been used in the context of employees, consumers, and stakeholders. Mediation of employee commitment in between Corporate Social Responsibility CSR and organization identification has an important part in the research. Business and the qualities associated with it are informally considered as a viable platform for economic growth and prosperity in all communities and economic programs. The concept of business conduct has been better known, and the need to enhance corporate social responsibility and skills necessary to meet the present and ongoing challenges have been considered.

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This applies not only to the management of the new company, planning, and business growth but also an overview of the conduct of business in different parts of the organization. A growing number of larger organizations to establish surveillance, recognition, and the opportunity to solve problems in the creativity, action public, and private sectors - take, citing several uncertainties and other related qualities (Hameed, Riaz, Arain, & Farooq, 2016). CSR has become the most important activity, many organizations do CSR activities for the sake of marketing, and it increases their reputation in a good manner. But these CSR activities give benefits to lower-income people with many advantages. Nowadays, in Pakistan, every other organization is involved in plantation drive; in Ramadan, many organizations arrange Iftar (Siddiq & Javed, 2014). If an organization gets involved in any CSR activity, it makes their employee feel proud, not only this, the CSR activities make an organization's consumer more loyal, and also stakeholders take it positively. CSR shows positivity in the thinking process, and it is a kind of positive attitude of the firm (Ansong, 2017).

Researchers expressed a positive attitude as a feeling of optimism. A positive attitude is a prominent attribute in the personality of an entrepreneur (Hameed & Irfan, 2019). People with a positive attitude find themselves comfortable under different situations (Siddiq & Javed, 2014). The purpose of the study is to investigate the effect of CSR that evaluates organizational identification. Also, it investigates whether an employee's commitment and perceived internal respect are playing the role of mediation between CSR and organizational identification.

This research represents the impact of CSR on the image and identification of an organization. It highlights the most profound characteristics in the best identification of a company. We have assumed here one independent variable that is corporate social responsibility. Organizational identification has been taken as a dependent variable. Two variables have been taken as mediators; one is perceived internal respect, and the second is the employee's commitment. The idea is to check SCR routes towards Organization Identification by using two mediators, which have not been used substantially in CSR research.

### **Literature Review**

#### **Corporate Social Responsibility:**

CSR shows positivity in the thinking process, and it is a kind of positive attitude of a firm. An organization needs the motivation to be active as socially responsible. Motivation has been described as an action of a person, a behavior to repeat an action (Siddiq & Javed, 2014). When an employee has inner motivation, it will take them to do good things for their organization. Motivation is the name of the inner feeling. There are many theories of CSR, where it has some links with motivation (Marin, Ruiz, & Rubio, 2009). Previous literature has divided motivation into two parts, one is called intrinsic motivation, and the other is called extrinsic motivation. Intrinsic motivation comes from inside, an unseen feeling, and extrinsic motivation employees get from extrinsic rewards such as increment in salary, or any other monetary benefits (McMullan, Long, & Wilson, 1985).

CSR is about something giving back to society. Organizations get financial profits and get improvements in every aspect, so it is the responsibility of an organization to do something good for its society. The organization should take the decisions which are in



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favor of society and for the betterment of the community (Okwemba, Chitiavi, Egessa, Douglas, & Musiega, 2014). Organizations are earning huge amounts of money and destroying nature by creating pollution (Hameed, Waris, & ul Haq, 2019). For the sake of society's betterment in return, the organization should do some good activities for its surroundings (Ali, Rehman, Ali, Yousaf, & Zia, 2010).

### **Perceived Internal Respect (PIR):**

Tyler and Blader (2002) concluded that employee perceives internal respect when they see their organization thinking about them and giving them the benefits in terms of health, wellbeing, and safety. These factors make the employee feel good about himself, and he/she think that he/she is attaining internal respect (Tyler, 1987). This feeling of personal respect helps them to retain their identity. Internal admiration of employees is measured through contribution to a group. Intrinsic motivation comes from inside, an unseen feeling, and extrinsic motivation employees get from extrinsic rewards such as increment in salary, any monetary benefits (Afsheen, 2015). There are many pieces of research on organizational identification where they focus on employee perception that is what they think about internal and external respect. Tyler (1999) defines internal respect as the feeling of getting respect from his organization. Employee should have Fortitude, it is the degree to which a person faces the hurdles (Gnanaweera & Kunori, 2018). How he React in bad circumstances. It shows an employee's endurance level in different scenarios. In some researches, CSR towards its employee is known as internal CSR, same as CSR towards employee internal CSR is also caring about employees and giving those benefits in terms of safety and wealth (Ali, Rehman, Ali, Yousaf, & Zia, 2010).

***H<sub>1</sub>: Corporate Social Responsibility positively influences the employees' Perceived internal Respect.***

### **Corporate Social Responsibility (CSR) and Organization Identification (OID): Perceived Internal Respect (PIR) as a Mediator:**

As mentioned above that perceived internal respect of employees is derived from the CSR activities of the organization. The literature says that CSR influences the perceived internal respect of the employee (Ansong, 2017). Literature also suggests that CSR activities lead to organizational identification. CSR activities affect employee work performance. Organizational believes indirectly affects the relationship between CSR and OID (Siddiq & Javed, 2014). These deliberate are based on social character hypothesis and suggest that CSR makes great disrepute and sends signals to an imminent employee at working place. The discussion centers on current workers and investigates how CSR influences employees' behaviors and their perceptions. Corporate principles and social responsibility persuade employees' efforts certainly on odd jobs (Wang, 2018). CSR is considered as a conscious course of action by the organizations for the well-being of society, customers, stakeholders, and employees. These organizations for the wellbeing of others perform things that induce employees by care and gentleness (Jones & Volpe, 2011). Employees are an asset to the organization and demand respect. Employees getting higher respect from the management goes an extra mile in advocating for their organizations (Ansong, 2017).

***H<sub>2</sub>(a): There is a relatively positive relationship between Perceived Internal Respect (PIR) and Organisation Identification (OID).***



*H<sub>2</sub>(b): Perceived internal Respect (PIR) mediates the relationship between Corporate Social Responsibility (CSR) and Organization identification (OID).*

**Corporate Social Responsibility (CSR) and Employee's Commitment (EC):**

Corporations should do social exercises for the welfare of the community. (Gnanaweera & Kunori, 2018). It was argued that organizations are gaining tremendous profits from the community and breaking down natural resources (Martinuzzi & Krumay, 2013). Previous literature suggests that activity based on social responsibility done by the organization increases employee commitment towards its organization (Ali et al., 2010). Galant & Cadez (2017) said that work related to corporate social activity attract outsider towards the organization and the existing employee's work motivation increases. Corporate social responsibility related activities increase upcoming eligible candidates because they feel committed while getting associated with well-reputed organizations (Turker, 2009). There is a direct relationship between employee commitment and organizational productivity. The more commitment of employees will create more productivity for the organization. The less commitment of employees will lead to decreased productivity of the organization (Tyler, 1987). Employees who are involved in decision making are more committed to their work than an employee who only follows the orders and does not play any part in decision making. Hence they are less committed to their work (Hameed et al., 2016).

*H<sub>3</sub>: Corporate Social Responsibility (CSR) positively influence the Employees' Commitment (EC)*

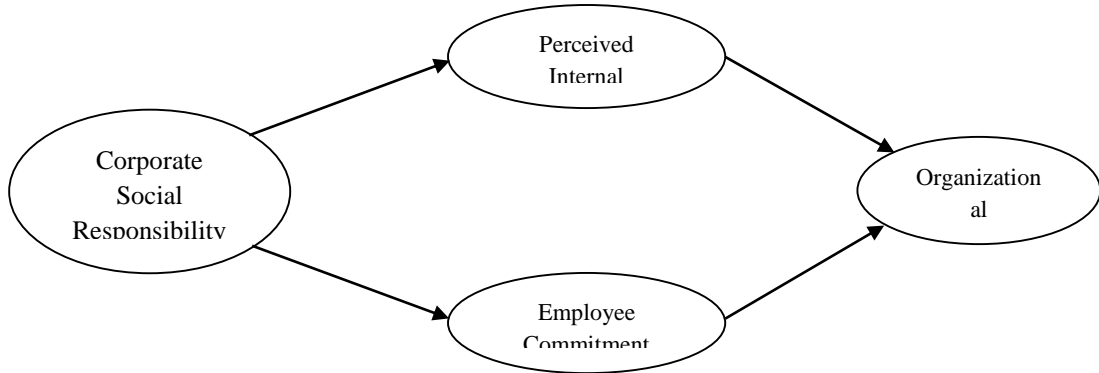
**CSR and Organization Identification (OID): Employee's Commitment (EC) as a Mediator:**

Mowday (1979) divided commitment into three categories; firstly, your strong belief makes you committed to your jobs so that you accept organization goals and value with loyalty. Secondly, your willingness to do your job according to the organization's goals and values is a part of your commitment (Martinuzzi & Krumay, 2013). Last but not least, he said that your strong desire to be retained by your organization and to do your best to be a part of your team is your commitment to your organization. The corporate social activity attracts outsiders towards the organization, and the motivation of existing employees increases (Farooq, Farooq, & Jasimuddin, 2014). Organizations believe that their CSR activities will enhance the productivity of their employees (Farooq, Payaud, Merunka, & Valette-Florence, 2014). When an employee has inner motivation, it will take them to do good things for their organization. Motivation is the name of inner feeling; there are many theories of CSR, where it has some links with motivation (Kanji & Chopra, 2010). CSR affects employees in many ways depending upon the strategy and type of CSR being implemented. Studies widely discuss the effects of CSR on employees' behavior (Turker, 2009). This study evaluates the effects of CSR on four key stakeholders, e.g., community, employees, consumers, and natural environment). Probing further into these stakeholders additionally provides details about the factors affecting employee commitment (Hameed et al., 2016). This in-depth inquiry facilitates in understanding the significant CSR factors influencing staff. Committed employees own their organizations, and management styles can be modified towards the right combination of CSR activities (Kanji & Chopra, 2010).

*H<sub>4</sub>(a): There is a relatively positive relationship between employees' commitment (EC) and Organisation Identification (OID).*

*H<sub>4</sub>(b): Employees' Commitment mediates the relationship between Corporate Social Responsibility and Organization identification (OID).*

Figure 1: Hypothesized Model



**Methodology**

**Procedure:**

A personal survey technique has been used and by going individually to the respondent for data collection. The study focus on the employees who are working in Karachi, Karachi is a densely populated city of Pakistan. It has a good number of active organizations in terms of corporate social responsibility. The questionnaire was distributed to 600 employees, and 490 responses were received with a response rate of 81.67%. Respondents belonged to different age groups and demographic characteristics.

**Measurement:**

A close-ended instrument comprised of already established scales was used for data collection. The questionnaire starts with six demographic questions about gender, age, education, income, marital status, and industry. The second section of the questionnaire had measurement scales for variables based on a seven-point Likert scale (strongly disagree, somewhat disagree, disagree, neither agree nor disagree, agree, somewhat agree, strongly agree).

**Results**

SPSS has been used to examine measurements with a pilot study on 40 responses by checking abnormality of data, detection of outliers, and the validity and reliability have been verified through Cronbach's alpha. Having satisfied in full preliminary conditions regression test has been used to check the dependency and significance of the variables on each other. The normality of the data was checked through skewness and kurtosis. Data was reliable, with overall reliability of 0.823.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
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CSR on PIR	.270 <sup>a</sup>	0.073	0.067	0.91336
PIR on OID	.509 <sup>a</sup>	0.259	0.254	0.66389
CSR on EC	.592 <sup>a</sup>	0.351	0.347	0.95952
EC on OID	.410 <sup>a</sup>	0.168	0.163	0.70342

The correlation coefficient (R) is .270, which shows that there is a weak relationship between CSR and Perceived Internal Respect. The coefficient of determination (R square) is .073, which shows that the independent variable is explaining 7.3 % of the model. Correlation Coefficient (R) is .509, which indicates that there is a moderate relationship between Perceived Internal Respect and Organization identification. The coefficient of determination (R square) is .259, which shows that 25.9% of the model is being explained by the independent variable. The correlation coefficient (R) is .592, which indicates that there is a moderate relationship between CSR and employee commitment. The coefficient of determination (R square) is .351, which shows that the independent variable is explaining 35.1 % of the model. The correlation coefficient (R) is .410, which indicates that there is somehow a weak relationship between CSR and Perceived Internal Respect. The coefficient of determination (R square) is .186, which shows that the independent variable is explaining 18.6 % of the model.

Table 2: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
CSR on PIR	Regression	10.364	1	10.364	12.42	.001 <sup>a</sup>
	Residual	131.808	158	0.834		
	Total	142.171	159			
PIR on OID	Regression	24.321	1	24.321	55.18	.000 <sup>a</sup>
	Residual	69.638	158	0.441		
	Total	93.959	159			
CSR on EC	Regression	78.674	1	78.674	85.45	.000 <sup>a</sup>
	Residual	145.467	158	0.921		
	Total	224.14	159			
EC on OID	Regression	15.781	1	15.781	31.9	.000 <sup>a</sup>
	Residual	78.178	158	0.495		
	Total	93.959	159			

The sig. value of CSR impact on Perceived Internal Respect (PIR) is .001, which is less than .05, which shows that the regression fits the data. The sig. value of all three remaining cases (i.e., PIR on OID, CSR on EC, EC on OID) is .000, which is less than .05, which shows that model is suitable.



Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
CSR on PIR	3.034	0.47		6.459	0
PIR on OID	0.312	0.088	0.27	3.525	0.001
CSR on EC	3.264	0.265		12.303	0
EC on OID	0.414	0.056	0.509	7.428	0.000
	0.225	0.493		0.456	0.649
	0.858	0.093	0.592	9.244	0.000
	3.939	0.229		17.187	0
	0.265	0.047	0.41	5.648	0.000

In the case of CSR impact on Perceived Internal Respect (PIR), the significance value is .001, which is less than .05, which shows that the null hypothesis has been rejected. Corporate Social Responsibility (CSR) has a positive impact on the Perceived Internal Respect (PIR); the level has been accepted. In the case of Perceived Internal Respect impact on Organizational Identification (OID), the significance value is .000, which is less than .05, which shows that the Perceived Internal Respect has a positive impact on the Organizational Identification level has been accepted. In the case of Corporate Social Responsibility's impact on Employee Commitment (EC), The sig. value is .000, which is less than .05, which shows that the Corporate Social Responsibility has a positive impact on the Employee Commitment has been accepted. Employee Commitment to Organizational Identification, the sig. value is .000 which is less than .05 which shows that the Employee Commitment has a positive impact on Organizational Identification has been accepted.

Table 4: Mediation Analysis

Mediation Analysis						
InDV	Mediator	DV	Effect	Boot SE	BootLLCI	BootULCI
CSR	PIR	OID	0.08	0.03	0.03	0.13
CSR	EC	OID	-0.03	0.06	-0.15	0.07

The hypothesis that PIR mediates the positive relationship between CSR and OID has been accepted as zero does not lie in between the lower (0.03) and the upper limit (0.13) of the confidence interval. The hypothesis that EC mediates the positive relationship between CSR and OID has been rejected as zero lies in between the lower (-0.15) and the upper limit (0.17) of the confidence interval.

## Conclusion

It has been observed that CSR is a leading predictor of Organizational Identification (OID) through only one route, and that is Perceived as Internal Respect (PIR). The other route (i.e., Employee Commitment EC) is not leading CSR towards OID. Furthermore, Organizational Identification (OID) is not a straight upshot of CSR. Instead, it is grounded by Perceived Internal Respect (PIR). Mediation analysis shows that Employee Commitment (EC) is not playing here the role of mediation. CSR activities are not limited to one extent; it gives benefits to an employee in term of internal respect, internal motivation, and increases employee's loyalty towards its organization (Charney & Libecap, 2003). CSR also give identification of employee itself. It is the responsibility of the organization and manager to highlight the positive impact of CSR activities.



### **Discussions**

CSR has become the most important activity, many organizations do CSR activities for the sake of marketing, and it increases their reputation in a good manner. These CSR activities give benefits to lower-income people with many advantages. Nowadays, in Pakistan, every other organization is involved in a plantation drive. In Ramadan, many organizations arrange Iftar. If an organization gets involved in any CSR activity, it makes their employee feel proud, not only this, the CSR activities make an organization's consumer more loyal, and also stakeholders take it positively. The image of the organization becomes better. The major purpose of this learning is to scrutinize the effect of CSR on Organizational Identification (OID), through the mediation of Perceived Internal Respect and Employee Commitment.

### **Implications and Contribution**

This piece of work develops consideration for Corporate Social Responsibility (CSR) and Organizational Identification (OID) relation by using two different mediators and bring a new contribution to the society, which has not been substantially discussed yet. Previous studies were focusing on the outcomes of CSR, resulting in organizational performance, and terms of organization efficiencies in different industries. Then studies come about the relation of CSR with organizational image and identifications, but our study is unique because, in this, we have added two main aspects of this phenomenon. CSR towards employees is also an important concept, which can be further discussed and can be explored in the upcoming researches (Rupp, Ganapathi, Aguilera, & Williams, 2006). CSR towards employee has a huge impact on Organizational Identification (OID). CSR is now the main focus of the strategic and consumer research department because there is little literature available about how CSR affects Organization Identification (OID). All these previous literature allowed us to take mediation and to contribute to this field of CSR. Our contribution has theoretical value, and it is filling the gap which previous literature has left.

### **Limitation and Future Research**

This study has been done in Pakistan, specifically in Karachi. So geographically changes can be done in future research. The study can be replicated in some developed countries as well. Few moderators can also be added in further studies. We used a close-ended questionnaire and did a quantitative study, but qualitative research methods can do further exploration in CSR. Interviews can be conducted instead of questionnaires. The corporate social responsibility construct has not been discussed extensively in the literature, especially in the context of South Asia. This study can be the basis for future researches in the South Asian context.

Other concepts can also be merged with CSR to explore it in a better way in an interdisciplinary context. Changes can be made in sample size also. The same model can be used in different industries (Khan & Hameed, 2019). The social mechanism for CSR has been used in this study and didn't incorporate other mechanisms that also contribute towards CSR. Similarly, the justice mechanism can be used to explore CSR activities related to its employees.





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