Micro Corporate Social Responsibility: A Person-Centric Approach for Meeting the Grand Challenges

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Maqsood Haider**
Marium Din***

Abstract

The objective of this study was to investigate the role of perceived CSR with emphasis on employees’ attitude and behavior on employee level, a neglected area in research. The literature review suggests that Internal CSR as an ethical behavior of human resource management can help to overcome the grand human and societal challenges of organizations. In this regard, the primary data was collected from Telecom sector and was evaluated through Structural Equation Modeling with the help of AMOS. In the light of observed literature gap, a perceived model having Internal CSR (PICSR) as independent and Organizational Citizenship Behavior (OCB) as dependent variable were observed. Moreover, the two parallel mediations were hypothesized through Perceived Organizational Support (POS) and Perceived External Prestige (PEP) in the light of social exchange and social identity theories. The results of hypothesis were found significant. The study intends to contribute to understand the role of micro foundation of CSR and has implications for organizations to meet grand human and societal challenges of organizations in developing countries like Pakistan in South Asia.

Keywords: Perceived organizational support, Perceived external prestige, Organizational citizenship behavior, Internal CSR.

Introduction

Recently changing business environment and global competition have made the researchers and management of organizations to explore the ways for setting goals that can meet the grand challenges of organizations. Grand challenges are apparently inflexible communal problems (Martí, 2018). Grand challenges vary in nature among different organizations of different cultures. These challenges are usually critical problems from technical to social concern, however can potentially be resolved (Eisenhardt, 2016). According to report published as Grand Challenges Canada (2011) the grand challenges

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are “specific critical barrier(s) that, if removed, would help solve an important communal problem with a high likelihood of global impact through widespread implementation.” According to Ferraro et al., (2015) the effects of grand challenges from human rights to societal extend beyond the limits of a single organization or community. As grand challenges are different in different context thus require different treatment than traditional cure and teachings (Jarzabkowski & Kaplan, 2014). Recently, the United Nations in 2015 has shown a concern and has prepared the agenda of 17 sustainable development goals to overcome these grand issues. Most of these goals are directly pertinent to management scholars who can help in solving these human and societal grand challenges by involving change in attitudes and behaviors on individual and societal level through their research (George, et al., 2016).

Therefore, the interest of management researcher has increased; especially during the last five years (Gond, 2017) in exploring the micro foundation of CSR with respect to employees’ perception for CSR to answer the question of those who need to understand whether the Internal CSR has any role for societal issues that are beyond the profit making (Glavas, 2016). When employees observe the discretionary behavior of organization which is beyond the job description, it ultimately encourages them for OCB. Literature posits that employees have the most strategic position among all stakeholders (Sharma & Tewari, 2018) in implementing and disseminating the CSR programs (Jones et al., 2017), whereas their citizenship behavior endorses organizational efficiency (Khoshnammoghadam, 2017) that can help organizations for meaningful contribution for their employees and society as internal and external stakeholders.

However, despite having significance of employee as stakeholder, very little has been investigated about association of employee perception of CSR and their outcome behavior (Seivwright & Unsworth, 2016). Moreover, employees’ psychosomatic attitude has not been explored with CSR copiously (Farooq et al., 2014). Therefore, a complex mediation process of attitude is required to be implored concerning employees’ perception for CSR and its impact on their behavior (Glavas, 2016) to lessen the grand challenges. The grand challenges are constantly evolving for HR to overcome the situations concern to people and society (Christina and Fotios, 2016). Although during last few years, some efforts have been made for CSR but in the western context. The study of Rupp et al., (2013) suggested for contextualizing the notion of CSR in other constituencies. There are abundant studies which have concentrated on the West to explore the issues of stakeholders related to CSR (Jones et al., 2014).

Seeing its importance, the under discussion article intends to enlighten the great challenges dyadic relationship of employee and employer in the context of HR. This person-centric approach heeds the call of Rupp et al., (2013) to approach CSR in the context beyond the west by approaching data from Pakistan in South Asia. Hence, this
study is an effort to develop a model that fills the observed gap of Micro CSR (Internal CSR), the initiatives for the welfare of employees as internal and external stakeholders with broad spectrum of attitudes, the perceived organizational support as well as perceived external prestige. The attitude is the level to which stakeholders express their feelings and communicate their actions and behaviors. Firstly, the study explores the employee perception with respect to reciprocal approach of Social Exchange theory according to Glouder (1960) which can be either tacit or explicit (Modway et al., 1982). Secondly, the Social Identity is approached which was first conceived by Tajfel & Turner (1979) who suggests that people like affiliating them with those organizations that differentiate them from others. This study has carried out Perceived Organizational Support (POS) and Perceived External Prestige (PEP) as parallel mediators to achieve OCB as outcome behavior of employees through Perceived Internal CSR. This study has followed the two paths to observe the employee behavior that can help the organizations to overcome the grand human and societal challenges. The OCB carried in the study comprises compliance; the acceptance of procedures, rules and regulations of organization, meticulous loyalty; and Altruism having concern for the welfare of others. Further, this relationship of Internal CSR with OCB with mediation effect of POS and PEP is a novel approach in Pakistan that has not been approached yet in the light of grand human and societal challenges as per knowledge of authors.

Literature Review and Hypothesis Building

**Perceived internal CSR and OCB**

Micro CSR that is linked to company’s internal business (Brammer et al., 2007) and is additionally associated with highly committed staffing, education, high wages and employee participation as additional practices of HR (Calveras, 2013). It is further recognized as internal CSR that describes the organization’s ethical behavior towards employees (Mory et al., 2016). Moreover, employees’ perception is an outcome of employees’ emotions, attitude and behavior and may help to ensure whether, internal CSR can help to meet the grand human and societal challenges (Prutina and Sehic, 2016). OCB is a mutual discretionary behavior due to the fair treatment of employees. Among various studies conducted at OCB, such as Yadav et al., (2016) there have been combined HR practices with employee engagement and OCB. Wang and Sung (2014) investigated ethical leadership and jealousy with OCB, Paille (2011) investigated sales perception and OCB, while and Smith et al. (1983) examined the job satisfaction relationships and OCB, but the internal CSR is less investigated (Choi and Yu, 2014). Similarly, in social exchange theory, one employee feels that management is a role model for discretionary actions and start following it (Evan et al., 2010). Hence, it is supposed that:

**H1.** Perceived internal CSR has significant positive relation with OCB.
Mediating role of perceived organizational support between perceived internal CSR and organizational citizenship behavior

Despite of improvement in employee related working conditions (Turker 2009), the Perceived Internal CSR has been discussed with several dimensions like supporting employees in their training and development, work life balance etc. Encouraging employees for philanthropic and societal activities is another kind of emerging internal CSR (Ranjan and Radav, 2018) that help evolving concept of OCB. In order to meet the grand challenges of organizations, the employees are expected to go beyond legal requirement of their workplace and engage in extra role behavior (Oo et al., 2018). Generally, positive feelings of employees lead them to citizenship behavior. Perceived organizational support (POS) is one of the leading factor social exchange that suggests the employees’ expectation from the organization. Several studies have investigated the POS and participation in the work, the POS as a mediator between work, delivery intentions and LMX (Wayne, Shore and Liden 2016), POS medium between family, work, conflict, and depressive symptoms (Hao et al., 2016), and POS, and organizational engagement (Eisenberger et al., 2016). The literature suggests that perception of organizational support through the discretionary actions of organization like internal CSR help employees going beyond the organizational expectation without any reward, that foster the performance of businesses (Low, 2016) for meeting the grand challenges of organizations. Therefore it is suggested that:

H2. Perceived organizational support mediates between Perceived Internal CSR and OCB.

Mediating role of perceived external prestige perceived between internal CSR and organizational citizenship behavior

The perceived external prestige is an external reputation of the organization (Dutton et al., 1994). The word prestige comes from French to English, which means illusion. In business terminology, this is a measure of respect and prestige that one has for the organizational hierarchy. People interested in their growth and personal success are usually interested in joining the respected and identified groups. The positive practices of HR for employees create relaxed and prestigious feelings among employees. The image of organization emerges from the practices that the management exercises. The positive practices of management builds its positive image among stakeholders as employees. Employees feel prestigious when working with a good company (Kim et al., 2012) and behave positive in the organization (Dutton et al., 1984). Employee behavior has become an interesting topic for researchers since OCB's institution (Zarea, 2012). Each person has some attitudes that occur in an action or behavior. The citizenship behavior at work sends signals to employees’ that helps in tailoring their perception as behavior (Katz & Khan, 1978) which builds the positive image of organization among the outside stakeholders for participating in social welfare (Farh et al, 2004). According to Šulentić (2017) feeling
good at work and well-timed and transparent information of internal activities of organization to its employees improves the level of prestige for their organization and they can improve their OCB. Thus, it is presumed that:

**H3.** Perceived External Prestige mediates between Perceived Internal CSR and OCB.

**Conceptual Framework**

The undertaken study is an effort to observe the mechanism to observe the employee psychological basis of micro foundation of CSR through internal practices that can help the organizations to lessen their blasphemy for being cruel for human and society and fight the grand challenges on individual and societal level. With the help of extensive literature review of social exchange, social identity theory, and literature gaps; the relationship model of attitudes and employee outcome behavior has been identified.

![Figure 1. Perceived Model](image-url)

**Methodology**

*Data Collection and Measures*

The data was collected through questionnaire survey on five-point Likert scales (1=strongly agree to 5= strongly disagree) from the sample size of 1200 employees of Telecom Industry of Pakistan. The industry was selected randomly as it is considered as highly involved in CSR in South Asia Pakistan (Ali et al., 2010). After screening incomplete form, the data of 1013 persons (31% female and 69% male) with diverse education and ages was used for analysis.

The great advantage of using questionnaire tool is its capacity of measuring the perception, reaction and attitude of targeted sample (Jhonsen and Christenson, 2004). The part one of questionnaire was comprised of demographic questions about gender, age, education and experience. The second part contained the adopted scales with six items from
Turker (2009) for perceived internal CSR as independent variable, nine items scale of Smith et al, (1983) for OCB as dependent variable. While, eight items scale of Eisenberger et al. (1986) for POS and eight items scale of Mael & Ashforth (1992) of Perceived Organizational Prestige were taken as mediators.

**Measurement evaluations**

The data was analyzed on Structural Equation Model of (SEM) with help of AMOS 21. The direction and strength of the relationship among the variables was tested through correlation analysis and the Table 1 describes the correlation results of variables used in analysis. The results show the positive correlation between data observed.

<table>
<thead>
<tr>
<th>Table 1 Correlation Analysis</th>
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<tbody>
<tr>
<td>Variables</td>
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<tr>
<td>PICSR</td>
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<tr>
<td>POS</td>
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<tr>
<td>PEP</td>
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<tr>
<td>OCB-C</td>
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<td>OCB-A</td>
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Notes: Significance of correlation is at *0.05 and **0.01 level (two tailed): PICSR=Perceived Internal CSR, POS=Perceived Organizational Support, PEP= Perceived External Prestige, OCB-C = Organizational Citizenship Behaviour-Compliance, OCB_A=Organizational Citizenship Behaviour–Altruism

Further moving for CFA and the analysis of the measurement model the confirmatory factorial analysis (CFA), the composite reliability (CR) and the extracted average variance (AVE) were examined to determine the convergence and discriminant validity of the measurements' internal consistency. The CR with above 0.7 (Fornell & Larcker, 1981) and AVE with minimum of 0.5 (Fornell & Larcker, 1981) were laid as standard for measurement of consistency. Consequently, CR and AVE were investigated for all latent constructions and were found satisfactory as in Table.2. The four items were retained from Perceived Internal CSR, four from POS, three from PEP, seven from OCB after the CFA analysis for further measurement analysis.

<table>
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<tr>
<th>Table 2 Results of CFA Analysis</th>
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<td>S.N</td>
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</table>

Notes: SMC=Structural Mean Correlation, PICSR=Perceived Internal CSR, POS=Perceived Organizational Support, PEP= Perceived External Prestige, OCB-C = Organizational Citizenship Behaviour-Compliance, OCB_A=Organizational Citizenship Behaviour–Altruism

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Moreover, model fit was analyzed for measuring of the model in light of Hair et al., (2010) that suggests the good model fit values of the measurement model should indicate the CFI and TLI above 0.9 and a RMSEA score below 0.08. Therefore, the results of measurement model based on the OCB with two dimensions second order construct, perceived internal CSR, POS and PEP indicated the best model fit with d/f (5.7), CFI(0.95).TLI(.94) and RMSEA (0.06).

Table 3  Measurement Model

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<tbody>
<tr>
<td>Degree of freedom</td>
<td>5.7</td>
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<tr>
<td>CFI</td>
<td>0.95</td>
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<tr>
<td>TLI</td>
<td>0.94</td>
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<tr>
<td>RMSEA</td>
<td>0.06</td>
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Direct Effects of Structural Modeling

The hypotheses of study were tested on Baron and Kanye’s assumption of direct and indirect analysis. First the direct relationship between PICSR and OCB was checked and found positive and the mediation of POS between PICSR and OCB was checked too and was found positive as well. Similarly the mediation role of PEP between PICSR and OCB was checked and also found positive. The analysis was made through structural equation modeling on AMOS with bootstrapping 2000 with 95% bias corrected confidence that facilitates the computation of un-standardized estimates of direct effects. The direct association between perceived internal CSR and three dependent variables as POS, PEP and OCB were found positively significant with P value less than 0.05. Thus, the H.1, H..2, and H.3 were found accepted. The analysis of perceived model showed the best model fit with d/f (5.8), CFI (0.95).TLI (0.94) and RMSEA (0.07).

Table 4  Model fit Results

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<tbody>
<tr>
<td>Degree of freedom</td>
<td>5.8</td>
</tr>
<tr>
<td>CFI</td>
<td>0.95</td>
</tr>
<tr>
<td>TLI</td>
<td>0.94</td>
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<td>RMSEA</td>
<td>0.07</td>
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Table 5  Results of Structural Equation Modeling

<table>
<thead>
<tr>
<th></th>
<th>Estimates</th>
<th>S.E</th>
<th>P values</th>
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<tbody>
<tr>
<td>PICSR</td>
<td>POS</td>
<td>0.50</td>
<td>0.047</td>
</tr>
<tr>
<td>PICSR</td>
<td>PEP</td>
<td>0.60</td>
<td>0.048</td>
</tr>
<tr>
<td>PICSR</td>
<td>OCB</td>
<td>0.56</td>
<td>0.053</td>
</tr>
<tr>
<td>POS</td>
<td>OCB</td>
<td>0.14</td>
<td>0.037</td>
</tr>
<tr>
<td>PEP</td>
<td>OCB</td>
<td>0.37</td>
<td>0.036</td>
</tr>
</tbody>
</table>

PICSR=Perceived Internal CSR, POS=Perceived Organizational Support, PEP= Perceived External Prestige, OCB-C = Organizational Citizenship Behavior-Compliance, OCB_A=Organizational Citizenship Behaviour –Altruism
Indirect Effects

The indirect effects were observed on SEM with bootstrapping of 2000 to observe the mediations. The results showed all the direct and indirect effects significant with (P<0.01) and bootstrapping with 95% (BC). The results in Table 4 showed that relationship perceived internal CSR between organizational citizenship behaviors was mediated by perceived organizational support and perceived external prestige in organization simultaneously. The standard regression weight estimate between perceived internal CSR and perceived organizational support was statistically found significant as 0.39 and 0.18 for perceived organizational support and organizational citizenship behavior. Similarly, the standard regression weight estimate between perceived internal CSR and perceived external prestige was statistically found significant as 0.16 and 0.11 between perceived external prestige and organizational citizenship behavior. While, standard regression weight estimates between perceived internal CSR (IV) organizational citizenship behavior (DV) was 0.54. The P values proposed the hypothesized relations true and the result indicated partial mediation as there was perceived internal CSR also had effect on organizational citizenship behavior. Thus the H.2 and H.3 were accepted with partial mediation.

Table 6

<table>
<thead>
<tr>
<th>Variables</th>
<th>Estimates</th>
<th>P-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPICSR → MOCB</td>
<td>0.54</td>
<td>***</td>
</tr>
<tr>
<td>MPICSR → MPOS</td>
<td>0.39</td>
<td>***</td>
</tr>
<tr>
<td>MPOS → MOCB</td>
<td>0.18</td>
<td>***</td>
</tr>
<tr>
<td>MPICSR → MPEP</td>
<td>0.16</td>
<td>***</td>
</tr>
<tr>
<td>MPEP → MOCB</td>
<td>0.11</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: MPICSR= Perceived Internal CSR  
MOCB=Organizational Citizenship Behavior  
MPOS=Perceived Organizational Support  
MPEP=Perceived External Prestige

Discussion and Implications

Based on the literature review and (to the best of the authors' knowledge), the conducted research study is a unique effort in examining the perceived direct and indirect theoretical and empirical implications of internal CSR on OCB. The relevance of study can be acknowledged through the future directions of literature review that is served as an answer to the call of various studies regarding to explore the micro CSR based on employee perception of CSR for lessening the grand human and societal challenges of business.
Theoretical contribution

Employee attitude and behavior play a vital role in meeting the challenges of organizations that ultimately effect on the suitability of economies. The theory related to attitude and behavior always suggests to satisfy the need of employees but the behavior has been remained a neglected area of research in CSR Jones (2010). However, some brilliant work has appeared in recent years but limited to social identity like Hameed et al., (2016), Farooq et al., (2016), shin et al (2016) Glavas, (2016) and few more have shown the contribution of social exchange. Thus the present study has taken step to explore the new pathway mechanism providing framework of perceived internal CSR through the mediation of POS and PEP in organization with OCB. The results suggest that organizations that care employee behavior through CSR create transparency and quality on societal level. Therefore emerging nations desire the organizations to promote CSR on their strategic level (Fetscherin, et al, 2010) so that health of the business organizations can be improved with the purpose to contribute to societies through CSR. The CSR should not be taken or burden for businesses because CSR does not increase cost. It actually opens the doors for the development through its prestige in the eyes of internal and external stakeholders.

Managerial contribution

The findings suggest that employees appreciate the organizations’ investment on care and support. The caring attitude of organizations helps keeping the long lasted relations with employees as stakeholders. Employees’ perception for internal CSR can be used to gauge the performance of HR activities. As a result the HR department may provide the better training, safety, involvement in organizational communication etc. for building organizational support and constructing the employees’ prestige for on organization. Finally, internal CSR should be individualized as individuals are different in their nature and they need individual treatment for long run retention because it gives employees the feeling of belonging to the company, regardless of their background, by remaining loyal and hard work that contributes to increasing the productivity and benefit of the business.

Conclusion and Limitations

In general, no study can be out of bounds. There are also some limitations in this study. First, the present study follows the quantitative techniques, but ignores qualititative fieldwork. Second, OCB is examined in two dimensions that can future be viewed in five dimensions. Third, the study can monitor the perceptions of other internal stakeholders, such as franchisors, etc., as they are also influenced by the organizations' internal policies. Fourth, the same framework can be used in other service industries, such as banking, hospitality and healthcare, and other industries to improve the generalization of search in light of small business enterprise as they have more role in the economies of countries to
face the future international future challenges. Fifth, the study can be examined by the longitudinal frame in the light internal CSR.
References


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