

**IMPACT OF INTERNAL CORPORATE SOCIAL RESPONSIBILITY ON  
ORGANIZATIONAL CITIZENSHIP BEHAVIOUR WITH THE MEDIATING  
EFFECT OF AFFECTIVE ORGANIZATIONAL COMMITMENT AND WITH  
THE MODERATION OF WORK ETHICS**

**By**

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**NATIONAL UNIVERSITY OF MODERN LANGUAGES, ISLAMABAD**

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**NATIONAL UNIVERSITY OF MODERN LANGUAGES  
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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**In the name of Allah,  
The most Gracious, The most merciful.**

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## **DEDICATION**

I dedicate this study to my beloved mother. You are the reason behind my every success. Thank you for always trusting my abilities and for always encouraging me. Thank you for giving me the courage to fly and supporting me in every difficult time. A special thanks to my sister who encourage me throughout my journey. I dedicate my study to all those women's who want to study but due to financial or any other factors they are unable to study. My study is dedicated to all those child's who want to study but they are working as labors. I wish I could do something for their betterment.

## **ABSTRACT**

Now-a-days Corporate Social Responsibility is one of the major factors influencing the success of the organizations. Due to new dynamics, business world is changing at a very fast pace. Businesses are looking into ways that would help them in gaining competitive edge over their competitors. This has turned their focus towards employees. Employees being the key stakeholder play a significant role in every organization's success. The trend of the past literature review demonstrates that most of the researchers focuses on external dimension of CSR. Most of the CSR work is related for the well-being of the society and relatively less attention is given to the internal aspects especially for the welfare of employees. Moreover, studies on internal CSR has been conducted in developed countries and less attention is given in developing countries. The purpose of the existing study is to fill the gap by identifying internal perception of CSR and observe the mediation moderation process through employees' attitude and behaviors. The data is collected from 250 respondents working in banking sector in Rawalpindi and Islamabad using convenience sampling. The banking sector is selected as it is highly stressed-out sector of the economy. Moreover, this sector is highly involved in CSR activities. The results have been derived using Regression Analysis and Cronbach Alpha. The findings of the study showed that micro-CSR is an investment for the organization, but it cannot reap the fruit of its investment unless employees perceive it useful. Therefore, employees need to be given proper attention by focusing on internal CSR to achieve better organizational goals.



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## **LIST OF ABBREVIATIONS**

*ICSR*: Internal corporate social responsibility

*CSR*: Corporate social responsibility

*OCB*: Organizational citizenship behaviour

*OC*: Organizational Commitment

*WE*: Work Ethics

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background of study**

The literature demonstrates that micro-CSR has gained a lot of attention during the past decade (Rupp & Mallory, 2015). This has gained a lot of popularity among businesses as a strategic tool for gaining edge over competitors through improved performance (Servaes & Tamayo, 2013). There is no doubt that corporate social responsibility through sustainability (Fedrick, 2016) not only take care of their employees but also helps in gaining improved financial performance. In the current dynamics, where the world is changing quickly and growing at a very fast pace, demands and pressures has compelled organizations for looking ways that would help them in long term productivity and success. Previous literature stresses that organizations can attract best employees through their corporate social responsibility programs (Amponash, 2015). For this purpose, businesses had started to consider their employees as means for gaining potential advantage.

Since independence Pakistan's banking sector has confronted many challenges. For example, they have confronted genuine inadequacy of assets because of poor political and monetary condition (Shah et al., 2012) and numerous other hindrances, for example, insufficient arrangement of mechanical gear and long working hours which create a feeling of disappointment and low degree of commitment among workers (Khan et al., 2013). In today's world, due to growing competition, businesses are more concerned

about micro concept of CSR to meet the current demands. CSR approaches are being used by companies to enhance their competitive capacity and can fight better in the war of talent and competition (Bhattacharya et al; 2008). Researchers had also found that firms financial performance depends on their acts of social responsibility. It is creating slow advances in the corporate sectors in Pakistan. Pakistani banks, like any other bank in developing countries, provide their customers with a broad range of services, such as online banking, mobile banking, bill payment facilities, transactions, or other payments, etc. Banks are the institutions that play a significant role in any economy's sustainable economic growth. In recent times, banking institutions have been struggling in the complex financial markets to achieve strategic efficiency. They make significant contribution to Pakistan's GDP (Shahid et al., 2015). This sector has always been considered as the backbone of economic growth in a country. It provides the private sector and governments with financial assistance. No matter what sort of economies, what kinds of culture, and what kinds of financial facilities, banks must be socially accountable for their stakeholders. Pakistan has a well-established banking sector, with commercial banks leading its financial sector. This sector also provides the youth of Pakistan with employment opportunities that helped to reduce unemployment and poverty rates in a state. Most specifically, this sector accounts for 95% of Pakistan's overall financial output. On societal grounds this sector has major contributions in terms of CSR activities. Each bank in Pakistan today aims to hire and maintain the best resources to achieve competitive advantage in the marketplace (Ahmad et al. 2015). Therefore, in a rapidly changing banking system, it becomes important for the banking sector to improve its Internal CSR related practices to stay competitive.

Although banking sector in Pakistan is actively involved in programs and activities pertaining to CSR but they are philanthropic in nature. Due to the changing dynamics of the globe, banks that are traditionally involved in making money are now making significant contributions towards their societies. The CSR programs adopted by banks that are available on their website are philanthropy in nature and little measures were taken on micro grounds. For example, Faysal bank strongly believes in giving back to the society in every best possible way. Collectively, the bank has put in a cohesive effort to make the surrounding community healthy enough to see other generations benefit from it after them. Their investment on CSR is focused on viable objectives with a stronger emphasis on healthcare and education, poverty reduction, and preservation of the sustainable environment. The Bank helped the Institute of Business Management to construct an educational complex in their City Campus Karachi, by making a significant contribution of PKR 75 million donation. JS Bank is deeply committed to Corporate Social Responsibility in Pakistan, providing financial and human resources support to the Mahvash & Jahangir Siddiqui Foundation. Faysal Bank is collaborating with many hospitals / organizations in healthcare. It is funding the Patients ' Aid Foundation and helping them to develop their "609 Bed Surgical Complex" project together with other corporate donors in Jinnah Hospital, Karachi. Standard Chartered Pakistan has received its first "Child Centric CSR" National CSR Award in the country. The awards were conducted by the Pakistan National CSR organization in Karachi. The Bank has been nominated and honored as believing in Pakistan for its contributions made under its Global Seeing. This bank has involved in promoting collective social and economic well-being to promote sustainable development in the society. They had

conducted many programs for the welfare of poor society. They had supported 1.3 million children's in 2011, and gave them free test facility (refractive errors), aimed in providing necessary eye care services.

Similarly, after studying the CSR policy of most of the banks in Pakistan, it has been observed that their CSR programs are mainly focused on external dimension of CSR. In 2009, HBL has established a foundation to support the underprivileged's society and work for their well-being and improve their quality of life. This bank has been actively involved in providing free education services and for this purpose it has denoted 380 million rupees during the year 2016. Similarly, other banks like MCB bank and bank of Khyber have also denoted substantial amount for society's welfare.

Ebiringa (2011) said, banking is one of the most stressed sectors of the business world. Inefficient practices, long hours of work, lack of technical facilities and supervisory behavior impact employee commitment with the organization ultimately reducing employee performance and organizational efficiency. The major reason behind this is that banks primarily focusing on factors that are profit oriented, and along these lines they paid less dedication to internal CSR based projects for the wellbeing of their workers, and as a result, their employee commitment and organizational citizenship behavior have ended up horrible for banks (Ahmed & Nadeem, 2015).

Therefore, banks need to pay attention to internal CSR related activities, as due to such activities stakeholders and particularly employees have a positive image of their organization (Butt & Ayaz, 2016). Moreover, in a rapidly changing banking system, it becomes important for the banking sector to improve its internal CSR related practices and



training approaches to stay competitive. If we consider the case of Pakistan, micro-CSR is a growing concept. Businesses need to consider the ultimate value of their employees in order to improve the overall productivity of the organization. The trend for activities related to internal CSR is growing, but still at very initial stage. Therefore, companies need to invest in programs that would be beneficial for their employees in order to cultivate the desirable results for their organization in the future. Moreover, internal CSR practices and techniques are dramatically useful in determining workplace attitudes of workers (Muhammad, 2012; Husin et al., 2012) and thereby, engaging workers in productive manners to achieve better and more effective outcomes.

By the end of June 2018, Pakistan's banking industry comprises a total of about 33 banks, nine of which are public and four are international, with 20 local private banks. Six major banks are the economy's biggest rivals and have a major stake in Pakistan's banking capital. More precisely, these banks collectively make up more than 57% of deposits and 53% of the economy's advance. These are HBL, NBL, UBL and MCB.

In 1999, the World Business Council for Sustainable Development, identified CSR as the business-related method of engaging positively and contributing to financial success along with enhancing the standard living of its staff, the surrounding population, and the community (WBCSD 1999). The World Bank in 2004 characterizes CSR as the dedication of organizations to contribute to fair financial change, collaborating with representatives their families and society everywhere to raise living standards, in ways that are useful to business and useful to progress. CSR has gained importance in the Western world since the 1950s, but Asian people still lag in understanding the true concept, depth, application, value, and significance of CSR. Although literature shows

that mainly literature has focused more on macro-level, principles linked to external stakeholders (Aguinis & Glavas, 2012), but in practice it connects both dimensions (Lindgreen & Swann, 2010). As a result, now a days more attention is being paid at the micro-level. Therefore, employee awareness of behaviors and outcomes of those behaviors is also a neglected area (Kim et al., 2010). Therefore, employees are the essential means of achieving the competitive advantage for organizations (Islam et al., 2015). Literature shows corporations are maintaining competitive staff by incorporating CSR activities in their businesses. It increases government intervention in production, consumption and public affairs, at external level (McWilliams & Siegel, 2001; Trevino & Nelson, 2004) and, as an internal level, it aims to obtain improved job behavior and reduces turnover (Trevino & Nelson, 2004). However, less empirical research studies investigate the association between the advantages of internal CSR and extra role behavior of employees at their workplace to their organization in Pakistan (Riaz, Idrees, & Imran, 2013).

## **1.2 Problem statement**

Every organization desire those employees who perform extra job duties for their organization. To expect your employees to perform OCB, organization should also show responsible behavior towards their employees in order to get the desired results. Most of the organizations incorporate themselves in CSR related activities that primarily focus on overall stakeholders of the community. Moreover, it is evident from literature review that despite the tremendous importance of workers, they are less discussed from the perspective of micro-CSR. One of the factors behind this phenomenon is that it, itself is a newly established aspect of CSR within the organization.

Due to the changed dynamics of the world, businesses are changing at a very fast pace. This has increased the demand for organizations to look into ways that would help their business in the long run. To meet the current trends, the demand for potential employees has increased in the last decade. Now businesses are looking into ways that would help them to retain potential employees and to gain maximum output. Organizations can influence workers' behaviors and their behavior is crucial to the overall success of any business (Robbison and Morrison, 1995). For this purpose, the demand for ICSR has increased from the last some years. More recently, work on micro-level field has begun, and it has been found to be strongly linked to the performance of employees (Jones 2010). Despite the research initiatives at micro-level, little is understood about how and why CSR affects employees specifically (Lee, 2008). One explanation for this is that CSR metrics are cumulative (Chatterji and Toffel, 2010) and based largely on outside player ratings. Thus, these scores may be affected by visible CSR program (e.g. charities) and may not compensate for the internal activities of the organization and may not be observed from outside. Individual-level measures could be more effective in measuring the degree of CSR accurately as being genuinely embedded in an organization. Thus, CSR measures at individual level might be better able to capture workers' attitudes about how CSR directly affects them. Employee perceptions are important because they affect their conduct and performance. It is therefore important to investigate the micro-dimension and bridge the gap between CSR and citizenship behavior (Rupp et al., 2006; Aguilera, et al; 2007).

Secondly, the aim of the study was to contribute theoretically to the literature by examining the underlying causes that can show how and when internal CSR influences worker attitudes, using three constructs: AOC, WE and OCB.

### **1.3 Research Objectives:**

1. Consequently, after reviewing the past literature on Corporate Social Responsibility micro aspects, the objectives of this research were:
2. To analyze the effect of internal corporate social responsibility activities on organizational citizenship behaviors of workers in banks
3. To investigate the influence of work ethics on the relationship of internal corporate social responsibility and affective organizational commitment
4. To determine the role of affective organizational commitment in enhancing organizational citizenship behavior of employees in the organization

### **1.4 Research questions:**

1. What is the role of internal corporate social responsibility in shaping organizational citizenship behaviors of employees?
2. To what extent does work ethics moderate the relationship of internal corporate social responsibility and affective organizational commitment?
3. To what extent does organizational commitment mediate the association among internal corporate social responsibility and the organizational citizenship behaviors of employees?

### **1.5 Significance of study:**

The scholars and professionals are putting greater emphasis on the importance of a country's banking sector. The banking sector promotes the transfer of financial resources between different parties and plays an important role in the country's economic growth (Shah et al., 2012). In short, banks are government-certified to accept deposits, clear checks, serve as a financial transaction broker and provide financial services to clients (Machiraju, 2008). The Banking sector is Pakistan's main financial service sector. This industry has great potential to encourage rapid economic growth and raise revenues. After partition, this sector has gone through extreme changes. In the initial phases of its growth, due to economic and political factors, it suffered from extreme resource shortage and instability. The shortage of qualified human resource professionals has resulted in poor product and service quality. In 1948, subsequent reforms to expand banking power and functions in Pakistan were undertaken with the regime of the State Bank of Pakistan (SBP) as central bank. Pakistan's State Bank has assisted the private sector in developing banks and financial institutions in the state. In 1974, the government nationalized all the operating banks. Nationalized bank performance has deteriorated because of government protection for employees, resulting in cheap products and poor utilities being provided. This also demotivated foreign financial entities and private investors. The bad performance of state-owned banks in the early 1990s prompted the banking sector's reforms / privatization. This sector played a key role in the country's economy's development in 2010.

Employees are the organization's key stakeholders and are involved in, contribute, and react to the CSR policies of the organization, particularly those directly related to them.

Basically, their perceptions of CSR services are related to the fulfillment of their psychological needs, which in effect impact their attitudes and behaviors at work. In the context of the above topic, the purpose of this study is to promote the academic discussion on CSR analysis by explicitly concentrating on providing a better understanding of CSR based on employees. Researchers focused primarily on the external aspect of CSR and external stakeholder priorities through addressing problems such as ecological sustainability, corporate philanthropy, and community growth. Socially responsible action towards workers is demonstrated through several CSR programs, such as promoting job stability, creating a positive work environment, building skills, work-life balance, and active employee participation. CSR work has in the past been performed mainly at the macro-institutional level and focused primarily on the relationship between CSR and corporate financial and competitive efficiency. According to stakeholder theory, management of a company is responsible not only for providing investors with a fair return on investment, but also for the well-being of larger groups such as customers, vendors, employees, society, and environment (Freeman, 2007). The stakeholder theory therefore provides a different and more detailed viewpoint on how corporate managers' roles should be viewed (Freeman, Velamuri, & Moriarti, 2006). Therefore, the researchers argued in favor of following CSR's stakeholder methodology which focuses on how a company is making its "customers, suppliers, employees, and societies and financiers stronger. Every financial institution in Pakistan currently strives to employ and maintain best human resources to achieve competitive advantage in the global market (Ahmad et al. 2015). It is also difficult for the banking sector to improve employee's work knowledge and skills to enhance client service quality. Pakistan's bank

employees do not have sufficient general banking (i.e., Time Management, Good Communication) and advanced banking (i.e., Administrative Risk, Asset Performance, Risk reduction) skills to meet the needs of their employees which resulted in a lack of efficiency in their work (Shah et al., 2012; Kashif et al., 2016).

Recently, scholars have started to point out the study gap that a micro-level analysis of CSR-related workplace performance is often absent in prior CSR studies. Research shows an organization's image as a socially responsible workplace has become important for its CSR ranking. Once workers are excluded from CSR it simply becomes a marketing strategy. Therefore, if CSR is to be effective, businesses should go beyond the legal requirements pertaining to employees' rights and needs by appropriately valuing and handling them. The internal dimension of CSR applies specifically to those behaviors that the organization behaves in a socially responsible way towards its employees.

By determining factors that contribute to the promotion of AOC among bank employees, this study aimed at providing guidance for bank officials to establish policies that would allow them to continue to attract highly efficient staff. In Pakistani terms, it has become imperative for the organizations to promote OC among employees. Banking sector organizations need to work hard to create an atmosphere in which they can attract and retain talented employees because of the economic changes in Pakistan. Furthermore, workers who are committed to their organizations are much more motivated not only to stay with that company but also to make efforts on behalf of the company and to contribute towards its success and are therefore more likely to perform more than uncommitted workers. Meanwhile OCB remains a comparatively new idea in behavioral study besides most of the earlier research were carried out in developed nations. There is

little evidence from the developing states. Organizational commitment on the other hand, is a heavily researched subject but there is still limited evidence available from non-western developing countries. Employees are an important part of a company as they represent the organization's culture and conduct business processes within the company. It is therefore crucial for companies to ensure that they remain satisfied. It has become common to focus on ensuring employee satisfaction with an increasingly competitive climate (Murillo & Lozano, 2006). It is preferred the cost of keeping an employee over recruiting new workers and educating them. To maintain the business competitive, employee satisfaction is crucial because of its role to keep the organization successful. Employee CSR concerns result in firms implementing a more socially responsible approach (Panayiotou et. al, 2009). Similarly, companies must ensure that the employees are kept happy.

Deci and Ryan (2000) conclude that workers need to be more committed, creative, and efficient, if their own values are aligned with those of the company. To ensure that workers are intrinsically motivated to do their work, it is therefore important for organizations to respect the values of employees as well to cultivate better CSR culture. Weber (2008) presents another argument to ensure that employees are valued in CSR commitment undertakings. He believes that from a business perspective, CSR projects are a smart move. Stakeholders inside and outside organizations are constantly raising concerns about organizational problems such as workforce diversity, employee treatment and environmental protection. Corporate Social Responsibility (CSR) issues are often combined. Researchers have recently begun to point out the research gap that a micro-level analysis of employee-related outcomes of CSR has often been neglected by past



CSR studies. Despite having an extensive literature available on CSR but more attention was paid to the macro aspects of the variable and micro-dimension is still little established (Glavas et al; 2016). Moreover, very few empirical studies were initiated regarding commitment of employees in behavioral context (Muhammad, 2012; Islam et al., 2012; Batool, 2013).

### **1.6 Research Gap:**

The internal dimension of CSR relates to the socially responsible actions that a company has towards its employees. Previous body of literature indicates that a firm's investment in CSR not only increases its profitability (Foote et al., 2010), but also its non - monetary outcomes, such as brand image and credibility, process quality, productivity, and employee engagement (Kim et al., 2015; Valentine and Barnett, 2003). It has also been demonstrated that although Internal CSR can be costly, it brings benefits to various stakeholders (Story & Neves, 2015). Earlier work explored the various CSR aspects and insights on the role of business on the society in which it operates in (Lantos, 2001). Prior studies also explained the implications of CSR's internal and external importance to the business and to the society (Zhu, Yin, Liu & Lai, 2014). However, earlier CSR studies indicate their effect on employee engagement and productivity (Ali, Rehman, Ali, Yousaf, & Zia, 2010). Moreover, as incredible as above-stated research works are, there is still a lack of research that provides a comprehensive framework that investigates the relationship among CSR-outcome (i.e. OCB), while integrating all of the factors listed above. Except for a few research findings which integrated either fairness or commitment to organization (Moon, Hur, Ko, Kim, & Yoon, 2014). Even though CSR has become the subject of substantial research body, most studies have reported external

stakeholders while at the same time providing less attention to employees (internal stakeholders) (Choi & Yu, 2014). The CSR relationship to workplace behavior has received some recognition, but there is generally little knowledge about the fundamental processes that can clarify this relationship. In this study a theoretical model of mediation and moderation is constructed to explain how Internal CSR can affect employee behavior. Previous research suggests that activities related to CSR have a positive impact on the actions of employees including OC (Ali et al, 2010). Employees as internal stakeholders can have a significant impact on the organization's overall development and efficiency. Although there is little literature that shows the positive association among CSR and the affective commitment to organization (Brammer et al. 2007; Turker 2009b). A thorough study of the current literature demonstrates that organizations and their performance are highly dependent on its workers and those organizations that take care of their employees have stronger and more dedicated workforce as compared to those who take CSR as an external aspect from the organization.

The relationship among work ethics & organizational citizenship behavior has also been identified by researchers (Sparrow, 2006). Most of the banks in Pakistan is engaged in activities related to CSR, but little literature on Internal CSR activities is available, especially in developing countries like Pakistan. Furthermore, the literature focused primarily on customer satisfaction. Research studies on the impact of Internal CSR related activities on the behavior and performance of employees are limited (Vlachos et al., 2010). Most of the CSR literature focuses on contributions from organizations to society's welfare. Internal CSR is largely ignored in countries such as Pakistan. Khan et al. (2014) states that any action of the company, affect their employee's behavior in

positive or either in negative way. Employees who are treated in a positive manner would be higher in their productivity and has a positive behavior. Employees are neglected in the past literature so there is a need to put emphasis on internal CSR with employee outcome behavior in developing countries (Abd-Elmotaleb et al., 2015).

Internal CSR can be use as tool for companies in inculcating OCB's among employees in order to achieve desired outcomes. Despite receiving scholarly attention, focus on the internal stakeholders with employee perspective was lacking (Glavas et al; 2016) and even more emphasis was paid to macro-aspects. A comprehensive review of existing literature showed that very few works addressed workers as a CSR micro-aspect. Furthermore, research indicates the need for a precise model to analyze the nexus between CSR and employee behavior.

## **CHAPTER NO 2**

### **LITERATURE REVIEW**

#### **2.1 Social Exchange Theory:**

The basic concept in the theory of exchange process begins by providing another individual with something. If the other entity receives favorable care, it will respond positively and, as a result, confidence in management grows (Butler, 1991). Trust is an output of social exchange and is a supportive partnership between workers and employers (Cropanzano & Mitchell, 2005).

Every group has something of interest which the other needs. According to the theory, the two parties agree whether and in what amounts to share. Exchanged services may be monetary or non-monetary rewards. It includes commodities, income, properties, counselling, trainings, or services. The importance of the outcome received during a mutual interaction is in the beholder's hand. According to Blau (1968), most rewards in exchange relation (e.g. appreciation, respect, and loyalty) have not material value but have larger impacts. Relationships in mutual social exchange include confusion about whether the partners are going to reciprocate donations. Therefore, trust and loyalty between two parties is an essential part of this theory. During the initial stages of the exchange, it can be difficult to demonstrate trust between two parties. Social exchanges usually grow gradually, with initial exchanges of lesser-value occurring, then exchanges of higher-value occurring as levels of trust grew higher with the passage of time. Trust can be created in 2 contexts: (1) by continuous and effective reciprocation with the other

group, for both the benefits obtained from others and (2) by gradually expanding relationships with the others (Blau, 1964).

The central principles of this theory were formulated with the aim of forming an exhaustive, mutually exclusive series of four generalizations that are almost legal: (1) trade relations resulting in economic or social consequences (2) cost-benefit analysis shall be carried out on the results obtained and shall be contrasted with possible costs and benefits of exchange relations. (3) achieving positive results over time increases mutual trust and engagement this relation (4) norms and aspirations grow over time because of productive exchange relationships (Popper, 1959; Rudner, 1966). Scholars have identified that these exchanges involve no formal contract or written agreement. Both parties involved in this process know how much cost they are giving to earn that certain benefits (Molm,1990). The parties ' interest rates in the exchanges become the primary factors of whether subsequent transactions take place or not. However, those factors are not made in isolation by the parties. Instead, the social network of a group may help to support or disrupt potential exchanges. e.g. if mutual duties are not fulfilled, then it can result in societal penalties, such as moral rejection. Nevertheless, the philosophy of social exchange continued to perceive group satisfaction as the key sustaining force of exchange and to regard social penalties as a secondary influence (Blau 1994). Traditional view of companies is that they are concerned primarily with their owner's assets, individuals who own the company's shares. In this viewpoint, the organization's actions and decisions are mainly monetary in nature, and to the exclusion of other fields of concern, such as the best comforts of society. Social exchange disputes the company's traditional point of view (Freeman, 2002). It is mainly influenced by the internal CSR concept (Henderson,

2001). Freeman's original 1984 concept states that, an employee in an entity is any group or person who may or may be influenced by the accomplishment of the organization's objectives. Organizational corporate social responsibility (CSR) policies of an organization affect first of all its employees. Employees who are a core company stakeholder play an effective part in the organization's success or failure. As a result of CSR Policies, they are more affected than anyone else, and that is why they react differently at workplaces that vary from organization to organization (Koh & Boo, 2001; Peterson, 2004). A company cannot ignore the interaction of its operations with the company. The position of employees is important as they influence business activities including Corporate Social Responsibility implementation program. Different reasons for CSR's popularity include generating income and economic value for the organization, firm's political credibility and meeting demand for principles of business ethics (Garriga and Mele, 2004).

In order to get future gains companies should consider the importance of their workers in order to improve the company's financial performance as well as its social efficiency. Similarly, employee commitment with their organizations makes them "identify with their organizations goals and objectives and would prefer to remain with their organization's " (Hunt et al., 1989, p. 81). It is the cognitive bond that positively influences their behavior between an employee and his organization (Hunt et al., 1989; Meyer & Allen, 1997; Mowday, Steers & Porter, 1979).

Research on social exchange emerged from two distinct traditions: individualistic and collectivist (Makoba, 1993). The individualistic view emphasizes the trade involving individual cognitive and socioeconomic benefit (Blau, 1964; Homans, 1961). The

collectivistic point of view underlines the significance of the community or society at large social needs (Befu, 1977). Society is believed to have its own life according to the collectivistic method, and people are expected to live to society's advantage (Ekeh et al; 1974). Mutuality, or the repayment of responsibilities to another, is among best known rules of the theory of social exchange, but the definition of this principle has been ambiguous (Gouldner, 1960). Reciprocity can be characterized as (1) interrelated relationships, (2) societal perceptions, and (3) societal pressures cultural expectations about how people should handle themselves. Sahlins (1972) established a range of reciprocity degrees ranging from "weak" to "generalized." Generalized reciprocity is selfless and applies to an unspecified period of reimbursement with no specified equivalence between compensation and the lowest of self-interest. Balanced reciprocity means an exchange of equal benefits and resources. Negative reciprocity applies to appropriate and balanced high self-interest exchanges in oneself. For example, mutually conveyed laws on wealth, altruism, community benefit, equality of status and competition. Although one of the most influential theories for explaining interpersonal behavior is the theory of social exchange (Cropanzano & Mitchell, 2005).

Taking into consideration the present study, organizations should work on improving their ICSR activities towards their employees. As employees are the key stakeholders of any organization and their value should not be neglected. Moreover Glavas,. (2016) says that those organizations that act socially responsible, their employees tend to show higher level of commitment and loyalty. Similarly, employees who are emotionally committed with their organization, tend to involve in extra role behaviors i.e OCB that would be beneficial for the organization growth and success. In order to survive in this competitive

world organization's need committed workforce. Graham. (1991) says that if organization take care of their employees in terms of providing benefits, then employees also go extra miles to work for their organization prosperity and success.

### **2.1.1 Theoretical Integration with the Conceptual Framework:**

The fundamental concept in the theory of social exchange is that individuals enter and sustain relationships with others, with the expectation that doing so could be rewarding (Blau et al; 1968). Relations are based on reciprocity and social exchange. It is a legal binding contract between worker and its organization, a deal to share some benefits (Mowday et al., 1982). Social exchange theory talks about the mutual interest of both the parties. If one party gets favorable care, it will respond positively and as a result, other party may reciprocate positive attitude towards the management (Butler, 1991). The giver develops the behavior of a receiver and thus develops a corporate behavior among both the parties. A reciprocal cycle of doing good and getting good is established by this relation (Zhu, 2012).

It is generally known that workers play a crucial role in the achievement of the organizational objectives. When an individual feels that someone take care of his needs and desires, it creates a sense of belongingness which ultimately transformed into commitment (Bal.,1964). Moreover, individuals decide their future in any institution according to the signals they get from organization, if organization response towards employees is positive, employee perceives feeling of trust and attachment with the organization (Kotler & Lee 2008). With the increased advancement in the changing world, companies are now trying to find ways that would help their organizations in the long-term success. Due to the increased demand of potential employees, there is an



increased demand for ICSR to retain those employees (Farooq et al.2013). Abdullah & Rashid. (2012) states that CSR initiatives plays an effective and positive motivation in enhancing those behaviors among employees which are not part of their formal job.

When organizations take care of their workers in terms of incorporating ICSR activities, employees reciprocate such positive feedback by creating a sense of loyalty and attachment with that organization, that transformed their belongingness into those tasks and behaviors that are not formally assigned to them. This system of giving good and receiving good transformed into a system of corporate behaviors, would also help in the future growth of both the parties.

### **2.1.2 Significance of social exchange theory in organizational context:**

This research adopts a conceptualization for internal CSR based on social exchange draws on Barnett's (2007) interpretation of CSR initiatives as a discretionary distribution of business resources to promote social services that acts to improve relationships with stakeholders.

According to social exchange theory, an organization success highly depends on their on their CSR related activities. More the organization take care of their employee the more they have their employees attach with the goals and objectives of their organization (Donaldson & Preston, 1995; Roeck & Delobbe, 2012). This would help in demonstrating positive relationship between a company and its various stakeholders. From the last 2 decades, many enterprises started to understand the strategic significance of CSR in maintaining their business operations (McWilliams and Porter and Kramer 2006) because their operations highly depend on their employees' attitude and behavior because they play an effective role in the progress of an organization. As a result of CSR

Police, they are more affected than anyone else, and that is why they react differently at workplaces that vary from organization to organization (Koh & Boo, 2001; Peterson, 2004). Researchers have recently become interested in the role of employees in examining how CSR is related to organizational performance (Bolton et al., 2011). While scholarly studies have suggested that CSR is a participatory and constructive process (McLagan, 1999). In general terms, top management often determines the desired principles without employee involvement (Bolton et al., 2011). With the more productive companies hiring and retaining the best employees, internal CSR in the business world is becoming more relevant. Internal CSR is a synthesis of the organization's social values, including principles, standards, laws, policies, and guidelines for managing and addressing various issues that are especially important for the employees (Tang et al., 2012). Those behaviors are safety measures that straight away affect the physical and psychological functions of the workforce (De Roeck et al., 2014; Potdar et al., 2018). Internal CSR has been conceptualized as "organizations" engaged in practices, actions, or strategies to promote strong social reform and a sustainable society (Aguilera et al 2007). A business cannot work without employees doing the company's function. Because of the importance of both ethical and moral duties, managing a company's interaction with employees properly and carefully is essential. On the other hand, workers are constantly questioning the significance of their employment, and businesses failing to realize face difficulties in attracting, hiring, and maintaining the best employees (Perdana and Gunawan, 2017).

Turker Model (2009b) uses two dimensions to characterize CSR. The first aspect focuses on the relationship between an organization and its stakeholders, describing an

organization's attempts to support and protect the public, and the natural environment. The second dimension focuses on the workplace which refers to a company's human resource practices for developing a more productive work environment and listening to the workers' needs. Recent findings suggest that organizations should engage in both aspects of CSR. Since an organization's associated commitment is relevant only if social interventions are not restricted externally but are equally applicable on internal dimension (Basu & Palazzo, 2008). A healthy working environment based on good employee relationships results in a positive organizational impact and is important for gaining particularly high-performance goals both personally and collectively. Organizations should not only concern with their company's profitability factor, but also with their employee's quality of life at work. However, it is claimed that the extent to which any business is socially responsible can impact employee attitudes and behaviors of its workers, like affective commitment.

Social Exchange is a two-way path. What you do, that is what you receive in the end. More precisely taking care of employees internally would help in creating a feeling of trust among employees. More employees trust their organization the more they perform tasks that are not part of their job description would help the organization in getting competitive edge over competitors.

## **2.2 A brief of Internal CSR:**

Freeman's research (1984) indicates that companies should take care of internal and external investors involved in business processes. CSR is the organization's dedication to ethical behavior and lead to economic growth alongside employees and public well-being (World Sustainable Development Business Council, 2000). Workers understanding is an

analysis of CSR policies, although the activities are actions taken by the stakeholder group. Employee view it as business obligation for internal and external treatment and wellbeing of those who have stakes in the business (De Roek et al; 2013). The perception of employees is a method for workers to look at work-related things at the workplace. It is necessary to consider and give attention in understanding workers, as it can have a significant impact on the attitude and behavior of the workplace (Esineberger et al., 1986). Employees' perceived internal CSR is related to how an individual perceives and acts against Internal CSR programs within the organization (Rupp et al., 2013). It is primarily concerned with the management organizational efforts targeted at employee wellbeing beyond the organization's strategic and legal boundaries (Mehta et al; 2014). Most of the organizations had started to incorporate ICSR in their business strategies to improve their strategic competence. Previous research has demonstrated that workers who are loyal to their workplace tend to work better and contribute to the financial performance of the business (Tran et al; 2020). Ahmad et al. (2020) has also found that perceived CSR is an important predictor of academic attitudes.

CSR within the organization, has its own meaning. Internal organizational practice for employee is tied to internal dimension (Bauman et al., 2007). Turker 's research (2009) has proposed internal side as a psychological endowment for the working world. To date, (CSR) provide organizations discretionary behavior because international competition is mounting between organizations provides insightful organizations the opportunity to participate in it. It is the commitment of the company for moral action that adds value to the overall advancement of society. (Baker, 2000, p.27). Many CSR implementations, Baker (2001), bring the following benefits. This helps attract and keep the workforce in

the first place. Second, ecological, and moral investment is attracted. Third, it draws high-conscious customers. Fourthly, through recycling, this leads to cost reductions. Eventually, this brings the business out of the crowd and makes it outstanding in market competition. It could also contribute to greater long-term productivity. (Baker,2007). The researcher perceives Internal CSR as the policy of the company to invest in its employee through different strategies, such as technical training, employee participation in various programs and events, and social inclusion. Such strategies allow the company to retain its workforce and boost its engagement by supporting them in their jobs, as seen in the literature review by Carroll and Lee (2011). It refers to agencies that, beyond shareholders, consider stakeholder interests. It focuses mainly on organizational management practices aimed at employee welfare beyond organizational strategic and legal boundaries (Mehta et al., 2014).

There is growing evidence that the value of recognizing and evaluating the employee-focused CSR activities is increasingly recognized by businesses. Recently scholars are conducting research to further expand the understanding of CSR at individual level or micro level (Ng et al., 2019). Consequently, the classification, grouping and evaluation of internal CSR activities representing the company's willingness to resolve employee issues has become an important research topic. Internal CSR strategies apply to employee-oriented CSR practices which are directly related to the employees physical and psychological work environment in terms of their safety and well-being., engagement in employment and organization, work-life balance and fair treatment Turker, (2009). The analysis of the literature suggests that the broad CSR view supports the argument that there is a strong argument for internal CSR practices and policies in them. The rationale

or economic or legal advantages deriving from CSR programs are apparent and broadly studied (Carroll and Shabana, 2010; Kurucz, et al., 2008; Sharma et al., 2009). The essence of internal CSR, on the other hand, requires ethical obligations that go beyond financial or regulatory considerations. These are voluntary efforts of an organization to pursue social goals and encourage comfort of its workers (Carroll and Shabana, 2010). Lot of work has been done on CSR in the past has demonstrated its importance. Businesses are now focusing on the behavioral aspects of their employees to improve their financial gains (Aguinis and Glavas, 2019). Ng et al. (2019) found that, to examine micro-CSR foundation, it is necessary to evaluate the behavioral responses of individuals.

In the context of existing research, employee-centered CSR is characterized as the set of interventions pursued by organizations to achieve a positive outcome. Such programs and practices are directly related to employee benefits, in areas such as health and well-being, job equity and work-life balance for workforce development and participation (Turker 2009). Organization's internal operations against workers are related to its corporate social responsibility (Bauman et al., 2007). CSR includes the partnerships a company creates with its stakeholders. Turker (2009b) model characterizes CSR across four dimensions. The second dimension of this model reflects on the workforce and applies to an organization's human resource activities with the aim of creating a more productive environment and listening to the employee's needs. The justification for companies acting responsibly towards workers is that the long-standing existence of an enterprise can only be assured by being socially responsible, because the importance of the of the company comes purely from its intellectual property generated by the knowledge, skills and expertise of its staff (Sweeney, 2009). The lack Internal CSR mechanism weakens

the morale and productivity of workers who dedicate much of their time and talent to the company they work with. Consequently, it is the self-interest of a corporation to be accountable to its workers and not even those owners who, with the expectation of future profits, contribute finances to the running of the corporation. Ultimately, the question is whether an organization's aim is for shareholders' gain only or to the betterment of a wide group of stakeholders? The research focuses on employees within stakeholder groups and those organizational practices that aim to support employees. According to Mark (1995), it is possible to distinguish the whole of CSR from the three terms in his title phrase: corporate social and responsibility. Therefore, CSR also includes the corporate responsibilities to the societies in which they live and work. (Mark 1995, p.40) Furthermore, CSR involves an organization which defines its stake holders and incorporates their interests and principles into decision-making processes and day to day operations (Mark 1995, p.41). On the part of business, it is an opportunity to act responsibly and to contribute to sustainable growth and boost the quality of life for its workers, their families and community. It is the responsibility of each company to protect the interests of society as a whole and its own workers. (Van, 2003, p.44). Several studies indicated that workers are interested in contributing, reviewing, and reacting to the CSR initiatives of their company as a core stakeholder of an enterprise (Rupp et al., 2006). However, Aguinis and Glavas, (2012) have reported that the responses of employees were primarily based on the expectations of employees regarding CSR practices. Similarly, Rupp et al. (2013) stressed the importance of employee understanding of CSR their understanding may have a more clear and powerful effect on the subsequent reactions of employees to the attitudes of the company against CSR practices that may or

may not be known to employees" (p. 897). Most of the earlier studies were done in the literature to concentrate on how potential employees view the potential employers. In addition, some studies have proposed that usually employee responses are focused on employee interpretation of CSR behaviors that may be incorrect if the company does not behave socially as the employees experience it (Aguinis & Glavas, 2012; Glavas & Godwin, 2013). Nevertheless, CSR practices against workers in a company could be provided in various ways, such as organizational stability, appropriate monetary rewards, career growth and development strategies and equal treatment (Turker, 2009a).

If workers consider their organization to meet their needs and participate in research for employee wellbeing. The degree of organizational association or identity between workers with their company is more likely to be established. Many researchers, however, have argued that the perception of CSR by employees which may be constructive, or undesirable may affect the behaviors of employees (Turban & Greening, 1997; Rupp et al., 2006). Additionally, Lefkowitz. (2013), indicated that there is still a need in the field of management and behavior of the organization to recognize and analyze how CSR affects the attitudes and behaviors of the workers towards organization. Consequently, it has been proven and very well-known drift that CSR can influence the associations of the workers at their place of work (Glavas & Piderit, 2009). As a result, relatively fewer studies support the literature based on specific CSR levels empirical evidence with less than 5% of the CSR literature studied on workers as an investigation unit (Aguinis & Glavas, 2012). This absence of work on internal CSR literature also requires further review of the effect of perceived CSR on the attitudes and behaviors of workers through which might determine how employees in their company would expect to be treated. CSR



as a psychological and behavioral process has therefore been considered in this analysis to further explore its effect on the behaviors of workers at their workplace.

### **Dimensions of ICSR:**

In their study, Al-bdour et al. (2010) focus using several factors on the internal level of CSR.

#### **2.3.1 Training and development**

Organizations are mostly carried out by workers' internal behaviors. Employees are like organizational lubricant. If they are comfortable and treated in a humane manner, the organization not only gains internal economies but also external ones. Appropriate training sessions can be organized for the maintenance of a humane atmosphere and management control that can adopt self-discipline and employee engagement. Lack of training can result in low employee performance and ultimately lead to low productivity (Imran & Elnaga, 2013). Education and training are interchangeably used methods (Masadeh, 2012). These are interrelated processes when individual skill is directly or indirectly based on previous educational experience. Training is work-oriented because it identifies and generates incentives for the present and the future. Though education is based on the individual. Training is a series and task approach that involves not only learning, but also addressing problems throughout the work period. A little attention to training can result in a significant degree of staff loyalty (Monshet et al; 2013).

#### **2.3.2 Work Life Balance**

Work-life harmony is not an old term. It was first discussed at the International Conference on Labor Relations in 1972 and became known as Quality of Work Life in

1989 (Kaighobadi et al., 2014). There is no consensus in literature on a popular definition of work-life balance. It is generally used to define strategies that build a work-life balance and worker personal obligations, which are called family-friendly job conditions, unpaid overtime, zero-hour contracts and e-work, etc. (Redmond et al; 2006).

The Kanter (1977) presented family and job systems as two distinct concepts that have recently been knitted together as one and are incorporated in most organizations around the world as a work-life balance. Analyzing previous research takes work-life balance as the company's strategies to please employees and their families at work and outside work. The firms that take charge of these operations have more committed employees and less intention of making turnover. Research by Chepkwony et al. (2015) shows that organizations that provide flexible working hours, flexible leave policies, kindergartens for their female staff keep their workforce comfortable and create good relationships between workers and employers.

### **2.3.3 Equality and diversity**

This term is used to contain equal opportunities at work and accommodate workers with equal job opportunities regardless of gender, race, and ethnicity. This deals with hiring someone and giving them incentive based on their skills. The definitions of diversity are interpreted differently by various authors. The Houkamau & Boxall (2011) refers to family friendly activities as a framework for worker equity and diversity. Similarly, based on the foregoing work-life balance factors, Strydom's (1998) considers diversity as the variations between people in every organization in the world.

### **2.3.4 Workplace Health and safety**

The definition of safety goes beyond damage or physical harm. This also protects the mental health of workers. No matter the injury and illness in the workplace destroys the quality of life may be. It damages the opportunities for advancement and promotion that concern not just workers but their families as well. Bearing in mind the seriousness of the issue, stakeholders want the companies to demonstrate to employees the secure and safe work climate, irrespective of their job and designations.

### **2.3.5 Human Rights and Respect**

It is widely observed through literature on human rights that those organizations that give respect to their workers receive inevitable return and benefit from employees. Respect is one of main human rights of workers. Organizations were expected to treat workers equally with politeness, fairness, and respect (Gazolla et al; 2016). Human rights have various aspects, such as respect for personal privacy, physical safety, respect for their opinion, employee identity. It is more important to treat the employees with respect than other compensations.

Respect is the key thing that is needed to pass it on to employees to gain their discretionary behaviors at the workplace. It is a status-based identity viewed as representing how an employee is respected and valued by the organization (Bartel et al., 2012). Most desirable working climate is the one where workers are respected and appreciated. There is some common characteristic of the better organizations like openness and shared respect, and they do not play political games with their workers (De Vries et al. 2016).

## **2.4 Organization Citizenship Behavior**

The origin of OCB was found to be related to Katz's (1964) concept as a requirement for behavioral employees to increase organizational productivity beyond the framework of the work. This definition of employee behavior is a cornerstone of Bateman and Organ (1983), the first developed behavioral theory of corporate citizenship. The definition was originally proposed by Smith et al (1983) and was based on two forms such as Altruism (an action for the benefit of coworkers) and generalized compliance (developing criteria for being a good worker in job description). Later Organ (1988) described it as an "individual behavior which is voluntary, not explicitly or specifically acknowledged by the structured reward system and that facilitates the organization's successful working" and extended it to include five factors: OCB-I (behavior directed towards individual) and the OCB-O (behavior directed towards organizations). OCB related to individuals deals with Altruism (helping other staff participants to learn new skills, for example, in circumstances where they are vulnerable or new to the knowledge-sharing community and function when they are exhausted or absent) and Courtesy (eviting and solving problems that arise). On the other hand, OCB linked to organization consists of conscientiousness (the commitment and desire of workers to go beyond fiduciary duties, as long working days, working of their own free will, performing additionally beyond compulsory tasks, following the organization's rules and timeliness), sportsmanship (acceptance of facts, e.g. resisting minor complaints without appeal and lightening the claim). OCBI refers to activities that immediately benefit people within an institution and thus implicitly contribute to the organization's effectiveness (Lee & Allen, 2002; Williams & Anderson, 1991). Podsakoff et al. (2000) categorized this dimension as

supporting behavior and described it as helping others with work-related issues on a voluntary basis. Though other scholars have discussed this concept in several ways, they are all close to Williams and Anderson's (1991) OCBI concept. OCB's second dimension involves activities that support the organization without specific actions involving the organizational members. This organizational compliance has been labeled by Podsakoff et al. (2000), as it involves internalizing the rules and policies of a firm. It was further defined by Williams and Anderson (1991) as practices that generally benefit the organization. Such practices involve providing prior notice of absence from work or informal compliance with laws designed to preserve order. OCB has arisen as a fascinating field of research since the early 1980s, with the influential works of Smith, near (1983), Organ (1988), and others that proceeded.

There are several reasons why OCB could be deemed important. First, OCB is significant in that they lubricate the organization's social machinery (Smith et al., 1983). They provide flexibility that goes beyond job description and offers guidance to work behavior that may occur from time to time as per job requirement. Not only is OCB unenforceable by the organization's rules, as they are not part of the job description, they are difficult to measure as the OCB of an employee may result in another employee's performance enhancement, or even the entire company. Therefore, although they are not part of the job performance measures, it is essential for organization long-term success. Secondly, Organ (1988) concluded that if considered over several workers and over a long period of time, it increases organizational performance. Moreover, OCB could improve the effectiveness of the organization. For example, it can boost the competitiveness of coworkers and supervisors, free up resources so that they can be used for more productive purposes,

preserve resources used for solely maintenance functions, help coordinate activity through working groups, attract best employees to the organization, enhance the consistency of the success of the organizations and enable the organization to respond effectively to environment changes. Third, Organ et al. (1983) argue that OCB is relevant logically because it cannot be interpreted for the same purposes as explain in-role behaviors. In other words, the drive to engage in OCB is quite distinct from that of traditional job behaviors.

### **Dimensions of Organizational Citizenship Behavior:**

OCB is considered be "innovative and spontaneous practices" which in not written under ant formal rule system nor it is written in any job specifications. Katz and Kahn (1978) note that "Organizational efficiency cannot be accomplished by simply disbursing job performance; it needs the engagement and efforts of workers to go beyond the call of duty and actively avoid acts detrimental to the well-being of the organization." It typically involves voluntary, cooperative conduct of employees that encourages organizational growth (Boorman, 2004).

While scholars have suggested intra-factors for OCB. "Anywhere from two (Williams & Anderson, 1991) to seven (Podsakoff et al., 2000)", most theorists define two dimensions of behavior. OCB-I means an attitude of citizenship directed towards individuals on the other side OCB-O is an attitude of citizenship directed towards or organization. Generally, these dimensions seem to be based on the Organ's (1988) five-dimensional concept. Accordingly, the literature review shows the growing interest of scholars in conducting organizational citizenship, and the process of investigating the practice of

OCB from Organ (1988) to Williams and Anderson (1991) has not given collective consent to any definition (Podsakoff et al. 2000). After examining the previous literature. Podsakoff et al (2000) found thirty dimensions overlapping each other, so he reduced them to seven dimensions on individual and organization basis called Helping behavior, Sportsmanship, Corporate loyalty, most scholars relate the idea of social exchange to the principle of corporate citizenship, because it is mutual when workers reciprocate the behavior. He also argued that OCB is influenced by positive attitudes to the work. This is because, as employees are satisfied with their work or committed to their organizations, they are more likely to offer extra-role behaviors (Bolino et al., 2002). Therefore, workers with higher level of OCBs are also viewed as more committed at the workplace (Nielsen, Hrivnak, & Shaw, 2009). Many important antecedents of OCBs have already been identified, such as a sense of fairness for workers, job satisfaction, leadership habits and organizational practices, or human qualities (Podsakoff et al., 2000; Sun et al., 2013). The subject of corporate citizenship was explored on the basis that it is necessary for the success of the organization (Katz and Kahn, 1978). Organizations happily recruit workers who have the requisite expertise and abilities in the working groups and who are required to demonstrate behavioral patterns of corporate citizenship. Likewise, Smith et al. (1983) found that companies receive these incentives when workers display attitudes towards behaviors of corporate citizenship. The fact that their success is highly dependent on the positive and dedicated contribution by their workers has now been realized by organizations. Businesses now understand the vital importance of its employees because of the ever-changing dynamics of the businesses and global competition in ever-changing environment has created the need for a skilled and committed human resources.

However, their desire for gaining competitiveness can best suitably achieved through these behaviors. These behaviors cannot be recognized by any formal compensation but contributes to the effectiveness of the organization (Smith et al, 1983). OCB dimensions has undergone through a lot of debate. Originally it has only two dimensions but later three more dimensions has been added to the literature. These are as follows.

#### **2.4.1 Civic virtue**

Civic virtue is defined as secondary involvement in political life and support to the organization's administrative position (Deluga, 1998). It pertains to the role of the subordinate participating in the company's life, such as attending meetings that the company does not require and keeping up with organizational changes (Organ, 1988). This element of OCB is originally derived from the observations of Graham, who argued that employees should be responsible for being an organization's good citizen (Graham, 1991).

#### **2.4.2 Conscientiousness**

Conscientiousness is used to denote discipline, responsibility and hard-working of an individual. Organ (1988) described it as a commitment Organ (1988) described it as a commitment to the work that fulfills pre requisites including working long hours and doing unpaid work as well as performing job duties. In addition, research has also shown that awareness among workers can be related to organizational policy (McCrae & Costa, 1987).

#### **2.4.3 Altruism**

Smith, Organ, and Near (1983) described altruism as voluntary acts in which, under exceptional circumstances, an employee participates in helping a person with a specific



problem achieving his or her work. It generally refers to behaviors intended to help others at workplace e.g. helping newly hired employee on work related issues, giving advice regarding company operations and procedures. These behaviors are intention oriented i.e. helping others with the intent, that those actions and behaviors could be beneficial for the company. These behaviors are important, because they create a positive working atmosphere that would help in creating a positive environment for work and thereby helping in achieving organizational goals and outcomes.

#### **2.4.4 Courtesy**

Courtesy refers to polite behaviors at the workplace. They generally refer to taking the necessary measures to minimize the effects of the problem at the workplace and by taking preventative steps before the problem arises. In other words, courtesy means an employee supports other workers when demotivated, and feels discouraged about their work. Moreover, these employees avoid taking part in workplace conflicts thereby helping managers in reducing workplace conflicts (Podsakoff et al. 2000).

#### **2.4.5 Sportsmanship**

Sportsmanship Organ (1988) described sportsmanship as the act of warmly tolerating irritations which are inevitable at the workplace. Employees having such behaviors refrain from complaining on trivial issues and stay positive and determined when things do not go their way. For example, they do not complain on matters such as project failure, rejection or issues that are directly related to them. Instead, they deal matters in more positive way and learn from their mistakes. Podsakoff and MacKenzie (1997) argued that

good sportsmanship would raise the working group's morale and thus reduce the turnover of employees.

## **2.5 Organizational Commitment**

Mowday et al. (1979) describes organizational commitment (OC) as, "a deep interest in and appreciation of the organization's aims and ideals, a determination to make substantial contributions on behalf of the organization, and a deep desire to remain a part of the organization." Commitment is a sort of partnership between an individual and the organization for which he works (Buchanan, 1974). The strength of that bond depends on different factors. If an individual is committed to an organization, the risks or incidents of absenteeism and turnover would be reduced (Igarria & Greenhaus, 1992). To maintain a healthy workforce, OC is essential to researchers and organizations. It can also be defined and is often assessed by three factors: (a) Trust in objectives and principles of the organization; (b) the willingness to make substantial sacrifices on behalf of the organization; and (c) the desire to be a part of the organization.

Committed workers tend to exhibit that behavior that are aligned with their organizational attitudes. Their high level of dedication to the company affects their ability to remain with that organization (Aryee & Heng, 1990), as well as the amount of effort they choose to make on the job. In addition, this level of effort affects the actual work output of the employee. Researchers and professionals are keen to learn the reasons impacting a person's decision to remain or leave an organization. Behavioral commitment is the first concept which is described as, the continuation of any job is due to the reason that employees understand the reason that what they lost if they leave a job. Pay, rewards, position and benefits are all aspects that may be missed upon termination of jobs.

Employees can use subconscious assessments or conscious assessments (Kanter, 1968; Mowday et al., 1984) to determine what they lose if they leave their current job. The calculative essence of this type of commitment reflects expectancy theory (Vroom's 1964). This posits that the expected effects of the behavior cause people to behave in some way. Such predicted findings are derived from a professional evaluation of cognitive behavior and subsequent results. Thus, an interaction can take place between two parties, involving an exchange study. The second concept is characterized as a stronger commitment to the organization's goals and ideals resulting in a clear attitude of identification and involvement with the organization (Mowday et al., 1979). It is not linked to many theories but, Hutchison, and Sowa's (1986) put some light on it. They define it, as an inherent behavior that reciprocate in a positive manner by returning in forms of rewards and benefits while react aggressively to those whom they feel that they could harm them.

Consequently, a person feels the connection and partnership with an organization while perceiving benefits, moving towards shared goals, or helping the organization in similar values. Fishbein and Ajzen (1975) nevertheless suggested a still unexplored concept of OC. They claimed there was another trend of attitude in which workers stay dedicated out of commitment or duty, and stay because it is the 'right' thing to do. Other researchers embraced this new idea, showing that it was a considerable belief regardless of external factors such as other work opportunities (Marsh & Mannari, 1977). Some researchers proposed that this morally acceptable approach creates an internalized desire to achieve four organizational priorities and objectives (Wiener, 1982 as seen in Meyer & Allen, 1991). This internalized drive to continue to excellence, persuades the employee even

though he or she is not comfortable or satisfied with the current work. Until the late 1970s, academics remained in theoretical silos, even studying organizational participation through the context of commitment in behavior or attitude. Meyer and Allen (1991) responded to this call, using earlier commitment principles to develop their three-component commitment model, including those that cover affective attachment, obligation, and perceived cost. The three-component model describes a state of psychological OC between the individuals and the business in which the employee interacts with the business.

### **2.5.1 Approaches of OC:**

Four main approaches have been described by (Suliman and Isles, 2000a). Attitudinal approach is seen primarily as an attitude or an intent behavior. Based on this approach, Porter and his colleagues provide the most accepted concept of commitment. They described it as "the relative intensity of a person's identification and involvement in a given organization". The core aspects of Mowday et al. (1979)'s commitment to worker organization are: a deep interest in and appreciation of the goals and principles of the organization, a willingness to make substantial sacrifices for the sake of the organization, and a deep purpose or intention to be a part of that organization. According to this approach origins of OC are attributes of employee, positive job interactions and job environment, while results of OC are less staff absenteeism, high employee and organizational efficiency and less intention to quit the job. (Zangaro et al; 2001) describe it as actions. The obvious signs of dedication are the subject of research as per behavioral approach. Workers generally work for their employers because they have already invested their time in their business, established good relationships with their colleagues,

and do not want to sacrifice benefits from ongoing jobs like pension and gratuity. But the real reasons workers remain loyal to their employers are "sunken expenses." Becker's side bet principle (1960) is believed to be the foundation of this approach to organizational loyalty, which suggests the employee remains committed to the company after realizing the switching costs. Kanter (1968) is another defender of how commitment is described as actions. He sees loyalty as a benefit gained by the employee by remaining committed to an organization or to the employee's "cost" while leaving the organization. Employee engagement can thus be defined as a profit to be received or expense by the employee that he wants to avoid. The behavioral approach focuses on "investments as a force that binds organizations to the worker" to explain OC (Scholl, 1981). The normative approach defines work commitment as "the sum of internalized normative powers that must act in a way that meets organizational goals and strategies" (Weiner, 1982). This approach suggests that, when there is alignment between the employee's personal interests and the organizational interests of employees feel committed to their organizations Becker, Randall and Reigel (1995). Multidimensional Approach indicates that an employee's organizational loyalty is more complicated than just the emotional link of the employee to the company, obvious costs of leaving the job or a moral duty to stay with the organization. Employee engagement occurs as the product of three components Kelman (1958). When developing connections between change of attitude and internalization, compliance, and workplace appreciation, he provided the basis for that strategy. Etzioni (1961) is one of the early researches who put light on multidimension aspect and describe commitment in three dimensions. Moral involvement means positive orientation of employees to emotionally linkup with the organization

goals and objectives. Calculative involvement described as a negative or positive low intensity orientation that emerges because of an employee gaining organizational inductions. Alternative participation described as "an organization's negative attachment." Such elements describe the social, attitudinal, and behavioral facets of job participation. O'Reilly and Chatman (1986) proposed a multidimensional approach to engagement.

### **Dimensions of OC:**

Meyer and Allen (1991) discuss three facets of OC, based on their experience. They all are of different nature.

#### **2.5.2 Affective commitment:**

Affective commitment compacts with the emotional connection and results in a more emotional interaction with the organization. It creates a sense of satisfaction which compels it to withstand any possible change of job. Such employees feel right about their working relationship to that organization. The normative commitment is about the tradeoff between the individual and the company. It has to do with the costs that they carry if they switch job. Employees know their contributions in terms of the time and commitment they offer the organization and they are afraid to lose the organization's job security status as well as the associated benefits. Thus, dedication to sustainability relates to how many workers have a desire to continue with their company. The underlying cause of their loyalty resides in workers who are committed to continuance commitment in their need to continue with the company. We focus specifically on affective commitment among these variables. Since affective involvement plays a major role in

outcomes in the workplace, such as job performance and positive attitudes (Meyer et al., 2002). Employees with an affective attachment have a strong psychological connection to their organizations and frequently act in a manner that is consistent with the goals or objectives of the company (Simha and Cullen, 2012).

OC is considered a positive and essential factor in the behavior of employees but in workplaces and organizations it is a somewhat elusive attitude (Brian and Christopher 2011). Abdullah and Ramay (2012), carrying out work on Pakistan's banking sector, analyzed the three OC forms. Findings show that affectively motivated workers demonstrate the highest commitment to their firms, leading to better backgrounds. Meyer et al. (2002) also argues that the impact of affective engagement on OC is comparatively more positive than two other forms. Reviewed literature indicates that it is more acceptable to use AOC for analysis (Jehanzeb et al., 2013). Organ (1990) suggested that people who engage in their organizations affectively are more determined to help others. Such workers, however, fulfill their job-related task more than their job description and thus exhibit extra job behaviors (Moorman, 1991). Lee and Kim (2013) concluded that employees having good AOC are more likely to exhibit extra role behaviors at their workplace. Organ (1990) also suggested that people with affective participation with their organizations are more passionate about supporting others, the conduct that is valued most is affective involvement. It is manifested by an emotional connection that encourages employee corporate citizenship behavior for organizational betterment (Wasti, 2003). Affective commitment is commonly associated to OCB (Felfe and Yan, 2009). More and more workers become affectively involved with, further they are supported by organizations (Paré and Tremblay, 2007). Other factors, such as

conscientiousness, civic virtue, courtesy, and sportsmanship, impair the citizenship behavior of workers influenced by corporate responsibility (Jo and Joo, 2011). In fact, an affective commitment has also been shown to affect the actions of corporate citizenship behavior towards both people (i.e. altruism) and organizations (conscientiousness) (Tourigny et al., 2013). Previous research has shown that if individuals feel like they trust their company they are expected to build greater organizational engagement within (Eisenberger et al., 1986). Social interaction philosophy implies that workers add great importance to the idea that their business is cared for and respected, and that they continue to act accordingly. When people receive good care, they react favorably to this positive behavior and reciprocate it (Gouldner, 1960). Therefore, they believe they owe a positive response because their company appreciates and helps the employees. This approach is not only a duty to work hard to achieve organizational goals but also a greater dedication to happiness and a stronger desire to remain in such organization (Eisenberger et al., 1986). One of the most important aspects of employee, is the existence of socially appropriate strategies within an organization. Employees usually relate to those values when an organization promulgates CSR values (McShane & Cunningham, 2012). Empirical studies show that understanding successful socially responsible activities enhances worker participation in the workplace (Ali, Rehman & Ali, 2010; Brammer, Choi & Yu, 2014). The theory of social exchange also implies the positive influence of OC on OCBs, and this claim has been supported by empirical studies (Gong, Chang, & Cheung et al; 2010).

Affective commitment emphasizes on the relationship between an employee and an employer Emotional attachment which reflects the power of the social exchange between



employees and organizations (Mowday et al., 1979). During this case, workers connect with the organization's objectives, and stay with the company without any desire.

The importance of this principle is reflected in the association formed with two important variables in the field of voluntary behavior, i.e., in the fulfillment of expectations and actual turnover. Nevertheless, some evidence indicates commitment is correlated with other types of work and non-work behaviors (e.g., Meyer et al., 1989; Wahn, 1993). Organizations viewed as socially responsible citizens have services and resources to improve the self-concept of the workers. Employees benefiting from self-concept development likely to develop greater commitment to the corporation would grow. Therefore, employees understanding of CSR and organizational engagement can tend to be positively related. Maignan and Ferrell (2000) identified the presumed CSR encompasses all of those practices that are performed to ensure compliance with rules and policies, to reduce pollution and waste, to treat workers and other stakeholders equally, and to maintain their contribution to community development. This viewpoint proposes that if a company participates in Internal CSR initiatives and does well, workers feel proud of their employer and love in engaging with the organization. A good workplace mindset leads them to optimistic work attitudes towards their company. Evidence from previous research also represents a greater corporate commitment in companies that are ethical in their endeavors (Eisenberger, Fasolo & Davis, 1990). Recent research evidence referred to CSR and engagement, such as "the contribution of Internal CSR to workplace involvement is at least as high as work satisfaction. Internal CSR is highly associated with OC" (Brammer et al., 2007 p. 1701). The researchers and scholars recommended that organizations ensure that key stakeholders i.e., workers remain empowered and

committed to organizational productivity and success (Tse, 2011). In fact, results from several findings show that workers participating with CSR strategies are observed to be healthier, more committed, and more loyal to their companies (Viswesvaran et al., 2004; Aguilera et al., 2007).

Nevertheless, previous work suggests that normative involvement can have certain drawbacks in some conditions and may not be effective as an element of affective commitment or continuous dedication (e.g., blood donation), especially in situations involving business relationships (Fu et al., 2009; Tett & Meyer, 1993). This research focuses on exploring the degree commitment of the employees which may be carried out by the organization's programs related to CSR, which establish the attitude of the employees towards the organization's CSR activities. Some scholars have concluded that CSR expectations of workers push through the organizational identification process, which in turn increases the degree of commitment (Kim et al., 2010). A value association between workers and their employer led to have an affective bond and a continued loyalty relationship that contributes to attitudinal and behavioral improvements at their workplace in response. Therefore, the behavior of the workforce is most likely to be strongly affected by the understanding of Internal CSR by the employee. If the organizations discuss the social issues, workers may be able to associate with their organizations, and their level of engagement with the organizations may also be increased.

In the present research, focusing on AOC seems more acceptable which is the positive feelings and attitudes of an individual employee towards his / her company (Peterson, 2004), which is the Banking in the current study.

### **2.5.3 Continuous Commitment:**

Continuance commitment has been categorized into two dimensions: 'high risk' the immediate expense of leaving and losing interest in an enterprise, and 'low risk' where few existing job alternatives are feasible for individuals (Hackett et al., 1994; McGee and Ford, 1987). Continuous commitment is a well-developed and validated component. Empirical studies indicate a well-established and clear loop of causal relationships. Some authors argue that the Continuance dedication reveals that why employees stay with an organization, but it is not a true commitment (Ko et al., 1997). Continuance commitment is a conscious or subconscious behavioral study about what a person loses while leaving the current job. The employee considers the existing benefits, or side bets (pay, benefits, tension, location, working hours, atmosphere, etc.) and external commitments such as leases, family responsibilities, accessibility to day care and scheduling flexibility. To avoid having a job, these components are evaluated and compared with other possibilities of jobs. If the side bets of a new opportunity outweigh the current situation's benefits, then the employee will no longer be loyal and leave the company.

Rather than having to stay, these workers continue to reduce the chance of failure. Workers conclude that external factors in this type of partnership affect their decision to remain or leave. Employees can feel pressure to fulfill the minimum job responsibilities but remain there because they believe they have less choice (Meyer & Allen, 2004). Therefore, their loyalty is dependent on not getting a better offer, and their loyalty is valid until they get a better offer. Once they receive any better offer, they leave their current job.

#### **2.5.4 Normative Commitment:**

Penley and Gould (1988) define it as recognition and alignment of organizational objectives.' Subsequently, (Jaros et al. 1993) described it in a similar vein to explain to what degree a person is mentally committed to a working organization by internalizing its aims, ideals and tasks.' This dimension varies from affective loyalty, because it is not simply an emotional bond, but a sense of social responsibility (Meyer and Herscovitch, 2001). It is the organization's responsibility strategy. The employee feels obligated because the employer has given him or her so much that he or she feels a sense of duty and loyalty and staying with that job is 'the right thing to do.' This responsibility is reinforced when the employee receives such things as salary, rewards, benefits, and advancement. Employee reacts by investing time, energy, and effort inside the organization because of the perceived interest of the organization in their employees (Meyer & Allen, 1991). This form follows the principle of reciprocity, establishing an exchange-based relationship. Employees can only make the same commitment that they think the company invests in. If employee feels that company is not giving back to its employees, his or her loyalty towards his employer decreases. This decrease would result in lower productivity and unorganized work behaviors.

#### **2.6 Work Ethics**

Ethics are self-regulatory standards for decision-making and professional interpretation. Professional organizations preserve the reputation of the profession by creating ethical codes, defining the required behavior of members, and protect the welfare of subjects and clients (Shamoo and Resnik, 2009).

Ethics is derived from the Greek word *ethos* which means character, and one has ethics is called an ethical person. Plato and Aristotle agreed that what we ought to behave is ethics. It thus needs rational judgement and logic in decision-making which raises questions about what is right, wrong, good, or bad, reasonable, or just. The idea that ethics is about morality and human behavior is as defined by numerous scholars. Ethics is not meant to explain how things are, but how they should be. This addresses human behavior norms or principles (Fatile, 2013). What constitutes workplace ethics is the belief that one should work diligently, over, and above minimum expectations, to strive for competence in all forms of labor. Therefore, ethics in the workplace can be described as a set of principles that include right attitude, right behavior, respect for others and good workplace communication (Omisore et al, 2015). Many ancient scholars such as Plato, Aristotle, Kant, and others have come up with philosophical theories of ethics which can influence man's decision as to what to do, whether right or wrong. It is simply understood that ethics is the branch of philosophy which focuses on seeking how human behavior can be considered right or wrong.

The belief of employees that the company has an ethical environment contributes to success that improves the organization's productivity. Several scholars have tried to identify workplace ethics on job performance of its employees such as Komari & Fariastuti (2013) clarified that, apart from compensation, ethics can influence individuals to commit or not commit wrongdoings. Ethics affect job satisfaction and performance positively (Elci & Alpan, 2009). Osibanjo et al (2015) acknowledged that people with good workplace ethics prefer to work long hours and spend less time on leisure activities resulting in higher performance and thus workers of this kind support the

company even in terms of overall organizational success. He further describes the model of WE that it strengthens dignity, sense of duty, success focus, self-discipline, and found out that those with a good work ethic perform well in the workplace as compared to employees with weak work ethics. Ethics is imperative in the current world to determine and influence workers work ethics and behavior and eventually lead to organizations' success. Ethics in the workplace is helpful in preventing problems that are harmful to the organization and workers. An important way of increasing the efficiency of any company is also to place greater focus on work ethics strategies through various methods to create an ethical work behavior of workers (Komari et al 2013). According to Vance (2006), it is both a desire to stay during action or an unwillingness to change plans and a sense of obligation and to continue along the path. While workplace ethics is a collection of values, including right attitude and behavior, respect for others, and good communication in the workplace. It is simply because organizational success is heavily dependent on it, high rates of engagement provide a healthy workplace and result in high organizational efficiency (Omisore et al 2015). Employee commitment is a very important issue, as it may envisage the performance absenteeism and behaviors of other employees. Even during periods of uncertainty, a committed and dedicated employee would remain in the organization (Varsha Dixit & Monika Bhati 2012). Ethical workers would better be dedicated to work than unethical employees as far as commitment is concerned. Thus, the workplace ethics on these relate by enhancing the employee's commitment to work to establish workplace ethics; ethical standards must be set to provide guidance on excellence in the workplace. When pairing up these two employees decreases irresponsibility, intention to resign, intention to seek other jobs and can also help in

reduction of absenteeism. Thomas (2013) proposed that employee engagement would lead to improved job performance productivity and citizenship behavior. It also claimed that low-commitment employees appeared to make work mistakes and lack of money. It shows that it is not so common for workers with limited commitment to be at the same time ethical, as lack of commitment may also mean workplace discrimination arising from non-compliance with workplace ethics. Van Ness et al (2010) summarized that employee commitment may be affected by strong organizational ethics arising from an individual's work ethics. Komari et al (2013) concluded that, for high-performance organizations organizational ethics must be established to regulate employee behavior, which would eventually increase employee loyalty. To sum up, these literatures demonstrate that the ethics of the workplace and the commitment of the workers are linked, and strong emphasis should be put on the observance of workplace ethics for employees to be committed to their jobs for good performance of the organization.

WE are a path that describes and influences people's connection and participation in the workplace. It specifies that duty is good action in respect of every individual need that operates within the organization and that it is important to create a balance between the life of the person and the social life (Nasr, 1984). WE lift individual attention to work and psychologically and physiologically endorse it to sustain social recognition to promote public welfare. Ethics has its origins in religion so that it can be investigated further in the light of the world's major religions. As scholar's clear view that WE are rooted in religion it is important to examine the ethics in the lights of the world's major religion. The study of work ethics has acquired considerable interest in recent years after the scandals of large corporations like Enron and WorldCom. In addition, most work in this field, as well

as in the broader area of business ethics, is focused on observations from the American countries and some European countries (Lim and Say, 2003; Rizk, 2008). Treviño et al. (1998) categorized ethical environments into 10 different dimensions: ethical environment, employee-oriented, society oriented, authority-obedience, code-compliance, self-interest, efficiency, rules and procedures, moral integrity, and legal and professional standards.

To address differences between different types of ethical atmosphere and provide an overall concept of ethics, three dimensions are suggested for corporate ethical behavior; external i.e. those that are outside; internal that are inside; and ethics of workers in the organization. This notion is in line with the ethical values model proposed by (Kaptein et al; 2000) in that it incorporates three aspects of ethical standards: (a) relationships between a company and its partners, (b) internal ethical consistency, (c) and ethical behavior of employees.

Turnipseed (2002) found that more OCBs frequently displayed by people who ranked higher in ethicality. It was his conclusion that OCB is an expression of ethical behavior in the workplace. Therefore, we expect higher entities to show greater ethical behavioral (Kacmar et al., 2010). OCB helps colleagues, promotes non-working organizations, and offers extra-work services (Organ and Ryan, 1995). Some of OCB's predictors include, engagement, fairness, and job satisfaction (Organ and Ryan, 1995). Iles et al; (2009) explored the relationship between OCB and Big Five traits (open-mindedness, extraversion, sensitivity, emotional firmness, agreeability). It has been shown that two of these characteristics, acceptability, and conscientiousness, are widely linked to those who frequently engage in activities related to the actions of (OCBs).



Agreeability refers to a person who tries to always get along with anyone, and never objects to another's view of doing so. Conscientious people tend to be self-disciplined and extremely achievement oriented (Minbashian, Wood, & Beckmann 2010). Conscientiousness has also proved to be a strong indicator of work success (Barrick, Climb, & Strauss, 1993). These two behavioral traits have also been described as characteristics of those in an organizational environment that exhibit ethical behavior (Walumbwa & Schaubroeck, 2009). Those who behave ethically within organization tend to display the same characteristics of personality as those of OCBs. Conscientiousness - based on ethical behavior is one of five types of OCBs (Podsakoff, MacKenzie, Moorman & Fetter, 1990). Sportsmanship, another type of OCB, is also linked to the ethics especially that it involves not engaging in certain events, such as complaining or inconveniencing. If ethical principles were enforced, an individual would have a better chance of behaving altruistically, courteously, and respecting others mostly in the form of OCB. Previous studies suggest that expectations of strong ethical values strongly correlated with the behavior i.e., OCB.

Studies have concluded that a significantly most companies facing unethical behavior from their stakeholders is due to their own ethical environment (Peterson, 2004), which clearly states that an organization role is more important in defining the ethics of its workplace. It is mostly defined as the understanding of the traditional ethical organizational processes and practices (Martin and Cullen, 2006). In other words, an ethical environment refers to workers knowing whether their companies are ethical, providing employees with organizational knowledge of ethically acceptable or unacceptable conduct (Barnett and Vaicys et al; 2000). The theory of social identity is the

reason for the positive relationship between an ethical climate and an organization's commitment. According to the theory of social identification individuals identify themselves in terms of their social relation to the community they belong, and they prefer to find their own self-identity (i.e. who I am) (Olkkonen and Lipponen, 2006). In the organization perspective, how an individual relates with the organization. In this view, if workers consider their organization as reflecting ethical values, adhering to ethical business practices and serving as a positive reputation in society, they would believe that their companies have a good image and a high reputation, that is why workers tend to believe that they have a successful bond with the company and therefore associate themselves in emotionally to their workplace, that promote ethical practices against customers, culture and workers (Valentine et al., 2006). Workers who encounter a positive ethical environment through this process would more readily develop a positive self-identity (Ashforth and Mael, 1989). Therefore, organizations seeking ethical business practices would help employees believe that their job is worthwhile by demonstrating their moral value, which in turn increases employee self-esteem (Jaramillo et al., 2012). Workers of ethical organizations are likely to feel a strong sense of self-worth of their careers, and thus strongly identify with their companies and be loyal to them personally (Huhtala et al. 2011; Trevino and Brown 2004). In addition, number of previous researches provide evidence for the positive relationship between job ethical environment and OC (Brammer et al; 2007), based on the theory of identity theory, it is observed that employers who found their businesses engaged in socially responsible activities and handling workers with respect and morality displayed higher levels of OC.

## **2.7 Operational Definition**

### **2.7.1. Internal CSR:**

Internal CSR can be defined as corporate behaviors that aim to positively affect stakeholders and go beyond their economic interests (McGuire, 1963).

### **2.7.2 Work Ethics:**

WE are directions that describe and impact followers' connection and commitment to the workplace. It indicates that duty is good deed regarding individual's requirements and its essential for creating balance in social and individual's life (Nasr, 1984).

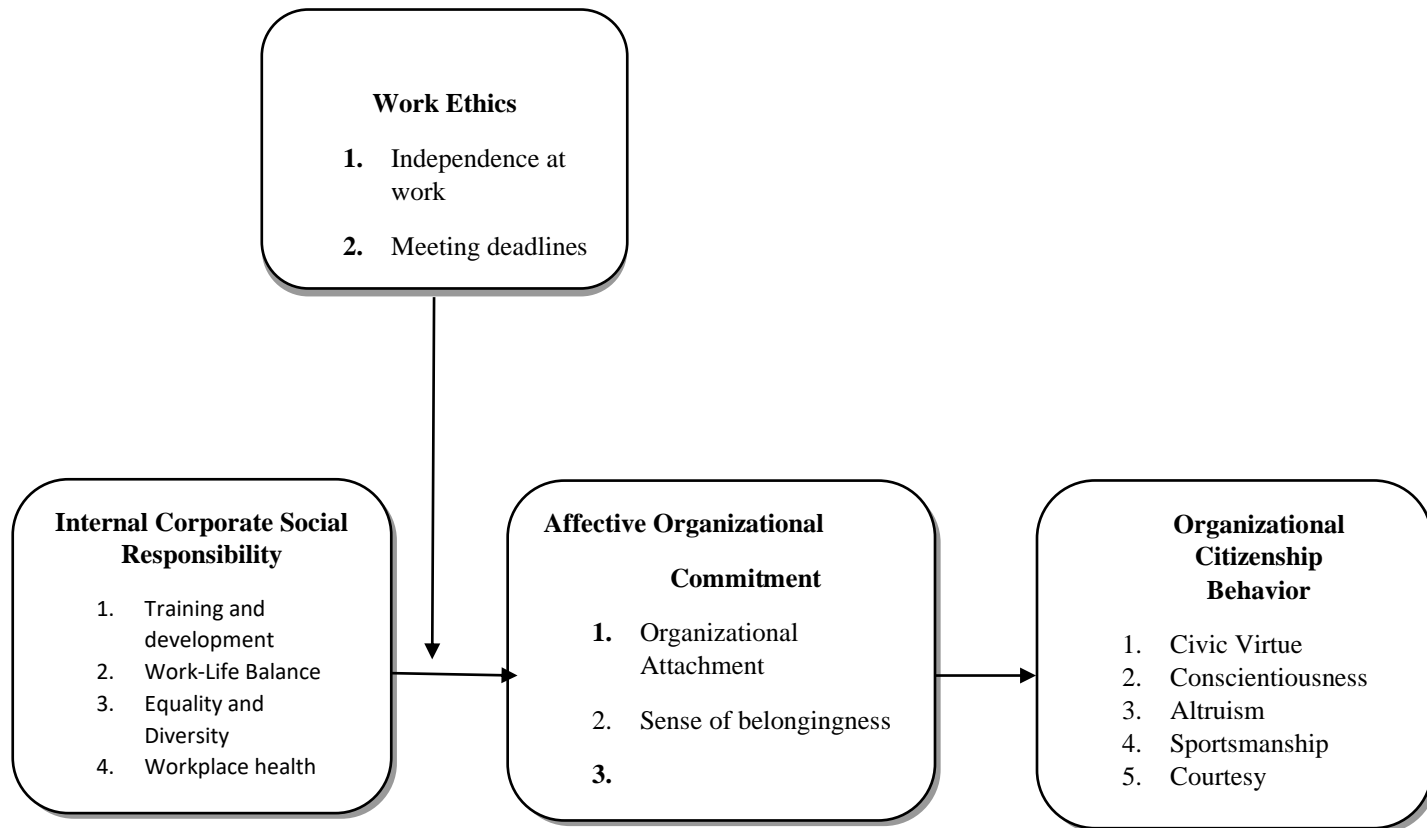
### **2.7.3 Organizational Citizenship behavior:**

Organ (1988) identified it as "individual behavior that is discretionary, not recognized directly or explicitly by a structured reward system, and that promotes the organization's effective functioning in the aggregate."

### **2.7.4 Organizational Commitment:**

Mowday, Steers, and Porter (1979) defined organizational commitment as a strong belief in and recognition of the organization's goals and values, a willingness to make significant efforts on behalf of the organization, and a strong desire to remain a member of that organization.

## THEORETICAL FRAMEWORK



### 2.8 Interrelationship of Internal CSR with variables under study:

The relationship of the independent variables with variables under study are as follows:

#### 2.8.1 Internal CSR and OCB:

According to Graham (1991), if an organization provides its workers with greater socioeconomic benefits, then the employees potentially return the favor by taking part in activities that would improve the organization well-being, such as OCB. Similarly, Glavas (2016) notes that if a corporation goes beyond its primary objective of achieving its financial targets by participating in CSR activities, then its workers will likely go

beyond their primary job requirements by engaging in discretionary behaviors that can lead to their organizational performance. Researchers started looking at how to work related to CSR could be used in to improve employee work behaviors along with organizational commitment (Valentine and Fleischman 2008; Turker 2009; Kim et al. 2010). Considering internal CSR means that companies have a responsible approach to manage their internal stakeholders (Lee et al., 2013). Implementing responsible business practices will help businesses offer a strategic advantage by positively impacting employee loyalty (Dagiliene, 2010). Since when companies performed well as other organizations for the well-being of society and have a good reputation for Corporate Social Responsibility (CSR), their workers are prouder to be known as employees of that one company and thus perform better than others (Hogg & Terry, 2000; Tajfel, 1978). By creating a good working environment and improving marketing strategies can boost employee productivity and job satisfaction in companies. Internal aspects of the CSR are related directly to workers. In view of the fact that employee-oriented CSR practices will cause workers to feel that they share the same values with other corporate members (Dutton et al. 1994; Bartels et al. 2010), they would be more likely to participate in voluntary activities such as OCBs that help others in the community, as well as devote extra effort in achieving their job goals and high efficiency standards. (Carmeli and others, 2007).

However, Matten et al. (2003), concluded that most empirical studies tend only to concentrate on the specific aspects of CSR, such as situational or philanthropic aspects. Therefore, paying less attention to the internal aspects of CSR. Cornelius et al. (2008) noted who published that the entire focus among scholars on CSR is primarily the social

impact of businesses on the communities they serve, plus external responsibilities of stakeholders.

Therefore, initiating a study on Internal CSR activities that businesses are supposed to go beyond, financial, moral, legal, and discretionary to fill such a gap (Albdour and Altarawneh, 2012). It specifically defines internal CSR as initiatives provided to workers by companies or corporations as their key internal stakeholders, as opposed to the much more known corporate social responsibility which requires initiatives to support external stakeholders such as societies. Past CSR literature shows that it has a positive role in companies' success. However, CSR literature is done much less in a behavioral context, explicitly exploring the influence of Internal CSR on attitudes and behaviors in the workplace (Lee and Kim, 2013). Zink (2005) stresses the critical importance of stakeholder focus within an Internal CSR program as a condition for sustainability. CSR research was originally carried out at an organizational level (Park, Choi, & Kim, 2012). More recently, the problem has continued to be studied at the micro-level and has been shown to be strongly related to employee performance, OCB, and commitment to organization (OCB; Park et al., 2012). CSR for workers may express itself in a variety of ways, including improved job flexibility, fair remuneration, career development incentives opportunities and organizational engagement (Turker 2009a).

*H1: Internal CSR has positively affected the OCB.*

### **2.8.2 Internal CSR and OCB: Mediating role of AOC:**

Affective organizational commitment to employee enhance job relationship, identity and participation in the company has been widely studied in OCB research due to its effect on the actions of employees. It is believed that workers who connect with their organizations

appear to work harder and have positive effect job results. (Meyer et al; 2002). Tran et al. (2020) found that employees who have higher level of job satisfaction are more affectively committed with their organization. This is only possible if organizations improve their ICSR strategies towards their employees. Moreover, employees of socially responsible organizations show higher commitment and are more likely to be proud of being part of this organization (Bartel, 2001; Fu et al., 2014; Turker, 2009). Working for a politically progressive company, strengthens employee sense of significance and intent at work and increases employee self-value. It enhances organization 's credibility that helps in recruiting high-potential and highly motivated employees (Peterson, 2004; Sharma et al., 2009). Nguyen et al. (2020) has also found a strong evidence that incorporating ICSR positively influence AOC.

It has been empirically found the connection between CSR and AOC. It has been found that participating in social welfare projects led to positive social interactions between staff members, which improves self-worth and firm identification. Workers of socially responsible businesses are often prouder to be members of these organizations, while also strengthening their affective contribution to the company (Fu et al., 2014). A socially insensitive firms intensify the social association of workers with the company (Miller and Skidmore, 2004). Similarly, it is suggested that inadequate knowledge of the human aspect is one of the key failures for implementing quality management techniques. CSR positively affects employee OC because workers gain greater satisfaction in their jobs (Maignan et al., 1999). OCB and AOC performed by staff members will strengthen overall job performance leading to effective management and organizational efficiency (Chen et al., 2006; Dixit and Bhati, 2012).

According to Rayton (2013), the more companies take care of their own staff and give them vocational training, regular counseling, and gratitude, the more they receive their loyalty and prevent them to look for other opportunities elsewhere. The researchers define Internal CSR as a company plan for investing in their workforce through various strategies such as education and training, employee engagement programs, insurance plans, health facilities, balance work schedules etc. These kinds of strategies enable the organization to retain its employees and foster its commitment which finally led them to do best in their workplace Carroll and Lee (2011). It aims at fostering employee participation and ownership, which involves a great deal of effort from the business side to incorporate those sentiments into the employees. (Petridou and Gkorezis 2008). It outlines both protecting the worker and maintaining a healthy relationship between the employee as well as the employer. If employees feel that their organization take care of their needs those of their colleagues, the business shares similar beliefs and thereby achieve high levels of corporate commitment. The company will therefore likely have a significant public reputation as a good employer by taking care of the workers welfare (Hofman and Newman 2014). This is going to further boost the self-esteem of workers and eventually affect their contribution to organization.

Prior research has shown that when individuals feel their company values them, they tend to show higher commitment to their employer (Eisenberger et al., 1986). The basic assumptions of the theory of social exchange (Blau, 1964) provide a reasonable rationale of the association among perceived support and commitment. Social exchange theory suggests that employees add considerable value to their organization's feeling of being cared for and respected, and that they tend to act accordingly. If people receive positive



responses, they appear to have a positive reaction and respond positively to such positive behaviors (Gouldner, 1960). Previous research demonstrates that, people will likely build a stronger engagement when they feel they trust their employer (Eisenberger et al., 1986). So, they feel they owe a positive response because their organization supports and encourages the staff. This attitude transforms not only into an obligation to work hard to attain goals, but greater loyalty, and a greater willingness to stay in the current company (Eisenberger et al., 1986). The presence of socially responsible policies and procedures within an organization is one of the most critical aspects of employee engagement at this moment. By promulgating CSR principles an organization usually adheres to those values (McShane & Cunningham, 2012). Empirical studies indicate that recognizing successful socially responsible activities increases the worker's corporate participation in line with these claims (Ali, Rehman, & Ali, 2010).

In the sense of organizational behavior, CSR's predicted positive effects are directly linked to CSR employee expectations (Colquitt et al., 2001; Greening & Turban, 2000), because employees are more likely to assess and respond to CSR activities than to participate in the adoption of CSR policy (Rupp et al., 2006). For example, when workers feel that society considers their company respectable and when prestige and reputation are linked to social welfare efforts of the company, employees identify themselves strongly with their organization goals (Jones, 2010).

In the banking sector, OCBs adhere to conduct patterns that do not form part of the role assigned to employees; that is, that are not specifically linked to their success but still benefit the entity. That's why staff feel an improvement in their sense of unity, express a desire to remain with that organization showing prosocial behavioral motives and make

an additional commitment that is directly beneficial for the company (Mosholder, Richardson & Seton, 2011). In this regard, employees believe that a reciprocal relationship must exist in this way; if the company transfers certain rewards and benefits to their workers and the society, it is their responsibility that they must give something back to their company (Blau, 1964). So, the principle of the social exchange suggests that OC has a positive effect on OCBs, and it claim has been confirmed by empirical studies (Gong, Chang, & Cheung, 2010). There has been no conclusive study to date that analyzed the impact of Internal CSR on OCB in the domain of the AOC in banking sector context.

*H2: AOC mediates the positive relationship between Internal CSR and OCB.*

### **2.8.3 Moderating role of WE between Internal CSR and OC:**

The term ethics is defined as applying moral principal to existing problems (Wines & Napier 1992). Johnson (1958) said ethics is the art of behavior. Ethics is defined as principles and actions that are right at the workplace for individuals. Ethics is the term for our principles or positive behaviors. WE are the accepted principles, which differentiate between right and wrong (Beekun 1997). It requires basic standards that should be applied at the place of work. It is the faith in the work's ethical value and significance, and its fundamental capacity to build character. WE include commitment, teamwork, initiative, obligation, imagination, and social relationships (Rice, 1999). It is a common understanding of what is an appropriate behavior and how a person should manage working situations at workplace. The ethical climate at the organizational level

demonstrates a sub-culture in each company which controls people's actions and their progress.

First, external ethics is in line with the outcome approach, as it emphasizes the ethical actions of the external stakeholders in a business (Elkington, 1997; Zadek, & Evans, 1997). External ethics can replace a highly active commitment to improving society's wellbeing (e.g., Chen, Patten, & Roberts, 2008) or a passive commitment through which a company through its economic activities benefits society (Friedman, 1970). While the implications of these types may have slight differences, the idea that a company "contributes" for the welfare of society through discretionary practices is one thing they all have in common.

Second internal ethics reflects the context strategy that applies to the company as an area of ethical operation. This dimension concerns the extent to which a firm performs its key functions and employs its staff in a manner that meets the legal and ethical standards imposed by society (Weaver, Treviño, & Cochran, 1999). Job ethics is also related to organizational integrity (Yousef, 2001; Kidron, 1979; Peterson, 2003). Organizational scholars have been researching organizational involvement in their relationships with the various features, attitudes, and behaviors of specific working conditions in their relationships. When an employee agrees with his organization's ethics. It strengthens the bond between an employee and his organization (Sharma et al., 2009). Thus, if an individual considers his ethical values to be consistent with his organization's ethical values, his intrinsic motivation, organizational support, and affective attachment will increase (Morrison, 1994; Sharma et al., 2009). The ethical value system leads to an improvement of the overall workplace environment. OCB is one of the most conclusive

outcomes of this environment (Valentine et al., 2011). Literature has shown that the ethical environment, the company culture can have a positive effect on OCB (Baker, Hunt, & Andrews, 2006; Valentine et al., 2011). The research does not provide guidance on what exactly constitutes ethical behavior. Navran (1992) defines ethical conduct as the person acting in accordance with his own principles. Fraedrich (1993) and Hunt (1990) embrace a constructionist approach and describe ethical behavior as the behavior that an organization prescribes for his employees. The company is used in this approach as the basis for deciding what is right and wrong, because any deviation from corporate standards is considered immoral (Fraedrich, 1993).

Ethical climate helps to improve firm productivity by promoting organizational support in employees' minds, which directly revitalize their contribution to the task and collective efforts to achieve organizational goals (Luria and Yagil, 2008). Employees align with the aims of the organization and remain with the company out of desire. The social exchange between the employee and the organization would be based, at least to some extent, on certain belief of shared ethic values. Perception of procedural fairness is positively related to the employee's affective commitment to the company, which in turn has to do with job performance and lower turnover (Baker et al., 2006). Workers with higher commitment show higher efficiency and productivity as well as lower absenteeism and tardiness (Chen et al., 2006; Memari et al., 2013).

The commitment at work and determination would have a positive impact in terms of prestige and loyalty (Cho and Dansereau, 2010). Ethical activities of an organization lead to the bottom line by promoting organizational engagement of employees (Chun et al., 2013). When workers experience inequity and unethical behavior in their organizational

routine, they are vulnerable to mental fatigue, demoralization, and absenteeism (Trivellas and Kakkos, 2015). As OC rises, particularly among those staff members who can positively share the ethical values of the organization.

*H3: Work ethics moderate the positive relationship with Internal CSR and AOC.*

## **CHAPTER 3**

### **METHODOLOGY**

#### **3.1 Overview:**

Research methodology is the structured way of solving the research problem "(Kothari 2004, P8). A methodology which guides researchers on how to conduct research, the procedures by which researchers can define, clarify, and predict phenomena (Rajasekar et al. 2006, p.5). A suitable research method is most important for implementation data analysis process (Rajasekar et al., 2015). This section of the research is designed to convey awareness of the strategies and procedures relevant to the research analysis. In addition, this chapter addresses study design, population, sampling strategies, methods of collecting data used for statistical analysis.

#### **3.2 Research Design:**

The research design process enables the researcher to meet the study objectives and address the research questions. Study design provides details on the sample size, data collection techniques, test methodology process and sampling methods (Saunders, 2011; Sreejesh, 2014). The present study followed the deductive reasoning to testing the hypotheses that usually explains theory that begins with the topic and ends with theoretically relevant arguments that support it. If the analysis is non-experimental then it should be explanatory in nature (Sekaran & Bougie, 2010). This research was quantitative in nature, and structured questionnaire was used as a tool for analyzing data and testing the hypotheses. The Likert scale of five points was used ranging from strongly disagree to strongly agree.

The items of questionnaire were adapted through several studies and for survey purpose such instrument was floated to different banks' branches located in twin cities i.e. Rawalpindi and Islamabad. The analysis was cross-sectional because data was collected at one point of time. After the data collection process, reliability and validity analysis was conducted to check the validity of the instrument to support our hypothesis. The descriptions of the instrument of research are given in detail in the findings and results.

### **3.3 Population of the Study:**

A population of the study includes employees working in banking sector in Rawalpindi and Islamabad. Unit of analysis could be an individual, group, gender, entity, country etc. It is a comprehensive set of common characteristics under study. Employee working in banking sector is unit of analysis of this study.

### **3.4 Sampling Technique**

Non-probability Convenience sampling technique was used for selection of samples in this study. This technique is useful because it is conveniently available and cost-effective method. This method was less rigorous and required the choosing of subjects which were easily accessible. This method of sampling was less costly and simpler for the researcher, in terms of time, money and effort (Marshall 1996). Thomas (2004) suggests that sample of around 200 cases is enough for investigation. In view of these recommendations, sample size of 250 employees was employed for this study.

### **3.5 Unit of Analysis:**

This study focused on middle level employees because they are responsible for dictating the level of creativity to be exercised within the organization, therefore the analysis is done through employees doing jobs in banks of Islamabad/Rawalpindi.

### **3.6 Method of Data Collection**

The method for collecting data was quantitative in nature. Data was collected using structured questionnaire. The questionnaire was adapted from different studies through means of the literature review. Most of the items included in the questionnaire are intended to assess the attitude and perception of the respondent and thus Likert five-point scale is considered more accurate and reasonable (Alreck and Settle, 1995; Miller, 1991). Before the questionnaire was floated, the draft was primarily submitted to some research professionals and respondent to check the validity of its face and content. The instrument was intended to quantify key research variables using a rating scale of the Five-point Likert scale, ranging from highly disagree (SDA) to strongly agree (SA).

### **3.7 Instrument design:**

The instrument included forty-eight items related to four variables. The instrument was adapted from different verified sources. The structure of the questionnaire included gender, age, qualification, and experience. Five-point Likert scale (1 = strongly disagree to 5= strongly agree) was employed to assess respondents. To measure the internal CSR of an organization a questionnaire designed by Dr. Gulfaam Khan Khalid (2006), was employed. This tool was developed to examine the Internal dimension of CSR. This instrument comprises of 15 items. Questions regarding flexible policies, work life balance and fairness to coo-workers were also incorporated. level of Internal CSR. To measure



the OCB of employees developed by (Smith et, al 1983) and (Mackenzie and Podsakoff 1989) was used. Questions covered different dimensions including conscientiousness, Altruism, courtesy, and Sportsmanship. To measure the mediator of the study i.e., Affective Organizational Commitment, (Meyer and Allen 1997) was used. The moderator of the study was assessed using (Buchholz 1977).

**Table 3.1 Instrument adaption**

<b>Variables</b>	<b>No. of items</b>	<b>Sources</b>
<b>Internal Corporate Social Responsibility</b>	15	Dr. Gulfaam Khan Khalid
<b>Organizational Citizenship Behavior</b>	18	Mackenzie and Podsakoff, (1989)
<b>Affective Organizational Commitment</b>	8	Meyer and Allen 1997
<b>Work Ethics</b>	7	Buchholz, 1977

### **3.8 Statistical Tool Applied:**

This study used regression analysis for examining hypothesis. Regression analysis is a statistical tool used for investigating the magnitude of relation among variables under study (Sykes 1993, p. 2). As the theoretical framework of current study measured the influence of Internal CSR activities on OCBs of employees working in the banking sector of Pakistan. So, hypothesis based on this framework using linear regression to investigate the relationship among different variables.

Following regression model is used for testing the hypothesis:

$$Y_i = a + b_1x_i + e_i$$

Where:

$Y_i$  = dependent variable

$a$  = constant

$b_1$  = beta coefficient

$X_i$  = independent variable.

### **3.9 Problems in Data Collection**

A variety of problems have been experienced when gathering data for this study, since surveys are rarely performed internally in organizations. Banking is usually a broad structure with formal regulations and laws. Banking industry is typically one of very busy industry in Pakistan, as it has to deal with all the cash and other financial assets of a country e.g. accepting deposits, granting loans, advances, cash, credit, undertaking of safe case study of valuables. So, banks are basically very sensitive and busy industry regarding Financial Responsibility of general Public as well as government Institutions.

Banking industry is typically one of very busy industry in Pakistan, as it has to deal with all the cash and other financial assets of a country e.g. accepting deposits, granting loans, advances, cash, credit, undertaking of safe case study of valuables. So, banks are basically very sensitive and busy industry regarding Financial Responsibility of general Public as well as government Institutions. Taking time for 10 mins questionnaire is quite difficult for them. Secondly without reference getting

your questionnaire done in appropriate way was also quite challenging and difficult task. Despite having reference, the answers to the mentioned questions are not up to the mark. The major reason behind this is that employees are reluctant to answer the questions correctly as they might feel that answering the questions correctly might cause a reason that organization would lose its confidentiality. Employees are reluctant to answer because they might feel that answering any question openly might create problems for them. A root problem exists at the managerial level. Taking time from managers and explaining each question is basically necessary and requires their time and attention. Secondly employees working in banking sector are highly busy individuals as they must deal with all the transaction soundly and very carefully. So, it is a major task to let them know how to answer the question.

Moreover, the most important issue that generally employees feel is that they do not understand the question that is being asked and fill them without having deep understanding of what is being asked.

### **3.10 Demographics:**

Demographics of the data are as follows: Gender, 1 = male, 2 = female. Experience is categorized into 5 categories where employees from 18 years to 50 and above were taken. Experience is divided into 5 categories. Level 1 includes employees with 1 – 5 years of experience. Level 2 consider employees with 6 – 10 years of work experience in any organization. Level 3 considers employees having work experience from 11 – 15 years. Level four has employees with 16-20 years of work experience. Level five considers employees with 21 or more than 21 years of experience. Qualification includes 3 levels of education. Intermediate, Graduation and Master level & above.

There is total 250 respondents including 61.6% males and 38.4% female respondents. 44.4 % of respondents include 1-5 years of work experience. 26.4 % have more than 5 years of experience. 14.4 of employees are senior employees having 11-15 years of work experience. There are 9.2 % of workers having 16 to 20 years of job experience. 5.6 % are very senior officials having more than 21 years' experience of work.

Age frequency table reveals that 29.2% of employees are of young age which falls in the category of age between 18 – 25. Employees belong to age group 26-33 are 38% that reveals that most of the respondents fall in this age group. Age frequency of people fall in age category 34-41 are 15.2 %. Workers age between 42-49 are 12.8%. The most senior age group 50 and above are 4.8 %.

**Table 3.2** *Gender Descriptive*

	<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentage</b>	<b>Cumulative Percentage</b>
<b>Male</b>	154	61.6	61.6	
<b>Female</b>	96	38.4	38.4	
<b>Total</b>	250	100.0	100.0	

**Table 3.3***Experience Descriptive*

	<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentag e</b>	<b>Cumulative Percentage</b>
<b>1-5</b>	111	44.4	44.4	70.8
<b>6-10</b>	66	26.4	26.4	85.2
<b>11—15</b>	36	14.4	14.4	94.4
<b>16-20</b>	23	9.2	9.2	100.0
<b>21 &amp; above</b>	14	5.6	5.6	
<b>Total</b>	250	100.0	100.0	

**Table 3.4** *Qualification Descriptive*

	<b>Frequenc y</b>	<b>Percentage</b>	<b>Valid Percentag e</b>	<b>Cumulative Percentage</b>
<b>Intermediate</b>	31	12.4	12.4	12.4
<b>Graduation</b>	108	43.2	43.2	55.6
<b>Masters and Above</b>	111	44.4	44.4	100.0
<b>Total</b>	250	100.0	100.0	

**Table 3.5** *Age Descriptive*

	<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentag e</b>	<b>Cumulative Percentage</b>
<b>18-25</b>	73	29.2	29.2	29.2
<b>26-33</b>	95	38.0	38.0	67.2
<b>34—41</b>	38	15.2	15.2	82.4
<b>42-49</b>	32	12.8	12.8	95.2
<b>50 &amp; above</b>	12	4.8	4.8	100.0
<b>Total</b>	250	100.0	100.0	

## **CHAPTER 4**

### **DATA ANALYSIS**

Data Analysis was used to systematically test and evaluate data using analytical and logical reasoning of the data under study. The major reason behind data analysis was to find the meaning of the research. So that the knowledge gained from the research can be used to help in the organizations and markets to make reasonable decisions regarding issues.

#### **4.1 Reliability Analysis**

Reliability of the instrument is analyzed in order to check the accuracy of the results.

Reliability is defined as the extent to which items are correlated to measure the same concept. Cronbach's alpha was employed for reliability estimates of the instruments.

Cronbach's alpha is the most accepted form of reliability estimates which is used to measure and confirm the reliability of the collected data. Its index ranging from 0 to 1 and value 0.70 is considered the lower limit of its acceptance.

Table 4.1 shows the Cronbach's alpha is 0.792 for ICSR which is higher than 0.70 and provides strong reliability evidence for using this questionnaire in research for ICSR for employees. The Cronbach's alpha for eighteen items taken from questionnaire for measuring organizational citizenship behavior is 0.840 indicating the appropriateness of using this questionnaire in research. Reliability statistics alpha for 7 items used to measure employee's Affective commitment is 0.791. Reliability statistics for Work

Ethics is 0.736 which is higher than 0.70 provides strong reliability evidence for using this questionnaire.

**Table 4.1**  
*Reliability of variables*

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>No. of Items</b>
<b>ICSR</b>	0.792	15
<b>OCB</b>	0.840	18
<b>AOC</b>	0.791	7
<b>WE</b>	0.736	8

#### **4.2 Validity Analysis**

Validation is known to be the significant test for the study, providing vigorous confirmation of the research method. Content and construct validity remain areas of concern to be discussed in the case of the survey instrument. Construct validity is considered important, as to ensure that items in the construct are truly representative of the construct under study (Hair et al; 2010).

Research practitioners and traditional respondents have tested the content validity of the methods, according to which there is no issue of common variance. The emphasis was then on developing the divergent and convergent validities of constructs since their coefficients provide the basis for the validity of the construct to be accepted or rejected. Divergent validity aims to determine the degree to which there is a notable variation between various constructs or variables, while convergent validity helps to assess the correlation level between various items of the same construct (Hair et al., 2006).



Convergent validity can be examined by obtaining the value of Composite Reliability (CR) and Average Variance Extracted (AVE) (Hair et al; 2014). The value of CR must lie between 0 and 1 and AVE must be greater than 0.5, which shows the presence of convergent validity among variables (Bagozzi 1995). In case of divergent validity values of Shared Maximum Variance (MSV) must be less than the value of AVE which shows that there is no issue in the data (Hair et al; 2014).

**Table 4.2** *Construct Validities:*

	<b>CR</b>	<b>AVE</b>	<b>MSV</b>
<b>ICSR</b>	0.841	0.597	0.492
<b>OCB</b>	0.836	0.528	0.327
<b>AOC</b>	0.872	0.592	0.127
<b>WE</b>	0.789	0.639	0.278

### 4.3 Descriptive Statistics

The table given below is the result of descriptive statistics test which lets us know about the data in a concise manner. By studying this table, we can get a general overview of our data. It is important to know about the data we collected because it is helpful in running further tests. This table has numerous values compiled in rows and columns. Each row has different variable listed in a horizontal list and each column has different aspects of data. Such as sample size let us knows about the number of respondents of our data. In our case the number of respondents is 250 against all variables.

Minimum and Maximum values let us know about what lowest and highest value are given by respondents. Means tell us about the average value of response given by respondents and standard deviation states the deviation from the mean.

**Table 4.3** *Descriptive and Normality Statistics*

	N	Min	Max	Mean	Std. Deviation	Skewness		Kurtosis	
						Statistics	Std. Error	Statistics	Std. Error
ICSR	25	2.40	5.00	3.6317	.53008	.499	.154	-.374	.307
	0								
OCB	25	2.33	4.72	3.5200	.53523	.188	.154	-.589	.307
	0								
WE	25	1.71	5.00	3.6137	.63075	-.155	.154	-.440	.307
	0								
AOC	25	2.13	5.00	3.5205	.66646	.482	.154	-.501	.307
	0								
Valid (listwise)	N 25								
	0								

#### 4.3.1 Normality Test for Internal CSR

"A common rule of thumb test for normality is to run descriptive statistics to get skewness and kurtosis, and then divide these by the standard errors. Skewness should be within +2 TO - 2 range when the data are normally distributed. Some authors use +1 to -1 as a more stringent criterion when normality is critical. Kurtosis should be within +2 TO

2 range when the data are Normally distributed. Some authors use the more lenient +3 to -3, while others use +1 to -1 as a more stringent criterion when normality is critical" (Garson 2012, p. 18,19). Table 4.1 revealed that skewness and kurtosis values for Internal CSR were 0.499 and -0.374 respectively. These values fulfill the above stated criterion and indicated normality of the data.

#### **4.3.2 Normality Test for Organizational Citizenship Behavior**

"A rule of thumb is Skewness should be within +2 TO - 2 range when the data are normally distributed. Some authors use +1 to -1 as a more stringent criterion when normality is critical. Kurtosis should be within +2 TO -2 range when the data are normally distributed. Some

authors use the more lenient +3 to -3, while others use +1 to -1 as a more stringent criterion

normality is critical" (Garson 2012, p. 18,19). Table 4.2 revealed that skewness and kurtosis values for Organizational Citizenship Behavior were .188 and -.589 respectively.

These values fulfilled the above stated criterion and indicate normality of the data.

#### **4.3.3 Normality Test for AOC:**

A common rule of thumb is Skewness should be within +2 TO - 2 range when the data are normally distributed. Some authors use +1 to -1 as a more stringent criterion when normality is

Critical. kurtosis should be within +2 TO -2 range when the data are normally distributed.

Some authors use the more lenient +3 to -3, while others use +1 to -1 as a more stringent criterion when normality is critical" (Garson 2012, p.18,19). Table 4.3 revealed that

skewness and kurtosis value for AOC were 0.482 and -0.501 respectively. These values fulfilled the above stated criterion and indicate normality of the data.

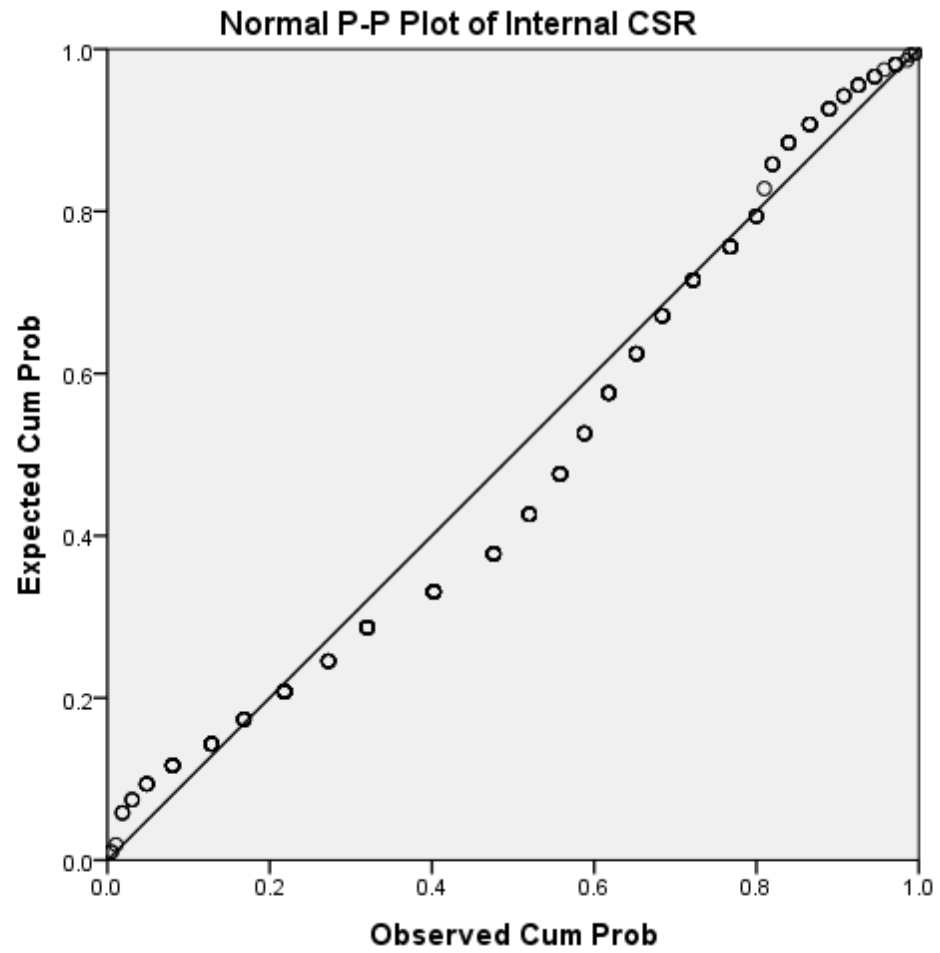
#### **4.3.4 Normality Test for Work Ethics:**

A common rule of thumb is Skewness should be within +2 TO - 2 range when the data are normally distributed. Some authors use +1 to -1 as a more stringent criterion when normality is Critical. kurtosis should be within +2 TO -2 range when the data are normally distributed. Some authors use the more lenient +3 to -3, while others use +1 to -1 as a more stringent criterion when normality is critical" (Garson 2012, p.18,19). Table 4.4 revealed that skewness and kurtosis value for Work Ethics are -0.155 were -0.440 respectively. These values fulfilled the above stated criterion and indicate normality of the data.

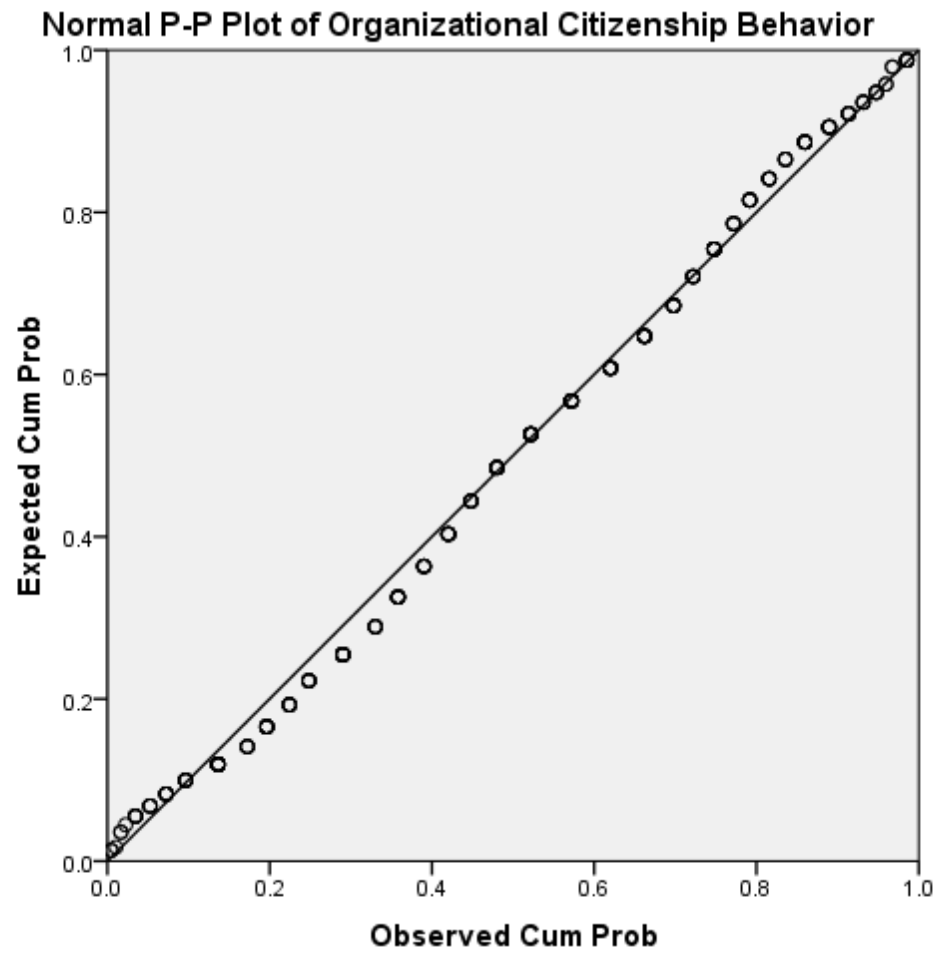
#### **4.3.5 Multivariate Normality of the data:**

Figure below normal P-P plots for viable performance of simple linear regression. The normal P-P plots are drawn to testify that either the residuals or error terms are normally distributed or not. It was observed that the actual and expected values are finely distributed along 45o. Therefore, figure 4.1, 4.2, 4.3 and 4.4 is drawn to meet the assumption of normality of all variables for regression analysis.

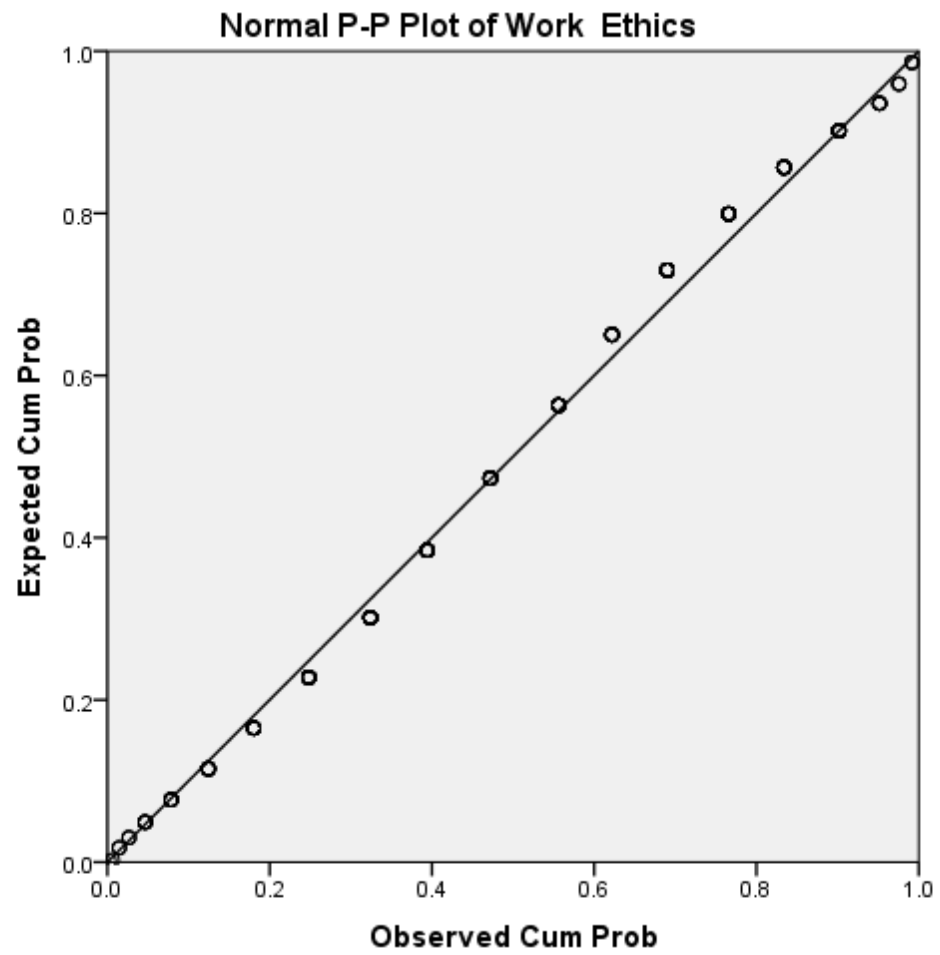
*Figure 4.1: Normal P-P Plot of Regression Standardized Residuals of Internal CSR*



**Figure 4.2:** Normal P-P Plot of Regression Standardized Residuals of Organizational Citizenship Behavior



**Figure 4.3:** Normal P-P Plot of Regression Standardized Residuals of Affective Organizational Commitment



**Figure 4.4:** Normal P-P Plot of Regression Standardized Residuals of Work Ethics





#### 4.4 Correlation:

"Two variables are said to be correlated if they tend to simultaneously vary in the same direction. If they tend to increase or decrease together the correlation is said to be positive" (Hair et al. 1998). So, correlation analyses for hypotheses of this study has conducted to examine the degree of association (either negative or positive) between variables.

Correlation test was conducted to test the relationship among variables. Correlation was performed to check the relationship among variables under study. The relationship was examined in perspective of variables moving in the same or opposite direction. Pearson correlation method was used mainly to examine the dependence between variables and to measure their strength. The value of correlation ranges from +1 to – 1. Values with positive sign shows that there exists a positive relationship among both the variables and negative sign shows negative relationship among variables. On the other hand, if the value of correlation is zero this means correlation does not exist among the variables. In the table below all values show positive relation with among variables under study.

**Table 4.4** *Correlation Coefficients between variables of Model*

	<b>ICSR</b>	<b>WE</b>	<b>AOC</b>	<b>OCB</b>
<b>ICSR</b>	1			
<b>WE</b>	.357**	1		
<b>AOC</b>	.355**	.839**	1	
<b>OCB</b>	.704**	.488**	.516**	1

\*\**. Correlation is significant at the 0.01 level (2-tailed)*

## **4.5 Regression Analysis**

The regression analysis for this study was conducted by using simple linear regression, in which effect of one variable was observed on the other variable. The variable which effects is called independent variable or predictor. On the other hand, the variable which is affected is called dependent variable or predicted. Regression analysis gave us two main results, whether Independent variable effects Dependent variable, in other words, does change in independent variable causes change in dependent variable? In addition to this, regression analysis also allowed us to know that how much change was caused in the dependent variable in response to change in independent variable.

### **4.5.1 Anova**

Below ANOVA table tells about the model fit. Model fit means that whether our data was fit in accordance with data. If the F value is significant then it means that our model is fit with the data. This was the first indicator that analysis is going in right direction and it was safe to proceed further. The model fit was basically comparison between the actual data and anticipated data. F stats is significant in condition where anticipated data and actual data are same. If the value is not significant then it becomes mandatory to revisit the model. In our case the F stats is highly significant ( $P > 0.05$ ) so it is safe to say that our model is fit with the data.

**Table 4.5 ANOVA<sup>a</sup>**

Model	Sum of Square	df	Mean Square	F	Sig.
Regression	31.898	1	31.898	200.600	.000 <sup>b</sup>
Residual	39.435	248	.159		
Total	71.332	249			

1. *Dependent Variable: Organizational Citizenship Behavior*

2. *Predictors: (Constant), Internal CSR*

#### 4.5.2 Model Summary

The table below is of **model summary** is most important and basic table in the regression analysis. Values in this table tell us the extent to which Predicted variable was affected by predictor variable. it explained the variation caused in the independent variable because of variation in dependent variable. the simple R value in this table was basically Pearson correlation between independent Variable (Internal CSR) and Dependent Variable (Organizational Citizenship Behavior).

In model summary two values are of worth consideration. One is R and other is R square. R is simple Pearson correlation as discussed before R Square tells about the percent of change in predicted variable explained by predictor variable. In our results the R is 0.669, on taking it square value we get is 0.447. Thus, from these values we can say that 44.7% change in Organizational Citizenship Behavior caused by Internal CSR.

**Table 4.6** *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.669 <sup>a</sup>	.447	.445	.39876

*a. Predictors: (Constant), Internal CSR*

### 4.5.3 Coefficient

The last table of simple linear regression analysis is of coefficients. This was the 3<sup>rd</sup> step in analysis. First one was to check model fit which was done through observing ANOVA table, second was percentage of change in DV explained by IV. After getting required values from first two steps now its turn of the third value which is decisive value to reject or accept first hypothesis.

To accept or reject hypothesis 1, P Value of Internal CSR needs to be observed, if the P value is less than 0.05 then the hypothesis 1 is accepted. In the table below P value is less than 0.05 ( $P < 0.05$ ). The second value which was required to be observe to complete regression analysis was Standardized Coefficients Beta. The value of  $b = 0.669$  explained that change of one standard deviation in independent variable (Internal CSR) causes a change of 0.669 in Dependent Variable (OCB). Hence **Hypothesis 1 is accepted.**

**Table 4.7** *Coefficients<sup>a</sup>*

<i>Model</i>	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
1 (Constant)	1.068	.175		6.103	.000
Internal CSR	.675	.048	.669	14.163	.000

1. *Dependent Variable: OCB*

*H1: Internal CSR has positive relationship with OCB Accepted*

#### 4.5.4 Mediation Analysis

Mediating role of the AOC was explored by using PROCESS macros by Andrew Hayes. While conducting analysis our sample was raised to 5000 by using bootstrap option. Confidence interval was 95% and most importantly Model 4 was selected which is specially dedicated for mediation analysis. In addition to this “Total Effect Model” and “Effect Size” were selected. The results from this analysis were according to our expectations and hypothesis 2 which stated the occurrence of mediation was supported and accepted.

The effect size in total effect was 0.6752, standard error was 0.0477 while Lower-Level Confidence Interval was 0.5813 and Upper Limit Confidence Interval was 0.7691. In the case of direct effect, the direct effect size was 0.5236 and standard error was 0.0527 while Lower-Level Confidence Interval was 0.4198 and Upper Limit Confidence Interval was 0.6273.

The most important effect which is the “Indirect Effect” reports the indirect effect caused by mediator AOC on the Dependent Variable which is Organizational Citizenship

Behavior. To decide whether AOC mediates or not we have to observe the values of Lower Limit Confidence Interval and Upper Limit Confidence Interval. If there is Zero between both limits, then mediation does not occur but if there is no zero between them then it means that mediation exists. This Confidence Interval gives us a rough idea of population value of indirect effect. From the results we got, it shows that population value is not zero or it is unlikely to be zero. The indirect effect is most important effect in this part of analysis because it tells about that whether mediation has occurred or not. In this case the results showed the significance of indirect path i.e. mediation path.

In order to further test the significance of mediation, Table 4.8 reveals the mediation effect using Sobel Analysis,  $p < 0.001$ , which indicates that AOC mediates the positive relationship between ICSR and OCB. This proves our second hypothesis according to which AOC mediate the relationship among Internal CSR and OCB. We see that bootstrap confidence interval includes zero or not, this CI gives us a rough idea of population value of indirect effect is. From the results we got it shows that population value is not zero or it is unlikely to be zero.

**Table 4.8** *Mediation Analysis*

<b>Effect</b>	<b>Effect Size</b>	<b>S.E</b>	<b>LLCI</b>	<b>ULCI</b>	<b>P</b>
Total Effect	.6752	.0477	.5813	.7691	.0000
Direct Effect	.5236	.0527	.4198	.6273	.0000
Indirect Effect	.1516	.0365	.0832	.2244	.0000

**Table 4.9** Normal theory tests for indirect effect:

<b>B</b>	<b>SE</b>	<b>Z</b>	<b>P</b>
.1516	.0317	4.7806	.0000

*H2: AOC mediates the positive relationship between Internal CSR and OCB. Accepted*

#### 4.5.5 Moderation Analysis

Moderation analysis is the method in which the moderating effect of a variable is measured, and it is checked that whether a variable is acting as a moderator between two variables or not. Moderator can play commonly two type of role; in one condition it could increase or decrease the strength of relation, and second condition is the change in the affect direction. The current analysis was conducted by using PROCESS macro developed by Andrew Hayes. To conduct this test Model 1 was used while bootstrap raised sample to 5000 and confidence interval was setup at 95%. PROCESS macro can auto generate an interaction term and further test its effect on mediator. In our case the interaction term (ICSRxWE) was between Internal CSR and Work Ethics and its effect was being tested on AOC.

**Table 4.10: Moderation Analysis**

<b>Variables</b>	<b>B</b>	<b>SE</b>	<b>T</b>	<b>P</b>	<b>Bootstrap results for indirect effects</b>	
<b>Constant</b>	3.4790	0.0387	89.8900	0.0000	3.4028	3.5552
<b>Int_ Term</b>	0.2197	0.0998	2.2026	0.0000	0.0232	0.4162

*Un-standardized regression coefficient reported. Bootstrap sample size was 5000. Confidence Interval = 95%, N = 250, \* p < .05; \*\* p < .01; \*\*\*p < .001*

Table 4.10 shows that Work Ethics moderates the positive relationship with ICSR and AOC such that those organizations who take care of their workers who exhibit strong work ethic behaviors, their affective organization commitment also increases. Table 4.8, results provide an explanation for hypothesis 3. The interaction term of “ICSR and WE” moderates on the relationship of “ICSR and AOC” has the lower and upper-level confidence interval of 0.0232 and 0.4162 and both have the same sign and no zero is present. Similarly, the interaction term specified positive and significant regression coefficient ( $\beta=0.2197^*$ ,  $p=0.0285^*$ ) means that WE moderate the relationship among ICSR and AOC, such that ICSR has a stronger positive relationship with AOC for employees who have greater WE than those who have low.

**Table 4.11:** *Conditional effect of X on Y at values of the moderator:*

<b>B</b>	<b>SE</b>	<b>T</b>	<b>P</b>	<b>LLCI</b>	<b>ULCI</b>
.2083	.1174	1.7740	.0773	-.0230	.4397
.4855	.0863	5.6291	.0000	.3156	.6554

Slope test shows that the positive relation between internal CSR and AOC exists and strongest when employees hold high work ethics ( $b_I= 0.485$ ,  $SE = .086$ ,  $t = 5.629$ ,  $p = .000$ ) and the relation does not exist or weakest when employees hold low work ethics ( $b_I= 0.2083$ ,  $SE = .117$ ,  $t = 1.774$ ,  $p = .077$ ). Hence, we conclude that H3 is accepted for moderation.



Figure 4.5 represents the graphical explanation of Hypothesis 3.

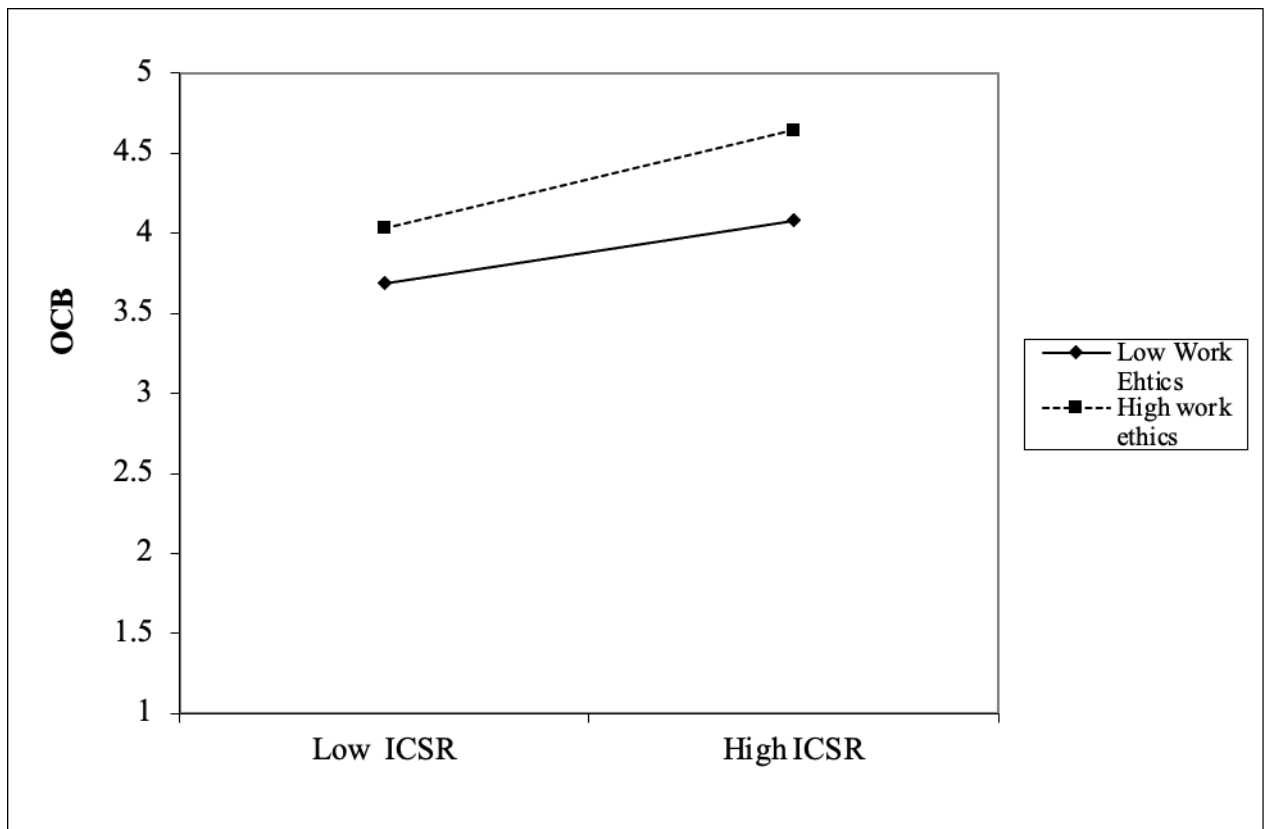


Figure 4.5: Interaction Graph

Simple slope for moderator is specified in figure 4.5. As shown in the figure, the slope of the relationship between ICSR and AOC is stronger for employees who shows strong ethical values their workplace.

**H3: WE moderate the positive relationship with Internal CSR and AOC Accepted**

## CHAPTER 5

### CONCLUSION AND RECOMENDATIONS

#### 5.1 Conclusion

The role of employees in every organization and how organizational CSR actions towards their employees could affect their attitudes towards the organization and towards other individuals employed in the organization and how these attitudes could positively impact the work environment. Employees are the building block for every organization. Any organization's functioning is highly dependent on its employees. In this dynamic environment where the companies just compete with their employees by mental intelligence. All those organizations that gain competitive edge over the others are simply due to having strong workforce. Even though human resources are so important in any organization, this dimension of CSR is still given less importance. Prosocial and constructive activities of workers have a major effect on job-related indicators, such as job involvement, in-role productivity, and turnover ( Hur, & Choi, 2018), which were considered important for competitive edge over others (Datta, Guthrie, & Wright, 2005). Accordingly, Internal CSR programs strengthen the competitiveness by developing a workforce that efficiently follows the business plan of the company, increasing the efficiency of the organization (M. Farooq, Farooq, et al., 2014). Every company therefore perform better to undertake multiple internal CSR programs with a view to promoting the prosocial or positive attitudes of its employees. Managers should pay special attention to internal CSR programs, however that is often ignored comparatively. Employees, for example, raise their external credibility, by informing staff members of various external CSR programs on the company's network, on the office notice board, thereby stimulating

constructive social behavior. Employees who connect spiritually with their employers, adopt ethical values of their company and are more likely to build involvement with the organization and increase OCBs, thus providing a direct significant impact on work quality, innovation, and strong work performance. High AOC and OCB make interpersonal relationships simpler, reduce conflicts and improve performance. Engagement of employees is extremely proven as an efficient method for enhancing organizational effectiveness (Lin et al 2010; Wei 2014). When a firm operates and learns to adjust and be adaptive, and to adjust and incorporate with the changing needs (Schein, 1990). Solid company culture incorporates possess strong ethical values, creates strategies that assist workers, and enhances OC leading to growth of HR and higher levels of job efficiency.

Through literature analysis, it is understood that employee in an organization was an overlooked area in CSR (Glavas, 2016), with more emphasis paid on organization success and performance rather on the organization's workers (Weiss and Rupp, 2011). Recent literature on CSR, however, indicates that the push for CSR has also been found inclined towards employees over the last decade. Many of the world's organizations, had start recognizing the value of human capital in the organization and their value and importance in any organization. Thus, the next phase of CSR 2000 through 2050 concentrate on sustainability CSR Frederick, (2016). Employees are the foundation of development at any organization. In addition, they are employees of any company that creates and implements the CSR plans. Satisfied staff always create healthy and successful organization. They reciprocate positive behavior towards workplace when they found organizations values correspond with their personal beliefs (Jones, 2010). In

addition, employees as participants are the major building block behind any organization and particularly good employees play an effective role in gaining competitive advantage over others, but most of the organizations especially in developing countries like Pakistan overlooked the true value of employees. As a result, focusing on SDGs 2030 to boost the level of corporate social responsibility in Pakistani organizations. Pakistan's government is taking an action by passing the bill for the very first time in the world at a national assembly in 2016 to adopt United Nations Social Development Goals through its National Plan 2025.

The uniqueness of this study is that it has the associations between organizational internal CSR activities towards its employees could influence their positive and extra role attitudes that is beneficial for the company as well as the organization via the lens of Stakeholder theory and put light on the impact of internal CSR on employee attitude & behavior towards organization as well individuals at the workplace. This is the unique research under consideration in micro-CSR and their attitude and behavior as OCB in Pakistan. Furthermore, the finding suggests that an increased number of organizational Internal CSR activities are viewed as constructive organizational aid that contributes to employee positive attitudes and establishes an emotional bond between organizational workers. It is therefore imperative for the management to be aware, vigilant, and conscious before making Internal CSR strategies in the organization.

Moreover, our research adds to the CSR literature by explaining the primary impact of CSR programs internally. Second, it sheds new light in the literature on micro-CSR by analyzing the differential effects on prosocial behavior (i.e., OCB). This study is the first to demonstrate the behavioral effects of Internal CSR of employees on their

prosocial attitude through the view of stakeholder theory. In comparison to the current body of workplace-related micro-CSR literature, the outcome of our research suggests that Internal CSR play a significant role in shaping prosocial behaviors of its workers in Pakistani context.

Moreover, previous studies had put less attention to what type of CSR activity is beneficial in provoking or enhancing the behaviors and performance of employees in countries such as Pakistan.

The objectives of this research are to explore the equally supportive causal relation between Internal CSR and OCB strategies through work engagement on constructive behavior. Most of the previous studies focused on AOC and OCB. However, in this research we add WE in the relationship between CSR and AOC. This research supported several earlier studies that examined the causal relationship of WE activities on Internal CSR and OCB.

## **5.2 Managerial Implications:**

Top ethical management leadership serve as a systematic enabler for ethical procedures, as top managers express ethical principles and values. The ethical principles and behavior of top management are essential to organizational performance (Shin et al., 2015). Developing corporate-level ethical values can result in higher levels of moral behavior by individuals within the business through its impact on other organizational outcomes (Baker et al., 2006). Even though in regards of reputation and loyalty, employees are positively influenced by enthusiasm at work, commitment, encouragement, and motivation provided by ethical leadership (Cho and Dansereau, 2010). As OC increases,

particularly among those employees who can share strong ethical values, ethical conduct is expected to be further enhanced.

Higher WE levels are also supposed to be correlated favorably with the enhanced OCBs that the company seeks (Baker et al, 2006). Top managers should construct and preserve ethical principles within the company, and therefore ethical leadership can be positively linked to the ethical values and standards of the organization, which is in fact necessary for the OCB at the firm level (Shin et al, 2015). If top managers exhibit a high degree of ethical leadership, employees are likely to take their decisions and engage in more constructive activities (Mayer et al., 2009). Turnipseed (2002) found more OCBs often demonstrated by people who ranked higher in ethical terms. OCB supports colleagues, promotes the organization outside the workplace and offers volunteers for additional job activities (Organ and Ryan, 1995).

### **5.3 Significance of The Research**

#### **5.3.1 Significance to Academicians**

This study may support or attract academics and research scholars working in the fields of organizational behavior, personnel management and organizational management though not limited to these fields.

a. This study is based on comprehensive theoretical framework to understand the effect of Internal CSR on OCB in bank employees of Pakistan. The results add to the current available literature in the field of banking sector and perception of employees regarding their organization in banking sector within the developing countries, as earlier studies were conducted mostly in developed countries.

b. The selected variables were tested among bank staff members located in twin cities of Pakistan. Therefore, providing a perspective about how banking sector view and value these variables.

c. This study described how OC mediates relationship between internal CSR and in OCB. A mediated commitment model will provide literature with a psychologically based description for the relationship between Internal CSR and OCB.

### **5.3.2 Significance to Bank Employees**

a. The findings of this study have some practical significance to the bank employees of Pakistan. It will provide information about causes and consequences of Internal CSR on employee's perception and their work behaviors. Moreover, the findings of this study will enable the bank employees to understand the significant role of OCB on organizational their performance.

a. The results of this study will help the bank employees to understand the effects of work ethical environment on commitment of employees and on employees' attitudes.

b. The findings of this research will help bank employees to understand the importance of discretionary behaviors on work environment and organizational well-being.

c. The results of this study will help the bank employees to understand significant role of internal CSR on OC of employees and perception of employees in strengthening and enhancing OCB towards their bank.

The findings of this study will help the bank employees to understand that work ethical environment is suitable to develop a strong relationship between organization and its

employees which further enhances their level of commitment with the organization that would help them in performance.

### **5.3.3 Significance to Bank Managers**

Beyond the theoretical consequences, this research also has practical implications for managers. The findings shows that the beneficial effects of Corporate Social Responsibility behaviors are not only limited to work success such as in-role actions but also helps to improve constructive behaviors overall. As such, we suggest that Internal CSR practices targeting employees enhance the proactive behaviors of workers with their organization.

The findings of this study will help the bank managers to understand the effects, causes and consequences of Internal CSR on bank performance. As a result, they can make decisions about providing useful working environment by taking care of their employees as a key stakeholder that will encourage and motivate employees and hence increases their productivity that would be beneficial for the organization.

The findings of this study will help the bank managers to realize the effect of WE in strengthening the relationship between Internal CSR and OC. Thus, bank managers might offer better opportunity to their employees by providing clear rules and procedure to work and clear job description to their subordinates with flexible working hours and good training programs would enhance their attachment with the organization.

The finding of the current study helps them understand that how they could initiate policies in the organization that would help their employees in gaining satisfaction that binds them to work with the same organization



The results could also help them in taking care of Internal CSR activities e.g. flexible working hours, retirement plans, equal treatment, training opportunities, rewards for their efforts. Health benefits, insurance policies for their workers. This would increase their positive perception regarding organization and thus leads to better attachment with the job.

#### **5.3.4 Significance to Policy Makers**

a. This study will provide purposeful guidance to policy makers about how Internal CSR activities in an organization would help in creating a work environment with strong ethical environment for employees help them in understanding the right and wrong behaviors at the work place. The policy makers can develop an effective training program which can help the employees to improve their skills to execute job tasks well. The training opportunities will also help the bank employees to go beyond their formal job description and engage in OCB. In this way, policy makers can enhance employees' efficiency which later help in improving overall performance of the bank.

b. The findings will guide the banking professionals and policy makers, how they can apply Internal CSR in a way that would create a sense of attachment among employees ultimately enhancing their extra role behaviors for the organization which will help the banks to achieve organizational goals.

c. The outcomes of the research would be also helpful to policy makers to understand role of WE as a strategic partner to achieve organizational objectives. Therefore, the professionals are required more information on the association between WE and OCB.

It is also clear from literature that much of the work has been conducted on CSR macro concept. In external CSR, companies show greater interest and workers who are the

major stakeholders such as workers as individuals and internal CSR in employees in many organizations are an overlooked area. Managers must endeavor to practice CSR's sustainability approach, which is most important for people and that they should further endeavor to create CSR approaches that need to connect as workers are specific and inimitable sources of competitive advantage, and should be a source of pride for workers. Therefore, the internal CSR can be used as a method for connecting workers to their company, which would help improve the organization's performance. Organizations may provide better training, work-life balance, protection that would improve employee engagement. Once workers feel happy with their company, they continue to reciprocate activities that favor both the institution and staff in return.

Similarly, human nature is unpredictable, and they act according to their working environment. Most of the organization provides their workers with internal CSR but forget the element of a strong ethical work environment or, if they deliberately follow the ethics of work, they still lack overall performance. This study could serve as a guide for managers to inform them of CSR perception of employees. This study helps managers improve their understanding of employee perception of internal CSR and how managers can enhance their employees OCBs by providing a strong ethical work environment for internal CSR. The research examines the moderating role of WE between internal CSR and commitment to organization. The study is undertaken to help bank managers achieve a better understanding and knowledge of employees view of internal CSR, WE, OC, and OCBs concerns that may enhance employees' actions and attitude. From the available literature, there is a significant scope for an OCB study that is impacted by internal CSR

in Pakistan. This study will strengthen the organizational and human factor in having a healthy banking and financial structure in Pakistan.

This research gives the important managerial implication through that banks can maintain long-lasting relationships with stakeholders by investing in employees through internal CSR. Employees that experience constructive interpersonal behavior by internal CSR have less tendency to leave their work until they are provided for since they reciprocate mutual communication behaviors. The internal CSR may also be used as a tool for improving HR department efficiency. HR department could provide better training, security, organizational communication involvement, etc. Similarly, the present study can be of assistance to policymakers, NGOs, and public authorities.

The study derives from the growing interest in OCB enhancement by academics and practitioners who see employee behavior and commitment to organization as potential construct. It also has the potential to achieve the degree of work efficiency and performance expected within Pakistan's banking sector. Pakistan's banking sector is considered a high competition service industry, so enhancing employee morale and loyalty process through corporate image and a favorable view of Internal CSR is necessary to succeed in the competitive market. The results of the current study will be beneficial for workers, and policy-makers to consider the general existence and impacts of Internal CSR activities on employee's behavior and loyalty towards the organization and thereby help in influencing the behaviors of the employees positively. The research will thus assist the administration of the bank to better handle its staff and internal processes.

OC is a significant factor in many companies affecting the level of success (Meyer, Allen, & Smith, 1993). This research analyzed the central role of OC, which plays an important role in the relationship between Internal CSR and OCB. Several studies show the importance of OC to productivity and efficiency in organizations (Boxall & Macky 2007; Suliman & Al-Junaibi 2010).

#### **5.4 Future Recommendations**

This study has examined the valuable consideration for Banking sector. The results of this study show that the application of internal CSR has a significant encouraging effect on discretionary behaviors like OCB for employees. So that it is important to support internal CSR by adding better Management standards for management of organizations.

This research has focused on Banking industry in Pakistan.

However, the same framework could be applied to other service industry sectors such as Hospitality, Telecom, Health to increase generalizability of the findings. In fact, the effects of this may be best detected in future by longitudinal study. The attitude and behavior of workers can be analyzed through a qualitative approach to survey.

WE are a moderating variable among Internal CSR and OC. However future research could add organizational identification as a moderator among these two variables. Future study could be how employees identified themselves with the organization with the help of social identity theory and how their identification affects their commitment with the organization and their work attitudes.

The current study explored AOC as an intervening variable while the future study may examine internal CSR with other dimensions of OC.

This study only focuses on internal dimension of CSR while future research could see how both the internal and external dimensions of CSR could influence the perception of employees working and in return how those perception would affect their performance and influence their work behaviors.

The same study could be applied in organizations that follow strong ethical practices by adding multiple moderators for example organizational performance, organizational identification, ethical climate.

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## APPENDIX

### Questionnaire

I am MS scholar and conducting a research on “**Impact of Internal Corporate Social Responsibility on Organizational Citizenship Behavior with the mediating effect of Organizational Commitment and with the moderation of Work Ethics**” under the supervision of Dr. Gulfaam Baghoor. For gathering information, I am seeking your assistance and inviting you to participate in this research study by completing the attached questionnaire.

The following questionnaire will require approximately 10mins to complete. I assure you that data will be kept strictly confidential and will only be used for academic purpose. To ensure anonymity, you are not supposed to write your name or name of your organization anywhere in the questionnaire. Thank you for taking the time to assist me in my educational endeavors.

Sincerely,

Sidra Iqbal

Sidra\_1133@yahoo.com

**Gender**

1	2
Male	Female

**Age**

1	2	3	4	5
18-25	26-33	34-41	42-49	50 & above

**Qualification**

1	2	3
Intermediate	Graduation	Masters and above

### Experience

1	2	3	4	5
1-5(years)	6-10	11-15	16-20	21 & above

Tick the number from 1 to 5 to indicate the extent to which you disagree or agree with the statement where **1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree.**

ITEMS	SDA	DA	N	A	SA
<b>Internal Corporate Social Responsibility</b>					
My company respects employee rights beyond the legal requirements					
Employee relations are highly important for my company					
The company has effective monitoring system that evaluates company compliance with labor laws					
My company supports employees who acquire additional education					
My company policies encourage the employees to develop their skills and careers					
My company offers apprenticeship/internship opportunities to people from the local community					
Flexible company policies enable employees to better coordinate work and personal life					
My company implements flexible policies to provide a good work life balance for its employees					

The company performs work-life balance sensitivity analysis on individual level					
The organization has a formal and effective Family Friendly Policies					
Internal policies of our company prevent discrimination in employees 'compensation and promotion					
The managerial decisions made at my company related with the employees are usually fair					
Fairness toward co-workers and business partners is an integral part of our employee evaluation process					
There is a process to ensure that adequate steps are taken against all forms of discrimination in the workplace in our company					
My company has formal representation and/or dispute grievance procedure					
<b>Organizational Citizenship Behavior</b>					
I help others who have heavy work loads					
I help others who have been absent					
I willingly give my time to help others who have work related problems					
I help orient new people even though it is not required					
I consult with other individuals who might be affected by my actions or decisions					
I do not abuse the rights of others					
I take steps to prevent problems with other workers					
I inform others before taking any important action					
I consume a lot of time complaining about trivial matter					
I tend to make "mountains out of molehills" (Makes problem bigger than they are)					



I always focus on what's wrong with my situation, rather than the positive side of it					
I am always punctual					
I never take long lunches or breaks					
I obey company rules, regulations and procedures even when no one is watching me					
I keep myself abreast of changes in the company					
I attend functions that are not required, but that helps company image					
I attend and participate in meetings regarding the company					
I "Keep up" with the development in the company					
<b>Work Ethics</b>					
Only those who depend on themselves get ahead in life					
To be superior a person must stand alone					
A person can learn better on the job by striking out boldly on his own than by following the advice of others					
One must avoid dependence on other persons whenever possible					
Hard work overcomes all of life 's obstacles					
Work hard until satisfied with results					
A successful person is the one who meets deadlines at work					
<b>Affective Organizational Commitment</b>					
I would be very happy to spend the rest of my career with this organization					
I enjoy discussing about my organization with people outside it.					
I really feel as if this organization's problems are my					

own					
I think that I could easily become as attached to another organization as I am to this one.					
I do not feel like 'part of the family' at my organization					
I do not feel 'emotionally attached' to this organization					
This organization has a great deal of personal meaning for me					
I do not feel a 'strong' sense of belonging to my organization					