

The Implementation of Corporate Social Responsibility (CSR) Programs and its Impact on Employee Organizational Citizenship Behavior

Mohammad Hakimy Abdullah & Nik Ramli Nik Abdul Rashid

Faculty of Business Management

Universiti Teknologi MARA

02600 Arau, Malaysia

Email: nikramli@perlis.uitm.edu.my

Abstract

The purpose of this study was to observe the implementation of Corporate Social Responsibility (CSR) programs and its impact on Organizational Citizenship Behavior (OCB) among employees. The independent variables has 5 dimensions, namely CSR for government, CSR for employee, CSR for society, CSR for environmental protection and CSR for customer. 170 questionnaires were randomly distributed but only 154 were returned and used for further analyses. After carrying out the multiple regression analysis, three dimensions of CSR were found to be significant, with CSR-Environment showing the biggest influence on OCB, followed by CSR-Employee and CSR-Customer respectively. Generally, this study has shown that employee behavior (OCB) is also dependent on the organization's commitments toward non-business social agendas. The commitment demonstrated by organization toward social responsibility seems to correlate positively with employee own altruistic behavior among themselves. As supported by other established studies, employee OCB would eventually contribute positively to various aspects of organization's performance.

Keywords: *Organizational Citizenship Behavior, Corporate Social Responsibility, CSR for government, CSR for employee, CSR for society, CSR for environmental, CSR for customer*

1. Introduction

According to Organ (1988) Organizational Citizenship Behavior (OCB) represents an individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization. OCB are thought to have an important impact on the effectiveness and efficiency of work teams and organizations, therefore contributing to the overall productivity of the organization. OCB evaluated organizational efficiency and success through employee performance. OCB is an indicator of good job performance from both the individual and the organizational perspective (Dunlop and Lee, 2004). Despite the assumption that OCB contributes to organizational effectiveness, previous research had concentrated more on identifying factors contributing to OCB. Williams and Anderson (1991) proposed a two-dimensional

conceptualization of OCB which is OCB-I and OCB-O. Where, OCB-I is behaviors directed toward *individuals* comprising altruism and courtesy, while OCB-O is behaviors directed toward *organization*, comprising conscientiousness, sportsmanship and civic virtue. OCB are thought to have an important impact on the effectiveness and efficiency of work teams and organizations, therefore contributing to the overall productivity of the organization. OCB has a potential for motivating employee to deliver high quality service (Bienstock, 2003), high organizational performance (Jung and Hong, 2008), internal career orientation (Deer, 2004), encourage teamwork and employee job satisfaction (Gonzalez and Garazo, 2005). Numerous studies in the business literature have been conducted on the antecedents of OCB. The reason for this popularity is the existence of positive relationships between OCB and both individual and organizational performance.

Studies involving Corporate Social Responsibility (CSR) have not fully explored how organizational social performance impacts individual employee behaviors (Peterson, 2004; Wood & Jones, 1995) nor examined the attributes of individuals comprising stakeholder groups such as employees (Harrison & Freeman, 1999; Winn, 2001). In order to broaden the research on CSR towards OCB, researcher comes up with the new dimensions of CSR (adapted from a study by Turker, 2009) which consist of CSR toward Government, Employee, Society, Environmental Protection and Customer. However, due to time constraint in conducting research, the researcher studied the dimensions of CSR on OCB-I only which are behaviors directed toward Individuals; comprising altruism and courtesy.

The objectives of this study is to analyze the implementation of CSR programs (CSR for government, CSR for employee, CSR for society, CSR for environment and CSR for customer) and its impact on employees Organizational Citizenship Behavior. This study will add to the wide volume of existing studies on antecedents of OCB. The main underlying proposition is that organization can influence its employee through their own ethical and responsible behavior. The work culture built upon this sense of organization's voluntary contribution toward a wide number of stakeholders could invite and encourage employee to adopt the same voluntary attitude and behavior to their own fellow employees.

2. Literature Review

2.1 Organizational Citizenship Behavior.

According to Organ (1988), OCB represents "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization". Organ (1988) identified five dimensions belonging to OCB: Altruism, Courtesy, Civic Virtue, Conscientiousness and Sportsmanship.

- (1) Altruism, "helping other members of the organization in their tasks" (e.g. voluntarily helping less skilled or new employees, and assisting co-workers who are overloaded or absent and sharing knowledge);
- (2) Courtesy, "preventing problems deriving from the work relationship" (e.g. encouraging other co-workers when they are discourage about their professional development);
- (3) Conscientiousness, "dedication to the job and desire to exceed formal requirements in aspects such as punctuality or conservation of resources" (e.g. working long days, voluntarily doing things besides duties, keeping the organization's rules and never wasting work time);

(4) Sportsmanship, “accepting less than ideal circumstances” (e.g. petty grievances, real or imagined slights); and

(5) Civic virtue, “responsible participating in the life of the firm (e.g. attending meetings/functions that are not required but that help the firm, keeping up with changes in the organizations, taking the initiative to recommend how procedures can be improved).

Largely based on Organ's (1988) five-dimension taxonomy, Williams and Anderson (1991) proposed a two-dimensional conceptualization of OCB: OCB-I (behaviors directed toward Individuals; comprising altruism and courtesy) and OCB-O (behaviors directed toward Organization; comprising the remaining three dimensions which are conscientiousness, sportsmanship and civic virtue).

2.2 Corporate Social Responsibility

According to Bowen (1953) social responsibility refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives, and values of our society. The new concept of social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals. The essential ingredient of the corporation's social responsibilities includes a degree of voluntarism (Walton, 1967). Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract (Jones, 1980). There are two basic approaches to social responsibility. These are classical and modern approaches. Classical social responsibility argues that managers of the company are only responsible to the shareholders of the company. On the other hand, modern social responsibility approach argues that the economic system functions best when companies take responsibility to solve the problems of the society.

According to social identity theory, individuals are predisposed to reinforce their self-esteem and bolster their self-images by identifying themselves with groups and organizations recognized for their social engagement and responsibility. In spite of the importance of the impact that this identification could have on employees' attitudes and the behaviors, social identity theory does not integrate the notions of reciprocity, expectations and mutual obligations which are needed to understand the contribution of these behaviors to the performance of the company. Social Exchange Theory to suggest that employees can develop a sense of obligation, according to the norm of reciprocity, and might engage in OCB or counterproductive work behaviors as a mutual action rewarding or punishing past corporate social responsible (or in contrast irresponsible) practices, especially those directed at employees and work conditions. We contend that social exchange dynamics and identification processes can interact together to reinforce (or to increase) the impact of CSR actions on employees' attitudes and behaviors.

To follow the methodological strategy and to work the concept in a practical way, three dimensions were considered (Moura, 2004): the internal dimension, the external dimension and the environmental dimension of CSR. The internal dimension is centered on the company's workers, especially concerning areas like working conditions, wages, health and hygiene, among others. The external dimension integrates the relations between the company and the external actors: customers, suppliers, public entities, and local communities, among others. The environmental dimension is considered transversal to the internal and external dimension. Later, Turker (2009) identified five dimensions of CSR: employee, customer, environmental protection, society and government.

3. Methodology

3.1 Theoretical framework

Based on the literature review that has been studied the researcher come up with the theoretical framework as shown below.

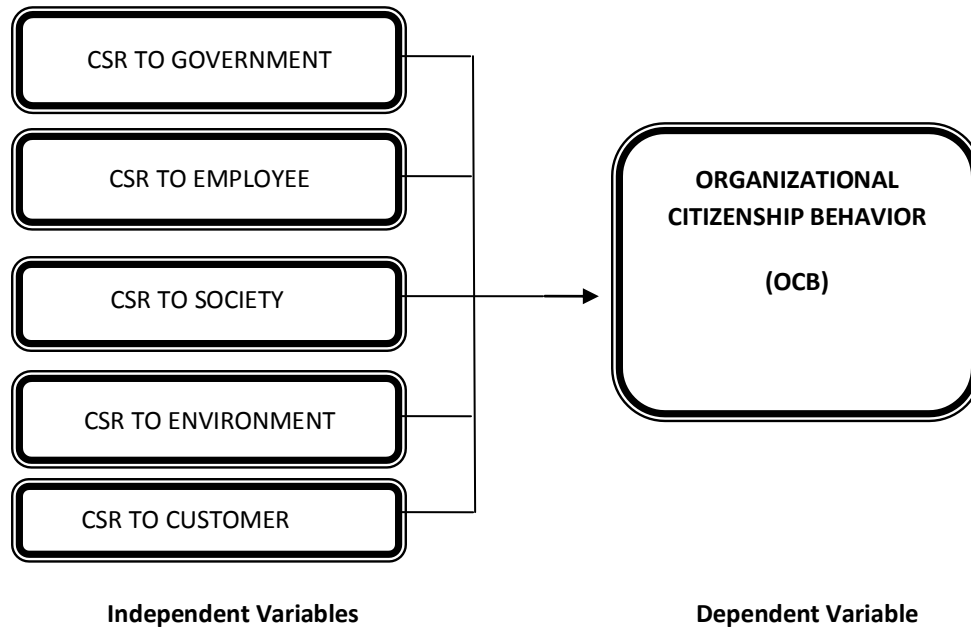


Figure 1: Research Framework

3.2 Hypothesis

Five hypotheses were developed to be tested in this study.

1. The implementation of a corporate social responsibility for government will have a significant and positive influence on organizational citizenship behavior.
2. The implementation of a corporate social responsibility for employees will have a significant and positive influence on organizational citizenship behavior.
3. The implementation of a corporate social responsibility for society will have a significant and positive influence on organizational citizenship behavior.
4. The implementation of a corporate social responsibility for environmental protection will have a significant and positive influence on organizational citizenship behavior.
5. The implementation of a corporate social responsibility for customers will have a significant and positive influence on organizational citizenship behavior.

3.3 Sampling

The population for this study is all employees at an international hypermarket operating in an east coast town in Malaysia. Out of 350 staffs, 154 were selected randomly to be samples.

3.4 Measures

The questionnaires constructed are divided into 3 sections that consisting 37 of items all together. Section A has items used to measure Organizational Citizenship Behavior perspectives. Section B has items used to measure all the CSR dimensions. Section C is for information on demographic aspects of the respondent.

3.5 Data analysis

The data were analyze used the Statistical Package for Social Science (SPSS) version 14.0. The data were analyzing used frequency distribution, descriptive analysis, one-way ANOVA, cross-tabulation, reliability, coefficient of correlation and multiple regressions.

4. Findings

The involvement of female respondents in the survey was highest with 70.1% (108 staffs) versus 29.4% (45 staffs) of male respondents. The involvement of Associate staffs in the survey were highest with 90.3% (139 respondents), followed by Section Manager (SM) with 5.2% (8 respondents) and the lowest were Team Leader (TL) with 3.9% (6 respondents). Reliability analysis can be interpreting the level of strength. The Cronbach's Alpha value for all variables are exceeding 0.70 which shows that the entire questions for each variable are to be accepted. Sekaran (2003). It can be interpreted that questions that were asked to the respondent are good and reliable.

Table 1:

Correlation between variables in the research framework

	OCB	CSR-Government	CSR-Employee	CSR- Society	CSR- Environment	CSR- Customer
OCB	1					
CSR-Government	.344(**)	1				
CSR-Employee	.374(**)	.558(**)	1			
CSR- Society	.373(**)	.582(**)	.629(**)	1		
CSR- Environment	.493(**)	.283(**)	.317(**)	.503(**)	1	
CSR- Customer	.328(**)	.374(**)	.358(**)	.247(**)	.311(**)	1

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

From the result in Table 1, it can be concluded that Organizational Citizenship Behavior is, as would be expected, significantly, positively correlated to Corporate Social Responsibility toward government ($r = 0.344$, $p < 0.01$), Corporate Social Responsibility toward employee ($r = 0.374$, $p < 0.01$), Corporate Social Responsibility toward society ($r = 0.373$, $p < 0.01$), Corporate Social Responsibility toward environment ($r = 0.493$, $p < 0.01$) and Corporate Social Responsibility toward customer ($r = 0.328$, $p < 0.01$). Hence, the result of correlation provides initial support for the study hypothesis.

Multiple regression analysis is done to examine the simultaneous effects of several independent variables on a dependent variable that is interval scaled.

Table 2:
Multiple Regression Analysis

Variables	B	Sig.
CSR-Government	.067	.453
CSR-Employee	.188	.045
CSR-Society	-.039	.700
CSR-Environment	.387	.000
CSR-Customer	.169	.033
R^2	.35	
<i>Adjusted R²</i>	.32	

Based on the result represented in Table 2, coefficient shown by R^2 is 0.35 and Adjusted R^2 is 0.32. It means that 32% variation in Organizational Citizenship Behavior can be explained by the variation in all independent variables (CSR for government, CSR for employee, CSR for society, CSR for environment and CSR for customer) whereby the other 68% will explain in other variables that not included in the independent variables.

Based on the standardized beta coefficient (β), CSR for employee ($\beta = 0.188$; $p < 0.05$), CSR for environment ($\beta = 0.387$; $p < 0.05$) and CSR for customer ($\beta = 0.169$; $p < 0.05$). It indicates that both variables are significantly and positively predicted Organizational Citizenship Behavior. However, CSR for government ($\beta = 0.067$; $p < 0.05$) and CSR for society ($\beta = -0.0399$; $p < 0.05$), is not a significant predictors of Organizational Citizenship Behavior. Therefore, CSR for employee, CSR for environment and CSR for customer are the strongest relationships with the Organizational Citizenship Behavior according to the standardize coefficient. Hence, H2, H4 and H5 is accepted and H1 and H3 are rejected.

5. Conclusion

Based on the findings from the study, it can be concluded that the implementation of Corporate Social Responsibility programs has a significant impacts on Organizational Citizenship Behavior among staffs. This result of the study get the same result with previous study by Estelle Morin (2009) where Corporate Social Responsibilities practices significantly correlated with Organizational Citizenship Behavior. This study was conducted by analyzing the degree of OCB-I (behavior directed to individual), for further research, this study can be expanded by study on OCB-O (behavior directed to organization) or both OCB-I and OCB-O.

References

- Appelbaum, S., Bartolomucci, N., Beaumier, E., Boulanger, J., Corrigan, R., Dore, I., Girard, C., and Serroni, C., (2004), "Organizational citizenship behavior: a case study of culture, leadership and trust", *Management Decision*, Vol.42 No. 1, pp. 13-40.
- Bateman, T.S. and Organ, D.W. (1983), "Job satisfaction and the good soldier: the relationship between affect and 'citizenship'", *Academy of Management Journal*, Vol. 26 No. 4, pp. 587-95.

- Bienstock, C.C., DeMoranville, C. W., and Smith, R. K. (2003), "Organizational citizenship behavior and service quality", *Journal of Service Marketing*, Vol. 17 No. 4.
- Bowen, H. R. (1953), "*Social responsibilities of the businessman*", Harper & Row, New York, N. Y.
- Bowler, W. M. (2006), "*Organizational Goals Versus the Dominant Coalition: A Critical View of the Value of Organizational Citizenship Behavior*", Institute of Behavioral and Applied Management.
- Carroll, A. (1979), "A three-dimensional conceptual model of Corporate Performance", *Academy of Management Review*, 4, 497-505.
- Carroll, A. B. (1979), "A three-dimensional model of corporate performance", *Academy of Management Review*, Vol. 4, pp. 495-505.
- Carroll, A. & Buchholtz, A. (2000), "*Business and Society: Ethics and stakeholder management*", EUA: South-Western College Publishing.
- Castro, C. B., Armario, E. M., & Ruiz, D. M. (2004), "The influence of employee organizational citizenship behavior on customer loyalty", *International Journal of Service Industry Management*, Vol. 15 No. 1, pp. 27-53.
- Castro, C.B., Armario, E.M. and Ruiz, D.M. (2004), "The influence of employee organizational citizenship behavior on customer loyalty", *International Journal of Service Industry Management*, Vol. 15 No. 1, pp. 27-53.
- Davis, K. (1960), "Can Business Afford to Ignore Social Responsibilities?", *California Management Review* 2(3), 70-76.
- Deer, C. B. and Chompookum, D. (2004), "The effects of internal career orientations on organizational citizenship behavior in Thailand", *Career Development International*, Vol. 9 No. 4, pp. 406-423.
- Doukakis, I. P. and Kapardis, M. K. (2005), "Corporate social responsibility: the way forward? Maybe not! A preliminary study in Cyprus", *European Business Review*, Vol. 17 No. 3, pp. 263-279.
- Dunlop, P.D. and Lee, K. (2004), "Workplace deviance, organizational citizenship behavior, and business unit performance: the bad apples do spoil the whole barrel", *Journal of Organizational Behavior*, Vol. 25, pp. 67-80.
- Epstein, E.M. (1987), "The corporate social policy process: beyond business ethics, corporate social responsibility and corporate social responsiveness", *California Management Review*, Vol. 29, pp. 99-114.
- Evans, W. R. (2006), "*Organizational citizenship behavior antecedents: an examination of perceived corporate citizenship work roles and identity*", ProQuest Information and Learning Company.
- Frederick, W.C. (1960), "The growing concern over business responsibility", *California Management Review*, Vol. 2, pp. 54-61.
- Freeman, R. E. (1984), "*Strategic management: A stakeholder approach*", Marshfield, MA: Pitman.
- Gonzalez, J. V. and Garazo T. G. (2005), "Structural relationships between organizational service orientation, contact employee job satisfaction and citizenship behavior", *International Journal of Service Industry Management*, Vol. 17 No 1, pp. 23-50.
- Harrison, J. S., and Freeman, R. E. (1999), "Stakeholders, social responsibility, and performance: empirical evidence and theoretical perspectives", *Academy of Management Journal*, 42(5), 479-485.
- Hillman, A, & Keim, G. (2001), "Shareholder value, stakeholder management, and social issues: What's the bottom line?", *Strategic Management Journal*, 22, 125-139.
- Houghton, S. M., Gabel, J. T. A. and Williams D. W. (2008), "Connecting the Two Faces of CSR: Does Employee Volunteerism Improve Compliance?", *Journal of Business Ethics*, 87:477-494.

- Jones, T. M. (1980), "Corporate social responsibility revisited, redefined", *California Management Review*, Vol. 22 No. 2, pp. 59-67.
- Jung, J.Y. and Hong S. (2008), "Organizational Citizenship Behavior (OCB), TQM and performance at the maquiladora", *International Journal of Quality & Reliability Management*, Vol. 25 No. 8, pp. 793-808.
- Lantos, G. P. (2001), "The boundaries of strategic corporate social responsibility", *Journal of Consumer Marketing*, 8, 595-630.
- Mentes, A. (2010), "The Global Compact: Social Responsibility at Global Scale", *The Journal of American Academy of Business*, Cambridge, Vol. 15 Num. 2.
- Morin, E., Ramalho, N., Neves, J. and Savoie, A. (2009), "New research trends in effectiveness, health, and work: A Criteos scientific and professional account", Montreal: Criteos/HEC-Montreal, pp. 175-204.
- Motowidlo, S.J. (1994), "Evidence that task performance should be distinguished from contextual performance", *Journal of Applied Psychology*, Vol. 79, pp. 475-80.
- O'Dwyer, B. (2002), "Conception of corporate social responsibility: the nature of managerial capture", *Accounting, Auditing & Accountability Journal*, Vol. 16 No. 4, pp. 523-557
- Organ D.W. (1988), "*Organizational citizenship behavior: the good soldier syndrome*", Lexington Books, Lexington, MA.
- Peterson, D. K. (2004), "The relationship between perceptions of corporate citizenship and organizational commitment", *Business and Society*, 43(3), 296-319.
- Philip L. C. (2007), "The evolution of corporate social responsibility", *Business Horizons* 50, 449-454.
- Podsakoff, P.M., MacKenzie, S.B., Paine, J.B., and Bachrach, D.G. (2000), "Organizational citizenship behaviors: a critical review of the theoretical and empirical literature and suggestions for future research", *Journal of Management*, 26(3), 513-563.
- Porter, M. E. & Kramer, M. R. (2002), "The competitive advantage of corporate philanthropy", *Harvard Business Review*, 80(12), 56-68.
- Robbins, S.P. (2001), "*Organizational Behavior*", Prentice-Hall, Upper Saddle River, NJ.
- Sekaran, U. (2003), "*Research Method for Business*", Southern Illinois University at Carbondale: John Wiley & Sons, Inc.
- Smith, C.A., Organ, D.W. and Near, J.P. (1983), "Organizational citizenship behavior: its nature and antecedents", *Journal of Applied Psychology*, Vol. 68, pp. 653-63.
- Tepper, B.J., Lockhart, D., and Hoobler, J. (2001), "Justice, citizenship, and role definition effects: *Journal of Applied Psychology*, 86(4), 789-796.
- Turker, D. (2009), "How corporate social responsibility influences organizational commitment", *Journal of Business Ethics*, Vol. 89, pp. 189-204.
- Wartick, S. L. and Cochran, P. L. (1985), "The evolution of the corporate social performance model", *Academy of Management Review*, Vol. 10 No. 4, pp. 758-69.
- Williams, L. and Anderson, S. (1991), "Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviors", *Journal of Management*, Vol. 17, pp. 601-17.
- Winn, M. (2001), "Building stakeholder theory within a decision modeling methodology", *Business and Society*, 40(2), 133-166.
- Wood, D. J. (1991a), "Corporate social performance revisited", *Academy of Management Journal*, Vol. 16 No. 4, pp. 691-718.

Wood, D. J. (1991b), "Toward improving corporate social performance", *Business Horizons*, July-August, pp. 66-73.

Wu, M. L. (2006), "Corporate social performance, corporate financial performance, and firm size: A meta-analysis", *Journal of American Academy of Business*, 8(1), 163–171.

Zikmund, W.G (2003), "*Business Research Method*", 7th Edition, Thomson Southwestern