Rethinking the Employees’ Perceptions of Corporate Social Responsibility

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Abstract

A review of previous studies reveals that the relationship between corporate social responsibility (CSR) and employee engagement (EE) can be explained through social identification theory (SIT). Previous studies indicated that organizational identification (OI) is one of the most possible mechanisms that can explain the relationship between organization’s CSR efforts and EE. Nevertheless, we argue that OI as a mechanism in explaining the relationship between CSR and EE will differ depending on which stakeholder is targeted by organization’s actions. In our report, we identify two distinct paths through which CSR can affect EE, which correspond to two different psychological needs; respect and prestige. The first path is through employees’ perceptions of how the company cares about them, or being good (i.e., internal CSR). The other path is through employees’ perceptions of their company as socially responsible toward external stakeholders and concerned with maintaining a good image to society at large, or looking good (i.e., external CSR). We take into consideration the impact of individual and cultural differences on shaping these paths.

Keywords: CSR, employee identification, respect, prestige, engagement

1. Introduction

Over the past few decades corporate social responsibility (CSR) has become more important as a central strategic issue in today’s workplace. Further, CSR has become an important field of academic research for scholars in management, sociology, social work, and law (Aguinis, 2011; Rupp, Williams, & Aguilera, 2011). CSR is also commonly known as corporate citizenship, and corporate social performance. The most commonly adopted definition of CSR is by the World Business Council for Sustainable Development (WBCSD). According to WBCSD, CSR is “The continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large” (WBCSD, 1998).

Recently, an emerging stream of research considers the psychology of corporate social responsibility. This perspective considers how individuals perceive and subsequently react to acts of corporate social responsibility (e.g., Jones, 2010; Rupp, Shao, Thornton, & Skarlicki, 2013) or irresponsibility such as firm misconduct (Barnett, 2014). Although these studies contribute to our knowledge regarding individual-level CSR effects, studies of individual-level CSR are relatively few in number. Very few investigations have examined individual factors that produce variation in a stakeholder’s likelihood of perceiving and reacting to CSR. According to Aguinis and Glavas (2012) only 4% of the articles in the CSR research field focused on the individual level of analysis, whereas the other articles concentrate mainly on the organizational and institutional levels of analysis.

Prior research works in CSR at the institutional level of analysis reached the conclusion that the institutional forces (e.g., regulations and standards) affect the extent of and types of CSR actions and policies organizations choose to implement (Fineman & Clarke, 1996). Institutional forces can frequently lead to symbolic rather than authentic CSR actions whereby organizations may appear to engage in CSR (Tenbrunsel, Wade-Benzoni, Messick, & Bazerman, 2000). Further, it has been proven that firm environment and the industry have a moderating effect on the relationship between CSR and outcomes. Chatterji and Toffel (2010) indicate that firm
environment and increased regulations were found to strengthen the relationship between CSR activities and outcomes. Regarding industry, there is evidence that the relationship between CSR activities and outcomes is stronger within industries that are more visible to stakeholders (Chiu & Sharfman, 2011). On the other hand, CSR studies at the organizational level concluded that organizations’ social efforts vary as they stem from different motives. Organizations engage in CSR due to instrumental motives such as increasing profit and financial outcomes (e.g., Bansal & Roth, 2000), and normative motives that lie in the firm’s values (e.g., Aguilera, Rupp, Williams, & Ganapathi, 2007).

However, there is still a great need to conduct more research at micro levels of analysis (e.g., individual level) in order to have a deep understanding of how companies’ stakeholders perceive CSR. It is necessary to explain variation in how stakeholders perceive and subsequently react to acts of CSR. Therefore, the purpose of this study is to explore the differences in stakeholders’ perceptions of CSR as well as to develop an understanding of underlying mechanisms and microfoundations of CSR. We propose that the CSR literature would benefit from a more integrative, multimotive approach to the study of stakeholder CSR perceptions. This argues that multiple motives can underlie stakeholder’ judgments and concerns about CSR. The proposed framework that forms the theoretical basis originates from the organizational identification literature.

In order to determine research gaps in this topic, a theoretical review of prior work of CSR at individual level of analysis has been done.

2. CSR at the Individual Level of Analysis

In 1953, Howard Bowen made the first significant contribution in the field of Corporate Social Responsibility (CSR) by publishing his landmark book, The Social Responsibilities of the Businessman. His main query was “What responsibilities to society may Businessmen reasonably be expected to assume?” (Bowen, 1953, p. xi). Subsequently, many scholars have used different approaches to frame various definitions of CSR, each characterized by its own meaning and attributes. One of the most widely respected approaches is by Carroll (1991), who identified four major domains that make up a CSR pyramid: legal, economic, ethical, and philanthropic. Carroll’s CSR pyramid is widely used to clarify the main domains that the obligations of a business to its stakeholders should fall under. There are two main categories of company stakeholders, the first involves internal stakeholder (e.g., employees), and the second includes those stakeholders outside the organization, which are known by external stakeholders.

In the business world today, CSR occupies a unique place in corporate priorities. Several studies have shown that companies that operate in a socially responsible manner enhance corporate image, a valuable strategic asset (Siltaoja, 2006; Li & Lee, 2012). In the last few decades, there has been a stream of research focused mainly on the role that CSR plays in shaping the relationships of companies with customers (Brown & Dacin, 1997; Luo & Bhattacharya, 2006), investors (Graves & Waddock, 1994; Hockerts & Moir, 2004), and society at large (Moir, 2001). The majority of these studies confirm the benefits that firms can obtain from being more accountable and responsible to such important stakeholders.

Recently a handful of studies have begun to explore the impacts of CSR from the perspective of internal stakeholders, including employees. Some of these studies focused on which domain of CSR (e.g., legal, economic, philanthropy, and discretionary) has the strongest impact on employees’ attitudes and behaviors (Hsieh & Chan, 2012; Peterson, 2004; Rego, Leal, & Cunha, 2011), whereas others focused on exploring the positive impacts of employees participation in the CSR process (Daugareilh, 2008; Kim, Lee, Lee, & Kim, 2010). Some researchers have highlighted the consideration of how employees distinguish between “authentic and inauthentic” CSR programs (Liedtka, 2008; McShane & Cunningham, 2012). Besides these, a group of studies have investigated the relationship between a company’s social reputation and its attractiveness as an employer (e.g., Helm, 2011).

Although these studies have made both theoretical and practical contributions to the literature, several limitations have been found. First, much of the previous work has tended to focus on measuring employees’ perception of external CSR (i.e., CSR initiatives toward external stakeholders) and how it affects employees’ attitudes and behaviors (e.g., Stites & Michael, 2011). We believe that studying employees’ perceptions of external CSR is not sufficient because it is important to understand how employees feel in knowing that the organization cares about them. Employees’ responses to CSR actions may be stronger toward internal CSR (i.e., CSR actions toward them) than toward actions oriented to different social groups (Gond, Akremi, Igalens, & Swaen, 2010; De Roeck, Marique, Stinglhamber, & Swaen, 2014). Ditlieb-Simonsen (2012) stated that employees’ perception of positive organizational support has stronger explanatory power for employees’ levels of commitment than does their perception of such initiatives toward external stakeholders. Hence, the current study seeks to investigate internal
and external CSR to fill this research gap and contribute to our knowledge of employee commitment and engagement resulting from CSR.

Second, despite the fact that CSR can affect a wide range of employee attitudes and behaviors, the independent variables in most previous studies were found to be organizational citizenship behavior (e.g., Newman, Nielsen, & Miao, 2014; Zhang, Fan, & Zhu, 2014), and/or job satisfaction (e.g., Hsieh & Chan, 2012; Valentine & Fleischman, 2008). It is beneficial to investigate how CSR influences other employee-related outcomes, such as employee engagement (EE), a widely used concept and one that is of increasing interest to human resources professionals. Previous empirical research has proven that engagement has positive impacts on work outcomes (Sonnentag, 2003; Saks, 2006). According to Saks (2006), EE has a direct effect on job satisfaction, intention to quit, and organizational citizenship behavior. Furthermore, on the organizational level, many have claimed that a high level of EE will lead to desirable consequences, such as an enhancement of revenue growth and profitability (Crim & Seijts, 2006), the ability to adapt to change in the long run, and organizational success (Baumruk, 2004; Wellins, Bernthal, & Phelps, 2005). Therefore, this study aims to explore the effects of CSR performance (i.e., internal and external CSR) on EE as a strong predictor of employees’ behavior and subsequent performance (i.e., organizational and financial performance).

Third, the majority of the prior work in CSR at the individual level concentrated mainly on exploring the moderating impact of gender differences on the relationship between employees’ perceptions of CSR dimensions and employees’ attitudes and behavior at work (e.g., Peterson, 2004; Ditlev-Simonsen, 2012). No study on the employees’ CSR perception has yet taken into account personality characteristics of employees. The present study is an explorative attempt to argue that personality tendencies are differently influence employees’ judgments of organizations’ social efforts and differently shape their reactions to acts of CSR.

Drawing on social identification theory (SIT) and organizational identification literature, current study develops a multidimensional model of the impact of perceived CSR on EE. The purpose of this study is to theoretically and empirically show that different CSR practices (i.e., internal and external CSR) can influence employees’ identities by satisfying two different basic needs (respect and prestige), which in turn may enhance employees’ engagement at workplace. Taking into consideration the impacts of individual differences (i.e., personality traits) on shaping these paths. This study will contribute to our knowledge of CSR and its impacts on employees’ attitudes at work.

Last, there is a gap in our knowledge of how the many different components of the CSR constructs and organizational outcomes discussed above play out in developing countries of the world. How important is CSR, and how does it influence organizational outcomes? Thus far, research on the relationship between CSR and organizational performance (i.e., financial performance and employee commitment) has been carried out in developed economies, especially in European countries (e.g., Ditlev-Simonsen, 2012; Hofman & Newman, 2014; De Roeck & Delobbe, 2012; De Roeck et al., 2014; Stites & Michael, 2011). We believe that CSR is more important in developing countries, considering the lower amount of social provision in such contexts. The current study will shed light on the role that cultural differences (i.e., developed and emerging economies) play in shaping the relationship between CSR and employees’ work attitudes.

3. Theoretical Background and the Proposition

3.1 Employees’ Perceptions of CSR

In the introduction section, the current study argues that employees’ perceptions of CSR not only depend on their perceptions of external CSR but also have concerns about how the companies care about them as internal stakeholders (De Roeck et al., 2014). Employees’ perceptions of internal and external CSR combined that shapes their overall perceptions of the level of responsibility of an organization. By using the evaluative component of one’s social identification provided by SIT, which consists of the two main components of respect and prestige (Fuller et al., 2006; Tyler & Blader, 2003; Blader & Tyler, 2009), current study propose that employees judge their own status within the organization based on the internal aspect of the CSR efforts of their employing organization (i.e., their respect judgments) and judge the standing of one’s group based on the extent to which their employers appear as a socially responsible entity to the world outside the organization (i.e., prestige judgments). This leads to the first proposition:

**Proposition 1:** Employees form distinct judgments about the internal and external aspects of CSR.

3.1.1 Internal and External CSR

Although internal CSR, which refers to CSR actions toward employees, specifically addresses the employees’ needs and well-being inside the organization and at the workplace (Cornelius et al., 2008), a few prior works in
employees’ perceptions of CSR have included employees’ perceptions of the internal aspect of CSR. Previous studies have reached the conclusion internal CSR perceptions also have a positive impact on employees’ attitudes and behaviors (e.g., Ditlev-Simonsen, 2012; Valentine & Fleischman, 2008).

Despite the value of these studies, one issue arises: They did not take into account that employee perceptions of company’s CSR efforts for external and internal stakeholders may lead to different consequences on employee attitudes at work. For example, some of these studies proposed that the positive relationship between whether external or internal CSR, and employees’ attitudes and behaviors, can be generally explained by enhancing one’s organizational identity (e.g., Brammer, Millington, & Rayton, 2007; Hofman & Newman, 2014; De Roeck et al., 2014; Turker, 2009). Organizational identification (OI) is one of the most possible theories that can explain the relationship between organizations CSR efforts and employees’ attitudes and behaviors (Harris & Cameron, 2005). Nevertheless, this study argues that OI as a mechanism in explaining the relationship between CSR and employees’ work attitudes will differ depending on which stakeholder is targeted by organization’s actions (i.e., internal or external stakeholders). From the perspective of justice theory, employees’ overall perceptions of CSR stems from three distinct judgments; procedural, distributive, and interactional CSR which in turn associated with three different needs; control, belongingness, and meaningful existence (Rupp, Ganapathi, Aguilera, & Williams, 2006). Similarly, the current study propose that employees’ perceptions of external and internal CSR affect employees’ identification by satisfying different employee needs (i.e., respect and prestige needs).

3.1.2 Bridging CSR and SIT

Social identification refers to the psychological process through which individuals classify themselves into various social groups of reference (e.g., organization, political or religious affiliations etc.) to boost their levels of self-esteem (Tajfel, 1981; Tajfel & Turner, 1986). In particular, it corresponds to “the degree to which a member defines her or himself by the same attributes that he or she believes define the organization” (Dutton, Janet, & Celia, 1994: 239). The integration of SIT into organizational research has been found to show how basic psychological research may boost our understanding of people (e.g., employees) within an organizational context (Turner, 1985; Tyler & Blader, 2003). In other words, Researchers have adopted SIT to explain employees’ identification with their companies (Dutton et al., 1994; Blader & Tyler, 2009).

Empirical research has confirmed that OI can influence employee attitudes and behaviors. OI has been linked to collective actions (Blader, 2007; Kelly & Kelly, 1994), organizational commitment (Kim et al., 2010), employee satisfaction (De Roeck et al., 2014), loyalty (Abrams et al., 2001), and extra-role behavior (Blader & Tyler, 2009). One of the best models in this field is the group engagement model developed by Tyler and Blader (2003; Blader & Tyler, 2009). According to them, there are two elements that form one’s identity. The first is the Cognitive element, which refers to the extent to which group membership is self-defining. The second is the evaluative component, which captures the value that people attach to their group memberships, which in turn determines the importance of a group membership to how people think and feel about themselves. However, despite the existence of a few studies that confirmed the positive impacts of the evaluative aspect of OI on employees’ attitudes and behaviors, the existing identification measures still focus almost exclusively on the cognitive aspect. Further, Johnson and colleagues indicated that affective identification provides incremental predictive validity exceeding cognitive identification in the prediction of employee attitudes and behaviors (Johnson, Morgeson, & Hekman, 2012). Thus, current study will shed the light on the mediating role that the evaluative component of OI can plays in shaping employees responses to CSR actions (i.e., internal and external CSR).

3.1.3 Mediating Mechanisms

Current study proposes that the employee will perform distinct judgments about the internal and external aspects of CSR (proposition 1). Now, we draw on the multiple needs model of OI (Fuller et al., 2006; Tyler & Blader, 2003; Blader & Tyler, 2009) to understand why CSR is important to the employees. This model suggests that employees’ concern for social identification stems from instrumental and ethical motivations that map onto the two different needs for respect, and prestige.

Instrumental motives and respect needs. Researchers have adopted different tools and relied on various methods to measure employees’ perceptions of internal CSR, such as perceived organizational support (Ditlev-Simonsen, 2012), company’s ethics programs (Valentine & Fleischman, 2008), and employees’ evaluations of human resources (HR) practices such as training and opportunities for development (Brammer et al., 2007; Shen & Zhu, 2011). The HR function is considered as a key partner in embedding CSR practices and sustainability practices in all organizations. It’s acceptable to say that, if a company projects the image of being socially responsible without respecting the people inside the organization and without ensuring that all HR processes are aligned,
then CSR becomes nothing more than an exercise for the sake of enhancing public relation. However, respect is important to individuals because it reflects the quality of treatment that they receive from their employer, which enhance their favorable image among members of the group, that will lead to help the employee in constructing and maintaining their identities (Tyler & Blader, 2003). Applied to internal CSR, internal CSR actions may indicate to employees that their organization has concern for them, and they may therefore be able to have their interests met (e.g., fair pays, promotions, opportunities for training and professional development), thus satisfying their need for respect.

**Ethical motives and prestige needs.** Although companies spend large amounts of resources on creating an appropriate work environment by designing and developing the best HR practices for employees, companies still face disengagement problems. In December 2010 an engagement study conducted by Psychometrics in the Canadian Workplace on a sample of 368 HR professionals working in different sectors (e.g., business, government, consulting, education, and non-profit organizations) showed that almost seven of ten professionals indicate that engagement is a problem in their organizations. Many have claimed that disengagement problems cost companies around the world billions of dollars (Moreland, 2013; People Metrics, 2011).

Recently, a stream of studies tried to determine which types of activities best increase employee engagement on a macro-level (i.e., organizational engagement). A Psychometrics study (2010) showed that disengaged employees consider salary and benefits as "a non-influential" factor in increasing their level of engagement; disengaged employees referred to a category of employees who did not see themselves as proactive participants in their organizations. However, in the same vein, another study done by the Center for Advanced Human Resources Studies (CAHRS) among 200 young professionals from around the United States showed that 65% of respondents would take a pay cut to work for a company with a strong reputation for CSR, supports charitable initiatives, and promotes sustainability efforts (Kwan & Tuuk, 2012). Therefore, it is clear that employees have great interest in the efforts of companies to support external stakeholders and maintain a good image in the society at large (Rego et al., 2011; Upham, 2006). As such, employees consider organizations are accountable for their actions because they need to know that they are affiliated with an entity that 'looks good' ethically. Hence, the focus here is originally on whether people outside the organization (i.e., external stakeholders) view the company as ethically oriented. This discussion leads us to proposition 2:

**Proposition 2:** The effects of employee perceptions of CSR will be mediated by the extent to which such perceptions meet the respect (internal CSR), and prestige (external CSR) needs of the employee.

### 3.2 CSR and EE

Empirical studies have indicated that employee’ perception of CSR is among the main factors that influence employee’ attitudes and behaviors. Research has shown that employee attitudes and behaviors are heavily influenced by how socially responsible they consider their organization to be (Peterson, 2004).

Whereas the research on the relationships between internal CSR, job satisfaction, and organizational citizenship behaviour are well established in the literature (e.g., Brammer et al., 2007; Deltiv-Semonsen, 2012; Kwan & Tuuk, 2012; De Roeck et al., 2014; Truker, 2009), employee engagement is a relatively new concept in our study. Based on the literature, the first conceptualization EE was by Khan, who stated that EE is “the harnessing of organization members’ selves to their work roles; in engagement, people express themselves emotionally, mentally, and physically during role performances” (Kahn, 1990, pp. 694).

Although, EE often resembles other established constructs, such as organizational citizenship behavior and job satisfaction, it is a distinct and more expansive construct. A variety of positive attitudes and behaviors can be expected to arise out of EE. Neither citizenship behavior nor job satisfaction sufficiently reflects the two aspects of engagement—its two-way nature, and the extent to which engaged employees are expected to have an element of business awareness (Robinson, Perryman, & Hayday, 2006). EE is more appropriate to use as an independent variable when we assess employees’ reactions and responses to organization’s CSR efforts. However, drawing on OI literature, the current study will shed light on the differences in the consequences of satisfying two separate psychological needs of the employee; respect and prestige on EE.

#### 3.2.1 The Influence of Internal CSR Performance on EE

Earlier studies indicated that identification with one’s organization is based not only on the individual’s evaluation of the status of the organization, or perceived external prestige (PEP), but also the individual’s evaluation of his or her own status within the organization, or perceived internal respect (PIR) (Tyler & Blader, 2003). PIR refers to "the perception of one’s relative status within the group" (Fuller et al., 2006, pp. 817). Respect reflects employees’ beliefs that they are valued members of the organization. Receiving respect from the
employer result in employees’ positive evaluations of their standing and acceptance within their groups. Blader & Tyler (2009) confirm this by considering PIR as an intragroup evaluative judgment. However, some researchers have been concerned with the antecedents of PIR. Fuller et al (2006) indicated that participation in decision-making process and employee’s perceptions of internal CSR (i.e., opportunities for growth and visibility within the organization) seemed to be most strongly related to PIR.

Although PIR has been found to be related to employees’ desirable attitudes and behavior such job satisfaction (e.g., Faulkner, & Laschinger, 2008; Ulrich, Buerhaus, Donelan, Norman, & Dittus, 2005), the relationship between PIR and employees’ attitudes and behaviors is substantially less established when compared to PEP. Nevertheless, it has been found that PIR has a positive impact on EE. Augsberger, Schudrich, McGowan, & Auerbach (2012) indicated that workers who perceive a lack of respect in some recognized domains (e.g. salary and benefits, fair promotion potential, organizational support) were significantly more likely to express intent to leave their current job. Further, Shen and Benson (2014) revealed that socially responsible human resource practices are positively related to employee task performance. The basis of this discussion leads to the third proposition,

*Proposition 3: When employees identify their employers as internally responsible that positively influences the perceived respect, which in turn encourages them and makes employees more willing to carry the tasks assigned to them, which positively influence their engagement toward their jobs.*

### 3.2.2 The Influence of External CSR on EE

PEP is how employees think outsiders see their organization (Smidts, Pruyn, & Riel, 2001). In other words, PEP is contrary to “organizational identity”, which employees shape directly from attributes of the organization. PEP is also known as “perceived organizational prestige” (Mael, & Ashforth, 1992), or "constructed external image" (Dutton et al., 1994). It reflects employees’ evaluations of the organization’s reputation depending on their perceptions of how outsiders see their firm (Brown, Dacin, Pratt, & Whetten, 2006). However the concept is termed, the Relationship between CSR associations and PEP is well established in the literature (e.g., Dutton & Dukerich, 1991; Kim et al., 2010). Previous studies have indicated that employee’s perception of CSR associations (i.e. external CSR) is positively associated with PEP (Kim et al., 2010). From the perspective of signaling theory, Dögl & Holtbrügge (2014) stated that corporate environmental responsibility of firms can serve as a signal to employees and can affect the perceived reputation of these firms as employers.

On the other hand, the engagement literature suggests that corporate reputation and employees’ perceptions of external prestigeare essential factors in building their organizational engagement (Bartels, Pruyn, Jong, & Joustra, 2007). Individuals tend to identify with organizations that have favourable reputations (Peterson, 2004) and are perceived by outsiders as prestigious (Gavin & Maynard, 1975; Mael & Ashforth, 1992). PEP has a stronger influence on identification with the organization as a whole than on identification at lower organizational levels (Bartels et al., 2007; Carmeli, 2005; Carmeli & Freund, 2002). Further, it has been suggested that PEP will be linked to public behaviors (e.g., voice behavior) that display organizational loyalty (Fuller et al., 2006), which will lead to the fourth proposition,

*Proposition 4: External CSR can boost employees’ self-enhancement processes through its impact on PEP, which supports employees’ efforts to define themselves through organizational affiliations; in turn, this reinforces their engagement at the organizational level.*

### 3.3 The Moderating Role of Individual Differences

Although much existing research on CSR has explored its impacts on employees’ attitudes and behavior, the degree to which employees’ response to their organizations CSR efforts may be affected by individuals’ differences, such as individuals’ innate (differences) need for identification. Employees undertake a complex and cognitively task when perceiving and subsequently react to acts of CSR. Thus, to assess employees’ perceptions of a company’s social performance, researchers should not only examine the institutional and the organizational context of CSR processes, but also should investigate the role that individual differences can play in shaping employees’ judgments of CSR.

This study suggests that employees’ personality traits—namely extraversion and neuroticism—are particularly likely to shape employees’ judgments of CSR. It has been reported that employees’ personality traits have a significant effect in individuals’ attitudes and life outcomes (Roberts, Kuncel, Shiner, Caspi, & Goldberg, 2007). Further, it has been proven that personality traits have a direct relation to individuals’ attitudes toward charity actions. Recently, Vantilborgh and colleagues indicated that the big personality traits relate to the amount of time donated by volunteers (Vantilborgh et al., 2007).

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Extraversion is one of the five core traits that form human personality, it leads to an increase in individuals’ desire for self-enhancement (Matthews, Zeidner, & Roberts, 2004), which reflects a motivation to strongly connect with one’s social environment. Extraverts enjoy working in groups, participate in social life, and like to be in the presence of other people (Costa & McCrae, 1980). According to Cambridge Personality Research (CPR) extraversion distinguishes individuals based on how engaged they are with society and the outside world. Extraverts generally feel positively about participating in social life. On the contrary, neuroticism is associated with an individual’s tendency to experience insecurity and anxiety (Eysenck, 1983), which makes the individual more interested in her or his own life. Neuroticism can be comprised of symptoms such as worry, and self-consciousness (Lahey, 2009).

Drawing on personality traits literature this study argues that the employees’ dispositional traits of extraversion and neuroticism are uniquely associated with employees’ perceptions of the two aspects of CSR (i.e., internal and external CSR). The following is thus expected:

Proposition 5: Employees’ with neuroticism are likely to put more attention than those with extraversion to their own status within the organization, the internal aspect of CSR, whereas extraverts are more likely to give more attention to the status of the group and how it looks to the public—the external aspect of CSR.

A final important consideration is the cultural differences. It is worth noting that the cultural dimension of the human element in any country plays an important role when considering and dealing with issues such as CSR. These considerations not only include the organizational practices related to CSR but also the value and perception of the CSR philosophy, its concepts, and the elements themselves. This study therefore argues that employee reactions to CSR (i.e., internal and external) may differ in some ways in response to the cultural differences.

3.4 The Moderating Role of Cultural Differences

Despite the existence of a number of studies that aim to understand the impacts of corporate reputation (e.g., identity and image) on the relationship between CSR actions and employee organizational identification, there is evident contradiction in the results. For example, a study by Kim and colleagues on employees in the controversial oil industry sector in Korea revealed that CSR associations influence employee-company identification through PEP (Kim et al., 2010). By contrast, a separate study conducted on a group of employees working at the European headquarters of the petrochemical division of an international oil company indicated that PEP does not significantly mediate the relationship between perceived CSR and employees’ OI (De Roeck & Delobbe, 2012). This contradiction motivates us to explore the role that cultural differences may play in shaping the relationship between CSR performance and employee engagement.

As previously mentioned in this paper, the majority of the prior studies related to CSR were conducted in Europe. These studies have come to the conclusion that employees are concerned not only about whether the company cares about them (i.e., internal CSR), but also about the level of caring that the company has for the world outside the organization (i.e., external CSR). Current study assumes that these findings might have been different in organization in which the employees have difficulty feeding their families and a heavier financial burden (e.g., developing countries). Thus, this study argues that employees in emerging economies are more likely to show greater interest in internal CSR than those in developed economies. Accordingly, and in agreement with the third proposition, which stresses a relationship between internal CSR and EE, this study now assume that this relationship will be stronger in developing countries. Based on this assumption, we present a sixth proposition:

Proposition 6: The relationship between internal CSR and EE is stronger in developing countries than in Developed countries.

Although CSR has started to gain importance in emerging countries (Brammer & Pavelin, 2008), the understanding of the external aspect of CSR is still in its early stages. Recently, a study conducted in China revealed that employee perceptions of CSR practices to external stakeholders have a nonsignificant impact on his or her organizational commitment (Hofman & Newman, 2014). Furthermore, there is evidence that corporate environmental activities (e.g., green communication) are more important for employees who working in developed economies than those in emerging economies (Dögl & Holtbrügge, 2014). As such, and contrary to our expectations that a relationship between internal CSR and EE will be stronger in the context of developing countries, current study argues that a relationship between external CSR and EE will be stronger in developed countries. That is:

Proposition 7: The relationship between external CSR and EE is stronger in developed countries than in developing countries.
4. Conclusion

This paper provides a multidimensional framework for the relationship between CSR (i.e., internal and external CSR) and EE. Using SIT, we argued that employees’ perceptions of internal and external CSR dimensions are uniquely associated with EE. We still need more theoretical development to flesh out issues such as the differential effects of both internal versus external CSR perceptions, as well as respect versus prestige needs. Considering that point of view, this framework serves as an important step towards stimulating further research in exploring the differences in employee perceptions of the internal and the external aspects of the organization’s CSR efforts. It is our intention that this framework will lead to continued dialogue on this topic.

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