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# **The Contribution of Corporate Social Responsibility to Organisational Commitment**

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# **The Contribution of Corporate Social Responsibility to Organisational Commitment**

## **Abstract**

This study investigates the relationship between organisational commitment and employee perceptions of corporate social responsibility (CSR) within a model which draws on social identity theory. Specifically, we examine the impact of three aspects of socially responsible behaviour on affective commitment: employee perceptions of corporate social responsibility in the community, procedural justice in the organisation and the provision of employee training. The relationship between affective commitment and each aspect of CSR is investigated within a model which controls for job satisfaction, leadership, employee level, age and tenure and discriminates between the direct and moderating effects of gender. The analysis is based on a sample of 4,712 employees drawn from a financial services company. The results provide evidence of a positive relationship between all three measures of CSR and affective commitment and suggest that the contribution of CSR to affective commitment is at least as great as that of job satisfaction. Corporate social responsibility in the community has positive implications therefore not only to external stakeholders but also to the commitment of employees within the organisation. While no direct effect was found between gender and affective commitment, the results emphasise the moderating effect of gender on the relationship between CSR and affective commitment.

# **The Contribution of Corporate Social Responsibility to Organisational Commitment**

## **Introduction**

During the past decade firms have come under increasing pressure to pursue socially responsive behaviour from a variety of stakeholder groups including shareholders, employees, investors, consumers, and managers (Kapstein, 2001; Berman, Wicks, Kotha, and Jones, 1999; Donaldson and Preston, 1995). As the threats and opportunities associated with corporate social and environmental responsibilities have become better understood, companies have sought to generate strategic capital from the acceptance of these responsibilities. In light of this, significant strands of research have investigated whether there are financial payoffs to increased social responsiveness (Griffin and Mahon, 1997; Waddock and Graves, 1994; McWilliams and Siegel, 2001; Orlitzky, Schmidt, and Rynes, 2003), the influence of perceptions concerning corporate social responsiveness on customers (Romm, 1994; Solomon and Hanson, 1985; McGuire, Sundgren and Schneeweis, 1988; Smith, 1994; Jones, 1997), and the attractiveness of social performance to investors (Graves and Waddock, 1994; Coffey and Fryxell, 1991; Johnson and Greening, 1999).

Considerable attention has also been paid to the importance of employees in corporate social responsiveness (Turban and Greening, 1996; Greening and Turban, 2000; Albinger and Freeman, 2000; Backhaus, Stone and Heiner, 2002; Peterson, 2004). These studies provide evidence of payoffs to improved social responsibility, including the observation that more socially responsible corporations are more attractive to potential employees and that they may therefore benefit from larger applicant pools (Turban and Greening, 1996; Greening and Turban, 2000), and a more committed workforce because “employees will be proud to

identify with work organisations that have favourable reputation” (Peterson, 2004, p, 299). Indeed, a recent survey found that 58% of UK employees believed that the social and environmental responsibilities of the organisation they worked for are very important (Dawkins, 2004), with other evidence highlighting that corporate social and environmental values may play a particularly significant role in the recruitment of new graduates (Scott, 2004).

In this paper we investigate the relationship between employee perceptions of CSR and organisational commitment within a model which draws on social identity theory. Allen and Meyer (1990) distinguish between three forms of organisational commitment: affective commitment which denotes “an emotional attachment to, identification with, and involvement in the organisation”, continuance commitment which reflects “the perceived costs associated with leaving the organisation” and normative commitment “which reflects a perceived obligation to remain in the organisation” (Allen and Meyer, 1990, 21). Recent meta-analytic studies show that each of these forms of commitment is associated with labour turnover and intentions to leave the organisation but suggest that a stronger relationship exists between affective commitment and a range of desirable employee outcomes which include: attendance, job performance, stress, health and work-nonwork conflict (Meyer et al 2002). Earlier studies also suggest that affective commitment is driven by work experience rather than the recruitment or selection of employees, and highlight the importance of perceived organisational support in this process (Meyer et al, 2002). Since CSR forms an integral part of an employee’s work experience employee perceptions of a firm’s ethics, values, and social responsiveness are likely to play a significant role in shaping affective commitment.

Social identity theory suggests that “individuals tend to choose activities congruent with salient aspects of their identities, and they support the institutions embodying those identities” (Ashforth and Mael, 1989; p. 25). At the same time the “individual is argued to vicariously partake in the successes and status of the group: Indeed positive and negative inter-group comparisons have been found to affect a member’s self-esteem accordingly” (Ashforth and Mael, 1989; p. 22). To the extent that CSR contributes positively to the reputation of the organisation, employees are likely to more strongly identify with the organisation (Peterson, 2004), and have higher levels of self-esteem (Ashforth and Mael, 1989). Corporate social performance may therefore contribute positively to affective commitment both because employees are likely to identify with organisations which have the positive values implicit in CSR and because employees benefit from association with organisations with a positive image (Peterson, 2004).

The paper makes two contributions to the literature. First, our analysis of the link between CSR and affective commitment is among the first to reflect that CSR is a fundamentally multidimensional construct (Carroll, 1979; Hillman and Keim, 2001; Maignan and Ferrell, 2001). In contrast to earlier work that has distinguished between hierarchical dimensions of CSR (e.g. Peterson, 2004), our operationalization distinguishes between external CSR, which is concerned with perceptions of the company in external constituencies such as local communities, and internal CSR which focuses on social responsibility within the internal operation of the organisation. As such, our analysis explores the link between aspects of CSR and a key driver of organisational performance in the context of a particular firm-stakeholder link, thus addressing a long standing concern expressed in the literature exploring the link between corporate social and financial performance (Wood and Jones, 1995), while distinguishing between a set of managerially salient aspects of the corporate social

environment. In so doing, our study improves understanding of the determinants of organisational commitment and assesses the impact of external corporate social responsibility on internal stakeholders. Although earlier work has explored the relationship between CSR and external stakeholder management (e.g. Johnson and Greening, 1999; Griffin and Mahon, 1997; Brammer and Millington, 2003) few studies have investigated the impact of external CSR strategies on internal stakeholders and, in particular, work attitudes (Peterson, 2004). Second, we evaluate the contribution of external CSR to affective commitment in the context of a model which also includes two aspects of internal CSR: the provision of employee training and procedural justice in the organisation. These aspects reflect both corporate investments in the labour force and the fairness of the organisation. Our approach to the relationship between CSR and affective commitment is therefore both disaggregated and multidimensional and can be contrasted with earlier work which focuses either on particular aspects of CSR (e.g. Sweeney and McFarlin, 1997; Tata, 2000) or generic constructs which fail to distinguish between policy choices (e.g. Peterson, 2004). This disaggregated approach enables us to investigate the relative returns, in terms of affective commitment, to different forms of socially responsible behaviour, from which we might reasonably infer payoffs in terms of retention and recruitment and thereby establish a mechanism by which CSR can deliver strategic benefits.

The analysis is carried out in four sections. The next section explores the relationship between CSR and organisational commitment within a model which draws on social identity theory, and introduces our hypotheses. Section 3 discusses the sample, data and variable specifications. The results of the analysis are presented in section 4 and the implications are then discussed in a concluding section.

## **Conceptual background and hypotheses development**

### **Social identity theory**

Social identity theory proposes that individuals view themselves as members of social categories (Turner 1985; Tajfel and Turner 1986; Hogg and Abrams 1988; Ashforth and Mael 1989). Within social identity theory, an individual's view of themselves, their "self-concept", is influenced by their membership of social organizations, including the organization for which they work (Ashforth and Mael, 1989; Dutton, Dukerich, and Harquail, 1994). Individuals attempt to establish or enhance their positive self-concept through the comparison of their characteristics and the groups to which they belong with other individuals and groups (Turner 1985; Tajfel and Turner 1986; Ashforth and Mael 1989). Favourable comparisons lead to an enhanced self-concept, unfavourable ones to reduced self esteem. Perceptions of an organization's identity, the beliefs held by a member of an organization concerning the "distinctive, central, and enduring attributes of the organization" (Dutton et al., 1994, p.233-4), may influence the strength of identification of an individual with an organization. Hence, social identity theory hypothesizes that individuals are happiest when they associate themselves with organisations that have positive reputations, because it is association with those organizations that will enhance their self-concept (Tajfel and Turner, 1985; Maignan and Ferrell, 2001).

More recently, it has been suggested that employee perceptions of a firm's ethics, values, and social responsiveness play a significant role in shaping employees perceptions of the attractiveness of particular organizations (Greening and Turban, 2000; Peterson, 2004). Recent evidence suggests that employees, and the public in general, appear to attach significant and growing importance to the values of corporations and to socially responsible corporate behaviour (Brammer and Millington, 2003; Dawkins, 2004; Scott, 2004). In



addition, individuals “choose activities congruent with salient aspects of their identities, and they support the institutions embodying those identities” (Ashforth and Mael, 1989, p.25). Hence, within social identity theory, employees will identify with socially responsible behaviour by companies resulting in an increase in organisational commitment. In this paper we distinguish between three aspects of CSR: external CSR, procedural justice and training and explore the implications of each aspect for organisational commitment. Since social identity theory suggests that an individual's self identity and values are associated with gender (Tajfel and Turner, 1985) the relationship between organisational commitment and each aspect of CSR is investigated within a model which distinguishes between gender and includes a set of control variables which are drawn from the literature (Meyer et al, 2002).

### **External corporate social responsibility**

External CSR encompasses corporate philanthropy and community contributions but also reflects the way in which the firm interacts with the physical environment and reflects a company's ethical stance towards consumers and other external stakeholders (Carroll, 1979). Since CSR is concerned with those actions which exceed the legal minimum, corporate contributions in this field are largely discretionary (Carroll, 1979) and reflect the stance of the company to the broader society within which it operates. Social identity theory suggests that individuals will identify with organisations that match aspects of their self identity and to the extent that individuals care for the welfare of others they may value corporate behaviour which considers the society and community within which it operates (Maignan and Ferrell, 2001). Under such circumstances, employees may believe that their corporate contribution encompasses both a business and a social dimension encouraging higher levels of organisational commitment. External CSR is also positively related to the reputation of the company (Brammer and Millington, 2005; Maignan and Ferrell, 2001) and social identity

theory suggests that employees will be proud to identify with organisations that have a positive external reputation (Ashforth and Mael, 1989; Dutton, Dukerich and Harquail, 1994; Maignan and Ferrell, 2001; Gavin and Maynard, 1975) since employees may “bask in the reflected glory of the organization” (Dutton et al., p.240). Recent corporate experience in the oil and pharmaceuticals industries has emphasized the negative consequences for corporate reputation that may flow from inappropriate behaviour towards the environment (Fanning, 1990) or consumers (Peterson, 2004) and the reduction in employee identification with the company that followed (Dutton et al., 1990). Recent studies have also identified positive relationships between corporate reputation and philanthropy (Brammer and Millington, 2005) and corporate involvement in social causes (Hess, Rogovsky and Dunfree 2002). Employees are likely to base their opinions of external CSR on internal and external information sources including the media and their personal experience within the company (Maignan and Ferrell, 2001; Gilly and Wolfenbarger, 1998). Since social identity theory suggests that employees will benefit from identification with externally socially responsible organisations, we hypothesise that

**Hypothesis 1:** Employee perceptions of external CSR and affective commitment are positively related.

### **Procedural Justice.**

Procedural justice is concerned “with fairness in the means by which organisations and their representatives make allocation decisions” (Tepper and Taylor, 2003, p.97). Within the typology developed by Carroll (1979), procedural justice can be placed within the legal domain (Peterson, 2004). It is concerned with the processes through which firms evaluate employee performance and ensure the fair treatment of employees of different genders and

races and, as such, is intimately concerned with socially responsible behaviour in organisations. The theoretical link between organisational commitment and measures of organisational justice is an outgrowth of both social exchange theory and the existence of the reciprocity norm (Peterson, 2004). Earlier studies suggest that employees will have higher levels of commitment when they are treated fairly (Witt, 1991; Korsgaard, et al., 1995) and employees are likely to identify with fair procedures both because they benefit from them and because they identify with an organisation which treats its employees fairly. Put simply, beneficial actions directed at employees create a reason for employees to reciprocate with their attitudes and their behaviours. Studies of the relationship between organisational commitment and procedural justice suggest that they are positively and significantly related (Meyer et al, 2002; Cohen-Charash and Spector, 2001). We therefore hypothesise:

**Hypothesis 2:** Employee perceptions of procedural justice and affective commitment are positively related.

### **Training**

Training may benefit the individual and/or the organisation; it may be specific to the requirements of the organisation or may encompass transferable skills that can be used by the individual in different organisational settings. Since training benefits the individual as well as the organisation, and is subject to free rider effects by other organisations (Hoque, 2003; Finegold and Wagner, 2002), corporate participation in training may be seen as both an investment and as a socially responsible activity (Caldwell et al., 1990; Williams and Hazer 1986). Lee and Buvold (2003) argue that the provision of training may encourage employees to believe ‘that their organizations value their contribution and care about their employability’ (2003; p. 981). A positive relationship may therefore be expected between

training and affective commitment in response to the investment benefits which flow to the individual and because employees are expected to identify with organisations which pursue socially responsible actions. Earlier studies provide general support for a positive relationship between affective commitment and corporate investment in training (Caldwell et al., 1990; Williams and Hazer 1986; Meyer et al, 2002; Lee and Bruvold, 2003; Saks, 1995; Gregerson and Black, 1990) and we therefore hypothesize:

**Hypothesis 3:** Employee perceptions of training and affective commitment are positively related.

### **Gender and CSR-Commitment relationships**

Since the congruence between individual and organizational values lies at the heart of enhancing an individual's self-concept (Ashforth and Mael, 1989) and, through this, their commitment to an organization, systematic variations in individual values may play a central role in influencing the nature of CSR-commitment relationships. However, while earlier studies suggest that values may be subject to significant gender differences (Papamarcos and Sama, 1998; Greening and Turban, 2000) there is little evidence of a direct relationship between gender and affective commitment within fully specified models which control for age and level of employment (Aranya et al, 1986; Russ and McNeilly, 1995). Although evidence of a direct effect between gender and commitment is limited the role of gender as a moderator has been substantiated in a number of recent studies. Russ and McNeilly (1995) find evidence that gender acts as a moderator between organizational commitment and turnover intentions and Peterson (2004) suggests that gender differences influence the relationship between different aspects of CSR and affective commitment.

The existing literature provides some insight into those aspects of corporate social responsibility which are most valued by men and women respectively. Men are seen to place greater emphasis on instrumental or economic concerns while women are more likely to be concerned with discretionary behaviour within the organisation (Ibrahim and Angelidis, 1994; Smith et al 2001). Similarly Taveggia and Ziemba (1978) found that women place a higher importance on extrinsic job outcomes than men. Recent evidence suggests that the relationship between organisational commitment and discretionary measures of corporate social orientation is stronger for women than for men (Peterson, 2004) and that corporate charitable behaviour, which is usually considered to be discretionary (Carroll, 1979), is viewed more favourably by women than men (Roberts, 1993). Since the benefits of external CSR to employees are largely indirect and can only flow from association with what are perceived as beneficial and discretionary corporate activities we expect women to exhibit stronger preferences than men for external CSR

Earlier evidence also suggests that women are subject to significant discrimination in organisations; this is reflected in both their representation in senior management and board positions (Singh et al., 2001) and in pay inequities within the organisation (Sweeney and McFarlin, 1993). Because women may face gender discrimination in the workplace it has been suggested that they will place particular value on fair treatment within the workplace (Smith et al 2001) and therefore the rules and policies encompassed within procedural justice (Powell and Mainiero, 1992). They are concerned therefore not only with what they earn but also with the consistent application of rules and procedures (Ramamoorthy and Flood, 2004). This contention is supported by earlier studies which suggest that women place greater emphasis on procedural justice than men (Sweeney and McFarlin, 1997; Tata, 2000; Ramamoorthy and Flood, 2004).

To the extent that training is perceived as being less important by women than men, social identity theory would predict that it would have a lower salience to women in their evaluations of the organization they work for. Furthermore, to the extent that training has a lower salience to women than men, we would expect it to have a reduced impact on affective commitment. Spence and Helmreich (1980) suggest that male managers are more concerned with individual achievements and can be characterized as instrumental while female managers are concerned by human relations and can be characterized as expressive. Since women are less instrumental than men and may therefore place less value on the investment component of training a stronger relationship may be expected between training and commitment for men than women. This argument is supported by variants of human capital theory which suggest that women have a comparative advantage in childcare and are more likely to substitute domestic for paid work (Becker, 1976). Under these conditions 'they are therefore less available and less committed to paid work and they have less interest in training' (Fletcher, 2005; p. 573).

In light of this discussion of gender differences, we hypothesise:

**Hypothesis 4:** The relationship between external CSR and affective commitment will be stronger for women than men.

**Hypothesis 5:** The relationship between procedural justice and affective commitment will be stronger for women than men.

**Hypothesis 6:** The relationship between training and affective commitment will be stronger for men than women.

### **Control variables**

We controlled for a range of variables which have been identified as significant determinants of affective commitment. Both the theoretical and empirical work suggests that higher levels of job satisfaction are associated with higher levels of affective commitment (e.g., Meyer et al, 2002; Currivan, 1999; Bateman and Strasser, 1984; Curry et al, 1986). Strong evidence has also been found of a positive relationship between leadership and affective commitment (Bono and Judge, 2003; Lowe et al, 1996; Walumbwa and Lawler, 2003). Earlier studies also suggest that the age of the respondent, length of employment in the organisation (organisational tenure) and the seniority of the respondent will be positively related to affective commitment (Meyer et al, 2002).

### **Methodology**

The data used in this study are derived from an employee attitude survey for a large retail banking services firm in the United Kingdom. The company provides a broad range of retail financial products and services to over 10 million customers including mortgages, savings, current accounts, life assurance, personal loans and household insurance. It has a network of just under 700 branches which covers all of the United Kingdom and employs around 16,000 people, over 7,500 of whom work in the branch network.

The survey was administered to all employees of the organisation and was carried out in the 2002 fiscal year. The survey was distributed by company mail, and employees were encouraged to complete them during work time. The surveys were collected by post-paid

envelopes that were pre-addressed to an independent research company who processed the survey responses. 11,408 responses were received; missing data reduced the data available for analysis to 10,023 observations across the company. This represents a usable response rate of sixty two percent. In order to restrict the analysis to a relatively homogenous group of employees the sample in this study is drawn from the 4712 usable responses obtained from those employees who work in the retail branch network Each branch offers a broad range of standardized products and services including mortgages, loans, savings and insurance. A typical branch employs around 11 people, including a mix of full and part-time employees.

Table 1 presents descriptive statistics for the variables used in this study. The sample used for the regression analysis is representative of the population of the company's employees in retail banking. Women comprise 83 percent of the sample, though this proportion declines dramatically as we move away from the flexible, part-time jobs available at the lower end of the firm job hierarchy. We see that 93 percent of respondents are white, and that 68 percent are employed on a full time basis. Approximately 69 percent have been with the company for at least five years; though there is clear evidence that turnover is greater at the lower levels of the job hierarchy.

#### **TABLE 1 ABOUT HERE**

#### **Variables used in the analysis**

The variables employed in this study are constructed entirely from the employee attitude survey. Some are simple demographic controls, while others are constructs built from groups of attitudinal questions. This section begins with a description of the dependent variable, and then describes the independent variables



### **Dependent variable**

The measurement of organisational commitment forms the basis of an extensive literature (e.g. Kacmar et al, 1999; Balfour and Wechsler, 1996; Mowday et al, 1979). In this study we measure affective commitment using a three item scale which draws on the questions developed by Balfour and Wechsler (1996). In each case the questions are placed in the context of the surveyed company and assessed either in the context of a five point Likert scale (1= “disagree” and 5= “agree”). Typical questions include: “I am proud to say I work for *the company*”; “I would recommend a job at *the company* to friends”. The construct has a Cronbach’s alpha of 0.85. This implies a high degree of internal consistency in the responses to the individual questions. We used confirmatory factor analysis to examine the proposed construct, and the construct loads onto a single factor explaining 78% of the variance. Consistent with the approach suggested in Hair et al (1998, p. 119-120), we use normalized summated scores for our constructs instead of factor scores, in order to facilitate interpretation, generalizability and transferability.

### **Independent variables**

Following Tepper and Taylor (2003) we estimated procedural justice using a six item scale which draws on earlier work by Moorman (1991). Respondents used a five point Likert scale (1= “disagree,” to 5= “agree”) to indicate their level of agreement with a set of statements which were framed within the context of the survey company. Typical statements included: “The decisions management makes about employees are usually fair” and “I believe *the company* offers equality of opportunity to all employees.” The proposed construct is unidimensional and displays a Cronbach’s alpha of 0.87. Employee perceptions of external corporate social responsibility were measured using a single item construct (External CSR). Employees were asked to respond on a five point Likert scale (1=“disagree” to 5=“agree”) to

the statement “*The company* is a socially responsible member of the community. Employee perceptions of training and development were investigated using a three item construct (Training). Respondents were asked to express a level of agreement with these three statements on a Likert scale (1= “disagree” to 5= “agree”). Typical questions included: “There are sufficient opportunities to develop and improve my skills in my current job.” The proposed construct is unidimensional and displays an alpha of 0.81.

### **Control variables**

Job satisfaction is measured using a nine facet scale (pay, promotion, supervision, fringe benefits, contingent rewards, operating conditions, co-workers, nature of work, communication) adapted from the Job Satisfaction Survey (JSS), as detailed by Spector (1997). Our measure contains thirty-one questions and typical questions include; “how satisfied are you with your current opportunities”, “how satisfied are you with your basic pay”. In each case respondents were asked to respond on a five point Likert scale. The construct has good internal reliability with a Cronbach's alpha of 0.93. Leadership is measured using a seven item construct. Typical questions included; “senior management is doing a good job at leading the business forward.”, “*The company* is well led.” Respondents expressed their agreement with these statements on a five point Likert scale, and confirmatory factor analysis reveals that these questions load onto a single factor with an alpha of 0.91. Gender is coded as a dummy variable which takes the value of one for women (Women), and is otherwise equal to zero. We also use a dummy variable which is equal to one for all respondents from ethnic minorities (Ethnic Minority). A further dummy variable is created which is equal to one for all respondents who are not full time employees (Part Time). There are ten different job levels represented in the survey, and we used dummy variables to isolate three ranges of this hierarchy. We use these variables to control for the

different levels of commitment associated with different levels of the firm hierarchy. Our approach is similar to the one taken by Gibson and Barron (2003), but our approach is slightly more general, as it does not impose any linear restrictions on the way different hierarchical level influence commitment. Age and tenure are described by sets of dummy variables (Age, Tenure).

The relationship between affective commitment and CSR is estimated within OLS using a model which incorporates each of the measures of CSR and a set of control variables. The direct and moderating effects of gender are estimated within OLS using separate samples. The direct effect is tested on the full sample using a dummy variable to capture the effect of gender on affective commitment. In order to ascertain the moderating effect of gender the model is then estimated on separate samples for men and women. The estimation of separate gender models within OLS rather than the application of multivariate ANOVA has the advantage of producing clear estimates for all of the independent variables in each case and permitting the impact of gender to vary across the full set of independent variables, and relevant inferences produced by ANOVA can be reproduced by imposing restrictions on combinations of the regression parameters in our model (Gelman, 2005). Splitting the sample by gender also avoids the assumption of a common error variance for the two groups, thus improving the efficiency of the resulting estimates (Kennedy, 2003; p. 253).

## **Results**

This section reports the results of estimating the model described in section 4 above. Descriptive statistics are provided in Table 2. The correlation coefficients between the independent variables are generally low and the variance inflation factors do not exceed four suggesting that multicollinearity is unlikely to prove a significant problem (Hair et al., 1998).

## TABLE 2 ABOUT HERE.

All of the hypothesised correlations are significantly different from zero and have the anticipated sign. The significance levels are not surprising, given the sample size at our disposal.<sup>1</sup> The high degree of power available in our statistical tests also means that we should focus at least as much on coefficient magnitudes instead of simply examining significance levels. Table 2 demonstrates a strong bivariate correlation between affective commitment and procedural justice (0.69), and a weaker relationship between affective commitment and employee perceptions of external CSR (0.49). The other correlations in Table 2 are consistent with earlier studies of organisational commitment and provide support for the model within which the relationship between employee perceptions of CSR and affective commitment is estimated.

The relationship between affective commitment and corporate social responsibility is estimated using OLS and the results are shown in Table 3. Model 1 shows the relationship between the three dimensions of corporate social responsibility and affective commitment within a model which estimates the direct effects of gender, includes the control variables and uses the full sample. In order to investigate the moderating effect of gender on the relationship between corporate social responsibility and affective commitment the sample is then segmented by gender and separate models are estimated for women (model 2) and men (model 3). A common set of explanatory variables was included in each model so that the impact of gender on the relationship between aspects of CSR and organisational commitment could be explored. The estimation of separate models for men and women has the advantage

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<sup>1</sup> DeGroot (1984, p. 450).

that it permits gender to moderate the relationship between affective commitment and any of the independent variables, and it improves efficiency by avoiding the assumption of a common error variance for the two groups. Since significance levels are likely to be relatively high in models with large sample sizes the standardized coefficients are presented so that both the significance of the explanatory variables and their contribution to the explanatory power of the model can be explored. Heteroscedastic consistent estimates of the standard errors were generated using the procedure developed by White (1980).

**TABLE 3 ABOUT HERE.**

The overall explanatory power of the models is satisfactory within the context of a cross section study;  $R^2$  is greater than 0.60 in each model and the F statistic is highly significant in each case. Taken together, the results suggest that CSR contributes significantly to organisational commitment and provide substantial support for the hypothesized relationships<sup>2</sup>. We now discuss each model in turn.

**Results for the full sample (Model 1)**

The aggregate results for the complete sample (model 1) provide substantial support for a significant relationship between CSR and affective commitment. All three measures of CSR are significant ( $p < 0.01$ ) and the results provide substantial support for the hypothesised relationships. As anticipated a positive and significant relationship ( $p < 0.01$ ) was found between employee perceptions of external CSR and affective commitment (hypothesis 1); supporting the view that employee identification with external CSR results in increased levels

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<sup>2</sup> The contribution of CSR to affective commitment was also investigated within a set of hierarchical models which excluded and then included the measures of internal and external CSR. In each case the increase in explanatory power was highly significant ( $p < 0.01$ ).

of affective commitment. According to Hypothesis 2 a positive relationship was expected between employee perceptions of procedural justice since employees may be expected to identify with fair processes and procedures within the organization. This hypothesis is supported by the positive and significant relationship between procedural justice and affective commitment in model 1 ( $p < 0.01$ ). As anticipated training is positively and significantly related to affective commitment providing support for the view that employees will identify with organizations which provide training (hypothesis 3). Although all three aspects of perceived CSR are positively related to affective commitment the strength of this relationship differs significantly between types of CSR. Procedural justice has the highest standardised coefficient and the difference between procedural justice and the coefficients for training and external CSR is highly significant ( $p < 0.01$ ).

Taken together these results emphasise the importance of fairness and equity within organisations; indeed only job satisfaction contributes more to affective commitment than procedural justice and this difference is not significant ( $p < 0.10$ ). Within the set of CSR variables external CSR has the second highest standardised coefficient and the difference between external CSR and training is highly significant ( $p < 0.01$ ). Although external CSR is both discretionary and has at best an indirect benefit to employees, through social identity, while training has both a direct benefit to employees through corporate investment in the employees human capital and an indirect benefit through employee identification with a socially responsible organisation, external CSR is seen to have a significantly larger impact on affective commitment. This result emphasizes the importance of external CSR and the contribution of social identity to organisational commitment. No significant relationship was found between gender and affective commitment providing additional support for earlier

fully specified models which find no evidence of a significant direct relationship between gender and affective commitment (Aranya et al, 1986; Russ and McNeilly, 1995).

The results for the control variables are broadly consistent with earlier studies. Affective commitment levels increase with age and there is no evidence that tenure with the firm is an important determinant of commitment, except for very junior members of the company (length of service less than 1 year). Part time employees are no more or less committed to the organisation than their full time counterparts. The effect of membership of a racial minority is significant and negative. Job satisfaction and level within the organisation are positively related to affective commitment.

### **Results by gender (Models 2 and 3)**

The results for men and women are presented in models 2 and 3 respectively. All three dimensions of CSR are significant in both models emphasizing the contribution of CSR to affective commitment for both genders. However, differences in the coefficients on the CSR variables between and within the models suggest that the relationship between CSR and affective commitment is subject to significant gender variation. In particular the results emphasize differences in the relative importance of procedural justice and training between men and women. According to the earlier discussion the relationship between procedural justice and affective commitment should be stronger for women than men because women place a higher weight on fairness and the application of rules and procedures (hypothesis 5). The results are consistent with this hypothesis. The coefficient on procedural justice is higher for women than men and while this difference is not significant ( $p > 0.10$ ) the results in model 3 suggest that women place a higher value on procedural justice than training as a determinant of affective commitment. Of the three CSR variables procedural justice has the

largest coefficient and the difference between procedural justice and both training and external CSR is significant ( $p < 0.01$ ). Men were expected to disclose a stronger relationship between training and affective commitment than women (hypothesis 6) and the results provide some supporting evidence for this hypothesis. Although the differences between each form of CSR are not significant when the sample is restricted to men (model 2) training has the highest coefficient and the difference between the coefficients on training for women (model 2) and men (model 3) is significant ( $p < 0.01$ ). The results are not, however, consistent with the expected relationship between external CSR and affective commitment. Although a stronger relationship was expected between external CSR and affective commitment for women than men (hypothesis 4), because women place a greater value on discretionary corporate behaviour than men, the difference between the standardized coefficients is not significant ( $p < 0.10$ ).

The results for the control variables are indicative of broadly consistent behaviour across gender. Affective commitment is positively related to tenure and age for both men and women and the coefficients for job satisfaction and leadership have the expected positive signs in both models.

## **Discussion and conclusion**

The growing imperative for business organisations to pursue socially responsible strategies (Kapstein, 2001) has raised questions about the impact of such strategies on the behaviour of external and internal stakeholders. This paper focuses on internal stakeholders and investigates the impact of corporate social responsibility on organisational commitment within a model which discriminates between external CSR and two dimensions of internal CSR: procedural justice and training. The results suggest that positive perceptions of each



aspect of CSR are associated with affective commitment. Such results are consistent with social identity theory; employees identify with organizations which act socially responsible.

The results contribute to our understanding of the determinants of affective commitment and suggest that external CSR is positively related to affective commitment. External CSR has positive implications therefore not only to external stakeholders but also to the commitment of employees within the organisation. Although earlier work has provided evidence of a positive relationship between employee perceptions of discretionary CSR (Peterson et al, 2004) and organisational commitment this is the first study to provide evidence of a positive link between affective commitment and external CSR within a model which controls for job satisfaction, leadership and a full set of demographic factors.

In order to assess the relative importance of different aspects of CSR on affective commitment this study not only included a measure of external CSR but also included two measures of internal CSR; training and procedural justice. A positive relationship was found between procedural commitment providing additional support for earlier work (Meyer et al, 2002; Cohen-Charash and Spector, 2001). Similarly the positive relationship between training and affective commitment is consistent with earlier work (Caldwell et al., 1990; Williams and Hazer 1986; Meyer et al, 2002; Lee and Bruvold, 2003; Saks, 1995; Gregerson and Black, 1990). The disaggregated approach enables us to show the relative importance of different aspects of CSR on affective commitment. While all three elements of CSR are significant the results emphasize the relative importance of procedural justice. The standardised coefficients suggest that procedural justice is not only the most important element of CSR but the contribution of procedural justice is as large as that flowing from job satisfaction.

No significant direct relationship was found between gender and affective commitment providing support for earlier studies which have investigated the direct impact of gender on affective commitment within fully specified models which control for age and level of employment (Aranya et al, 1986; Russ and McNeilly, 1995). The results do however confirm the importance of gender as a moderating variable contributing to earlier studies which suggest that gender also acts as a moderating variable on the relationship between affective commitment and turnover intentions (Russ and McNeilly, 1998) and organisational commitment and corporate citizenship (Peterson, 2004). Estimation of separate models for males and females suggest that the results are subject to significant gender variations. Thus women place particular emphasis on procedural justice supporting earlier studies which emphasise the importance of procedural justice to women (Sweeney and McFarlin, 1997; Tata, 2000; Ramamoorthy and Flood, 2004), while men emphasized the relationship between training and affective commitment. In contrast little support was found for earlier studies which suggest that women place greater importance on discretionary elements of corporate socially responsible behaviour than men (Peterson, 2004; Ibrahim and Angelidis, 1994; Smith et al 2001).

The empirical results suggest that employee perceptions of corporate social responsibility have a major impact on affective commitment. Such results are particularly important in the light of the observed relationships between organisational commitment, labour retention labour health, and staff performance (Meyer et al, 2002). Taken together the contribution of CSR to organisational commitment is at least as great as job satisfaction. The results also suggest that external CSR is positively related to organisational commitment. This is an interesting result because external CSR is both discretionary and provides at best an indirect benefit to employees; supporting a conceptual framework which emphasises the contribution of social identity theory. In addition to its role in external stakeholder management, external

CSR appears therefore to offer indirect benefits to internal stakeholders through affective commitment. Consistent with the earlier literature, procedural justice and training provision are both seen to contribute positively to affective commitment (Meyer et al, 2002).

The results have significant implications for the implementation of CSR strategies within companies. First the positive relationship between each aspect of employee perception of CSR and organisational commitment emphasises the payoff in terms of affective commitment which may flow from corporate investments in CSR. Second, the relationship between external CSR and commitment suggests that the benefits of corporate community contributions are not restricted to external reputation and external stakeholder management but may also be reflected in the behaviour of internal stakeholders. This emphasises the importance that firms should attach to the communication of CSR policies and in particular external CSR policies such as corporate community policies to employees. Third, the results suggest that the effects of CSR on corporate commitment vary with the type of policy and the individuals' gender. Gender variation in the relationship between each aspect of CSR and organisational commitment suggests that organisations with large female labour forces should pay particular attention to procedural justice and while firms with large male workforces should focus on the provision of training. The gender distinction is of particular importance in a context where women form an increasing proportion of both the labour force and senior management positions.

The study is subject to two possible limitations. First, both employee perceptions of CSR and affective commitment are obtained from a single source. The results are therefore, at least potentially, subject to common methods bias. However, since our analysis focuses on the impact of different forms of CSR on affective commitment, rather than the aggregate

relationship between CSR and affective commitment, the impact of common methods bias on our results is likely to be small. In any case social identity theory assumes that it is employee perceptions of CSR which are relevant (Peterson, 2004) and it is these measures which this study uses. Second, the use of data drawn from a company sponsored questionnaire of its own employees may result in biased estimates. However the impact of the source on the results is likely to be limited. The data was collected by an external agency and our primary concern is with variations between types of CSR and gender rather than aggregate relationships where biases are most likely to occur. In any case the use of this source permits access to a large data base and therefore avoids the statistical problems associated with the omission of relevant variables.

Finally we offer three suggestions for future research. First, our study focuses on broad measures of socially responsible activity in the organisation. Future research could introduce disaggregated measures of training and procedural justice which seek to separate individual financial and non-financial benefits clarifying the relationship between social identity theory and internal CSR. Second, the results show a clear relationship between employee perceptions of external CSR and organisational commitment; future research could usefully investigate the relationship between employee participation in external CSR through payroll giving schemes or corporate volunteering and organisational commitment. Third, the results are based on the analysis of detailed attitudinal data from a single multi-site firm; future research could extend the investigation to different industrial and cultural settings to assess the generality of our findings.

## Appendix 1: Components of the main scales used in the analysis

### *Organizational commitment*

- *The company* is a good employer.
- I am proud to say I work for *the company*.
- *The company* is where I want to work.

### *Procedural justice*

- The decisions management makes about employees are usually fair.
- I believe *the company* offers equality of opportunity to all employees
- I believe it is safe to speak up and challenge the way things are done in *the company*.
- In my opinion, *the company's* management cares about the welfare of employees.
- I believe senior management will act on issues identified in this survey.
- I usually believe what *the company's* management tells me.

### *Training*

- The development I have received has enabled me to do my job.
- There are sufficient opportunities to develop and improve my skills in my current job.
- I believe I have the opportunity for personal development and growth in *the company*.

### *Job satisfaction*

#### Pay

- How satisfied are you with your basic pay?
- How satisfied are you with the recognition/acknowledgement of your performance?

#### Promotion

- Overall, how satisfied are you with your current career opportunities?
- *The company* is good at promoting its best people.

#### Supervision

- My manager lives the values promoted by *the company*.
- Taking everything into account, I think my team is well led.
- My manager makes good decisions.
- My manager tells me what I need to know to do my job.
- My manager encourages me to contribute new ideas.
- My manager acts on my ideas and suggestions, where appropriate.
- My manager takes time to coach me and develop my on-job skills.
- My manager helps me put my formal training and development into practice.
- My manager regularly gives me constructive feedback on my performance.

#### Fringe benefits

- From what I hear, our pay and benefits are as good as, or better than those in similar organisations.

#### Contingent rewards

- How satisfied are you with your bonuses?

#### Operating conditions

- How satisfied are you with your freedom to get on with the job?
- The procedures, systems and controls I work with enable me to provide excellent member/customer satisfaction

#### Co-workers

- In my branch/department/ FC team we are committed to achieving member/customer satisfaction.
- In my branch/department/ FC team we are good at acknowledging one another's achievement.
- I feel able to discuss my pressures at work with my work colleagues.
- The people I work with cooperate to get the job done.
- Most of the time morale in my branch/department/FC team is good.
- I don't often worry about what will happen to my branch./department/ FC team in the future.

#### Nature of work

- Taking everything into account how would you rate your overall satisfaction with *the company* at the present time?
- I am satisfied with my involvement in decisions that affect my work
- I am satisfied with my physical working conditions
- How satisfied are you with your workload?
- How satisfied are you with your job security?

#### Communication

- I am fully aware of how I contribute to *the company's* achievement of its business objectives.
- I have a clear understanding of my job responsibilities
- I understand how I am expected to behave and how this fits in with *the company's* objectives.

#### *Leadership*

- Senior management has a clear idea of where *the company* is going.
- On the whole, I believe *the company* is well led.
- In my judgment, senior management is doing a good job at leading the business forward.
- In my judgment, senior management is doing a good job at making quick decisions.
- In my judgment, senior management is doing a good job at encouraging and implementing new ideas and suggestions from employees.
- In my judgment, senior management is doing a good job at sending a clear message of the way they expect employees to behave.
- In my judgment, senior management are doing a good job at living by *the company's* values themselves.

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Table 1: Descriptive statistics for the full sample of 4,712 observations. Variance inflation factors reported from the full sample regression (Model 1 in Table 3).

	Mean	Std. Deviation	VIF
Organisational commitment	4.33	0.75	
Procedural justice	2.90	0.76	3.25
External CSR	4.43	0.71	1.38
Training	2.94	0.90	2.56
Job satisfaction	2.96	0.59	3.80
Leadership	3.20	0.66	2.45
Women	0.82	0.38	1.23
Ethnic minority	0.06	0.25	1.05
Part time	0.31	0.46	1.36
Low-level customer facing staff	0.67	0.47	
High-level customer facing staff	0.27	0.45	1.45
Non-customer facing staff	0.06	0.23	1.25
Aged less than 24 years	0.13	0.34	1.81
Aged 24-29 years	0.19	0.39	1.39
Aged 30-40 years	0.40	0.49	
Aged 41-50 years	0.20	0.40	1.21
Aged 51 or more years	0.08	0.28	1.13
Tenure less than 1 year	0.08	0.27	1.85
Tenure of 1-2 years	0.07	0.26	1.76
Tenure of 2-3 years	0.08	0.27	
Tenure of 3-4 years	0.08	0.27	1.86
Tenure of 5 or more years	0.69	0.46	3.60

Table 2: Correlation coefficients

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>1</b> Organisational commitment	1.000									
<b>2</b> Procedural justice	0.693 ***	1.000								
<b>3</b> External CSR	0.489 ***	0.449 ***	1.000							
<b>4</b> Training	0.606 ***	0.652 ***	0.334 ***	1.000						
<b>5</b> Job satisfaction	0.689 ***	0.776 ***	0.426 ***	0.771 ***	1.000					
<b>6</b> Leadership	0.670 ***	0.730 ***	0.498 ***	0.566 ***	0.671 ***	1.000				
<b>7</b> Women	-0.044 ***	-0.054 ***	-0.003	-0.046 ***	-0.033 **	-0.008	1.000			
<b>8</b> Ethnic minority	-0.087 ***	-0.095 ***	-0.059 ***	-0.040 ***	-0.083 ***	-0.067 ***	-0.025 *	1.000		
<b>9</b> Part time	-0.053 ***	-0.056 ***	-0.006	-0.095 ***	-0.041 ***	-0.044 ***	0.282 ***	-0.038 ***	1.000	
<b>10</b> Low-level customer facing staff	-0.214 ***	-0.168 ***	-0.111 ***	-0.168 ***	-0.143 ***	-0.145 ***	0.337 ***	0.059 ***	0.338 ***	1.000
<b>11</b> High-level customer facing staff	0.177 ***	0.132 ***	0.090 ***	0.146 ***	0.115 ***	0.120 ***	-0.222 ***	-0.044 ***	-0.284 ***	-0.874 ***
<b>12</b> Non-customer facing staff	0.094 ***	0.087 ***	0.052 ***	0.059 ***	0.070 ***	0.065 ***	-0.256 ***	-0.034 **	-0.141 ***	-0.350 ***
<b>13</b> Aged less than 24 years	-0.023	0.028 *	-0.058 ***	0.016	-0.002	0.012	-0.058 ***	0.054 ***	-0.164 ***	0.190 ***
<b>14</b> Aged 24-29 years	-0.037 **	-0.013	-0.030 **	0.000	-0.018	-0.027 *	-0.069 ***	0.063 ***	-0.190 ***	-0.016 ***
<b>15</b> Aged 30-40 years	0.033 **	0.010	0.030 **	-0.014	0.017	0.020	0.069 ***	-0.008	0.190 ***	-0.120 ***
<b>16</b> Aged 41-50 years	0.014	-0.019	0.028 *	-0.003	-0.006	-0.006	0.020	-0.056 ***	0.057 ***	-0.030 ***
<b>17</b> Aged 51 or more years	0.001	-0.006	0.020	0.010	0.008	-0.003	0.018	-0.060 ***	0.048 ***	0.046 ***
<b>18</b> Tenure less than 1 year	0.059 ***	0.083 ***	0.000	0.077 ***	0.061 ***	0.066 ***	-0.052 ***	0.107 ***	-0.093 ***	0.168 ***
<b>19</b> Tenure of 1-2 years	-0.038 ***	-0.004	-0.042 ***	-0.004	-0.014	-0.012	-0.003	0.076 ***	-0.086 ***	0.155 ***
<b>20</b> Tenure of 2-3 years	-0.023	-0.001	-0.031 **	-0.004	-0.026 *	-0.020	-0.002	0.049 ***	-0.094 ***	0.114 ***
<b>21</b> Tenure of 3-4 years	-0.049 ***	-0.047 ***	-0.008	-0.047 ***	-0.054 ***	-0.052 ***	-0.018	0.039 ***	-0.062 ***	0.016 ***
<b>22</b> Tenure of 5 or more years	0.030 **	-0.017	0.046 ***	-0.012	0.020	0.012	0.044 ***	-0.156 ***	0.193 ***	-0.260 ***

\*\*\* = Correlation is significant at the 0.01 level

\*\* = Correlation is significant at the 0.05 level

\* = Correlation is significant at the 0.10 level

Table 2 (continued)

	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
<b>1</b> Organisational commitment											
<b>2</b> Procedural justice											
<b>3</b> External CSR											
<b>4</b> Training											
<b>5</b> Job satisfaction											
<b>6</b> Leadership											
<b>7</b> Women											
<b>8</b> Ethnic minority											
<b>9</b> Part time											
<b>10</b> Low-level customer facing staff											
<b>11</b> High-level customer facing staff	1.000										
<b>12</b> Non-customer facing staff	-0.150 ***	1.000									
<b>13</b> Aged less than 24 years	-0.158 ***	-0.082 ***	1.000								
<b>14</b> Aged 24-29 years	0.027 *	-0.021	-0.186 ***	1.000							
<b>15</b> Aged 30-40 years	0.107 ***	0.039 ***	-0.319 ***	-0.392 ***	1.000						
<b>16</b> Aged 41-50 years	0.015	0.033 **	-0.193 ***	-0.237 ***	-0.406 ***	1.000					
<b>17</b> Aged 51 or more years	-0.055 ***	0.013	-0.117 ***	-0.144 ***	-0.247 ***	-0.149 ***	1.000				
<b>18</b> Tenure less than 1 year	-0.144 ***	-0.064 ***	0.329 ***	0.012	-0.145 ***	-0.073 ***	-0.058 ***	1.000			
<b>19</b> Tenure of 1-2 years	-0.134 ***	-0.057 ***	0.286 ***	0.056 ***	-0.144 ***	-0.083 ***	-0.053 ***	-0.080 ***	1.000		
<b>20</b> Tenure of 2-3 years	-0.091 ***	-0.056 ***	0.183 ***	0.109 ***	-0.108 ***	-0.077 ***	-0.075 ***	-0.086 ***	-0.082 ***	1.000	
<b>21</b> Tenure of 3-4 years	-0.011	-0.012	0.124 ***	0.143 ***	-0.101 ***	-0.065 ***	-0.081 ***	-0.086 ***	-0.082 ***	-0.088 ***	1.000
<b>22</b> Tenure of 5 or more years	0.218 ***	0.109 ***	-0.529 ***	-0.187 ***	0.287 ***	0.172 ***	0.155 ***	-0.430 ***	-0.413 ***	-0.443 ***	-0.443 ***

\*\*\* = Correlation is significant at the 0.01 level

\*\* = Correlation is significant at the 0.05 level

\* = Correlation is significant at the 0.10 level

Table 3: Presents standardized coefficients from ordinary least squares regressions. T-statistics in parentheses. Dependent variable in all models is organisational commitment.

	Model 1 Full sample		Model 2 Men		Model 3 Women	
Sample size	4712		826		3886	
R-squared	0.613		0.639		0.609	
<i>Variables related to hypotheses</i>						
Procedural justice	0.2055 (12.397)	***	0.1583 (3.863)	***	0.2140 (11.812)	***
External CSR	0.1429 (13.221)	***	0.1379 (5.346)	***	0.1429 (11.999)	***
Training	0.1174 (7.967)	***	0.1955 (5.693)	***	0.1018 (6.231)	***
<i>Control variables</i>						
Constant	0.0000 (19.432)	***	0.0000 (8.466)	***	0.0000 (18.525)	***
Job satisfaction	0.2121 (11.828)	***	0.1713 (4.053)	***	0.2198 (11.081)	***
Leadership	0.2246 (15.586)	***	0.2264 (6.370)	***	0.2265 (14.351)	***
Women	0.0070 (0.684)					
Ethnic minority	-0.0176 (1.864)	*	-0.0485 (2.187)	**	-0.0082 (0.788)	
Part Time	0.0140 (1.303)		0.0462 (2.069)	**	0.0107 (0.924)	
High-level customer facing staff	0.0838 (7.551)	***	0.1328 (3.918)	***	0.0745 (6.490)	***
Non-customer facing staff	0.0487 (4.732)	***	0.1252 (3.940)	***	0.0249 (2.367)	**
Aged less than 24 years	-0.0225 (1.818)	*	-0.0025 (0.074)		-0.0273 (2.047)	**
Aged 24-29 years	-0.0227 (2.094)	**	-0.0043 (0.160)		-0.0254 (2.137)	**
Aged 41-50 years	0.0066 (0.649)		0.0423 (1.745)	*	-0.0020 (0.183)	
Aged 51 or more years	-0.0021 (0.216)		-0.0325 (1.419)		0.0028 (0.257)	
Tenure less than 1 year	0.0190 (1.523)		0.0958 (3.030)	***	0.0013 (0.097)	
Tenure of 1-2 years	-0.0103 (0.840)		-0.0001 (0.004)		-0.0126 (0.929)	
Tenure of 3-4 years	-0.0103 (0.823)		0.0089 (0.292)		-0.0149 (1.075)	
Tenure of 5 or more years	-0.0256 (1.465)		0.0424 (0.959)		-0.0423 (2.216)	**

\* = significant at 0.10 level

\*\* = significant at 0.05 level

\*\*\* = significant at 0.01 level