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**The Influence of Corporate Social Responsibility
on Organisational Commitment among Employees
in Pakistan**

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Abstract

The potential effects of corporate social responsibility (CSR) on employee commitment levels towards their respective organisations represents a very important topic in the current business environment. The purpose of this study was to provide organisations in Pakistan with a means of reducing turnover rates as well as to teach them how to create a strong and reliable workforce that is motivated to serve the organisation's aims. Several CSR dimensions were studied to understand how they impact organisational commitment. The influence of independent variables (Legal CSR, Economic CSR, Ethical CSR and Philanthropic CSR) on dependent variables (organisational commitment) was studied for this study. The study used a combination of primary and secondary data collection tools to achieve the results. Secondary data sources include past studies in the form of journal articles retrieved from credible sources such as Jstor, Google Scholar, etc. The original data were collected through survey questionnaires distributed to the leading organizations. Our sample size was 220 employees, and we analysed the results using SPSS. The findings indicated that economic CSR, Legal CSR, Ethical CSR, and charitable CSR were the aspects that organisations could choose because they significantly improved employee motivation and determined them to remain with their organizations and had an impact on organisational commitment. This study focused exclusively on Pakistani organisations and their features. Hypotheses H1, H2 & H3 were accepted whereas hypothesis H4 was rejected. This indicates that Economic, Legal, and Ethical CSR have a positive impact on organisational commitment whereas philanthropic CSR has a negative impact on organizational commitment.

Keywords: corporate social responsibility, employees, organisational commitment, Pakistan.

JEL Classification: M1.

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1. Introduction

Corporate social responsibility (CSR) is a well-known and widely used concept. According to Crane et al. (2008), it allows organisations to address the demands and well-being of both societies and key stakeholders. CSR contributes to increased efficiency and improved company image (Crane et al., 2008). Since they are the ones who decide on the organisation's revenue, large corporations actually prioritise customer happiness. In this context, the recent research has turned firms' attention to identifying how to increase customer satisfaction. People are viewed as the most meaningful component of an organisation since they become the most powerful promoters of the organisation's concerns as well as a great impact of the entity's success or failure.

Every enterprise undergoes obstacles in their process of attaining a workforce which is committed to the organisations' interests, shows thorough motivation, and holds objectives and a motto that is the same as their targets.

This matter is of utmost importance for all organisations irrespective of their size, as it supplies encouragement to diligent employees who act towards the fulfilment of the organisational objectives and it minimises overall turnover rates. CSR is vital in such a setting because, even if it is costly to implement, it assists organisations in delineating circumstances that are appealing to everyone and provided employees the impression that the organisation is focused on their welfare, even when this is not applicable (Prasad & Holzinger, 2013).

The characteristics and scales of CSR developed in the current timeframe, its inception taking place in the previous decades (Carroll, 1991). It was categorised and described in four main areas that included all aspects of life: economic, legal, philanthropic, and ethical corporate social responsibility. Therefore, a company must be aware of and refer to all these characteristics in a way that is seen and felt by everyone to successfully inherit and incorporate CSR into the way it operates (Kim, Song & Lee, 2016). Significant advances in recent decades have further improved these characteristics in response to the demands of time. Therefore, it is critical for firms to determine whether combining these factors may increase employee dedication to the company, resulting in an efficient labour force that best supports the company's goals.

Contemporary human resource methodologies and internal marketing instruments are another important element which all successful companies inbuild into their commercial operations. Employee management is a modern tool for streamlining and accelerating corporate operations, and efficiency is how most businesses thrive (Huang & Rundle-Thiele, 2014). Since employees are the stakeholders who have the power to build or destroy a company, all businesses have a strong interest in ensuring their happiness.

The research investigates whether and how the elements of corporate social responsibility can influence how people work for their companies, the way of job approach, and the necessary work hard to achieve goals.

2. Literature Review

According to Porter and his colleagues, “Organisational commitment is defined as the degree to which employees are affiliated and attached to the organisations to which they belong” (Porter, Steers, Mowday, & Boulian, 1974).

CSR, corporate social responsibility, also referred to corporate responsibility, corporate accountability, corporate ethics, corporate citizenship, etc. According to the literature, "Corporate social responsibility" refers to an organisation's accountability for the effects of its choices and actions on the environment and society via morally and transparent behaviour that is compatible with long-term growth and societal well-being; the expectations of stakeholders, complies with relevant legal requirements, is in line with accepted worldwide standards of behaviour, and is integrated across the entire business (Hohnen, 2007). There are four basic forms of CSR which include Economic, Legal, Ethical, and Philanthropic CSR. According to the literature, they are defined as follows:

Economic CSR:

“Economic corporate social responsibility suggests that for the business cycle to remain smooth, all firms must battle to be successful in providing goods and services to their individual clients” (Carroll, 1991).

Legal CSR:

“Legal CSR executes the organisations with the belief that all commercial action is required in accordance with governmental laws and regulations and that laws-related practices must be scrupulously adhered to” (Carroll, 1991).

Philanthropic CSR:

“A firm must make the extra effort to fulfil philanthropic missions, which may be connected to advancing society and providing significant advantages for its stakeholders, once all other conditions have been met” (Carroll, 2003).

Ethical CSR:

Previous studies focused on how individuals perceive CSR and how it affects their organisational commitment (Brammer et al., 2007). The study used a sample of 4 712 workers from a major retail banking company. The tests were carried out using regression analysis, followed by an ANOVA test. The results indicated that CSR has a positive impact on the commitment to the organisation.

Lee et al. (2013) investigated how three components of corporate social responsibility influenced organisational trust. The study was carried out and validated using confirmatory factor analysis and structural equation modelling (SEM). The results showed that legal CSR improved employee perception regarding their level of employer and increased their job satisfaction (Lee, Seong-Yeon, & Jung, 2013).

Mahenthiran et al. intended to analyse how legal and ethical CSR components affected the levels of commitment to the organisation. To assess the results, a regression analysis was applied to a sample of 151 Malaysian companies. The findings revealed a strong association between employee participation and legal and ethical CSR activity (Mahenthiran, Tong, Terpstra, & Rachagan, 2015).

Another previous study has investigated the potential impact of corporate social responsibility efforts on employee organisational engagement in the gaming industry. The authors used the structural equation model to evaluate the results of a survey conducted among these employees. The results revealed that greater awareness of business social responsibility increased the engagement to their specific organisations. (Smith & Kumar, 2014).

An earlier study by Schnurbein and his colleagues tried to establish the link between corporate social responsibility and philanthropic CSR. The study, which combined the overall strategy with other components including the CSR pyramid, was based primarily based on a theoretical approach. They found that when done well, corporate giving can increase an organisation's drive and inventiveness (Schnurbein et al., 2016).

2.1 Problem Statement

The objective of this study is to classify the possible effect of the areas of corporate social responsibility on the way staff perceive their company. The goal is to determine how these practices might influence employee commitment and whether they are truly worth the time and money needed to implement them.

3. Research Questions

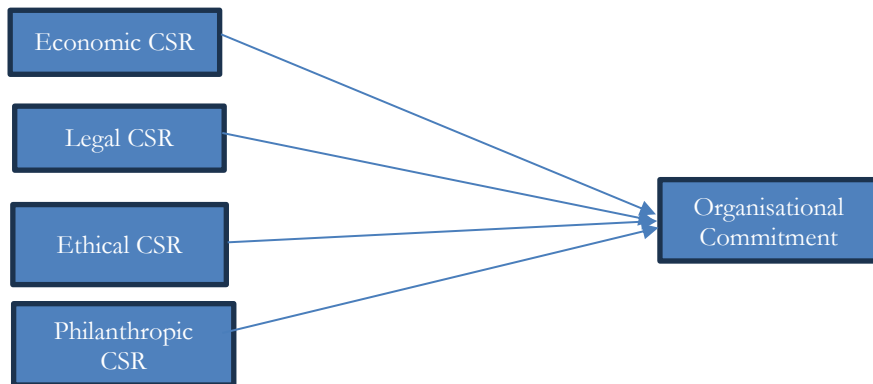
There are various research questions developed for this study. They are described below:

- To determine whether Economic CSR increases the organisational commitment of employees.
- To determine whether legal CSR raises employee commitment to the organisation.
- To determine whether employee organisational commitment is increased by Ethical CSR.
- To determine whether organisational dedication among workers is enhanced by philanthropic CSR.

3.1 Hypotheses

- H1: Economic CSR has a positive relationship with Organisational Commitment.
- H2: Legal CSR has a positive relationship with Organisational Commitment.
- H3: Ethical CSR has a positive relationship with Organisational Commitment.
- H4: Philanthropic CSR has a negative relationship with Organisational Commitment.

Figure 1. Theoretical Framework



Source: created by the authors.

4. Research Methods

Our study focusses on the widely used concept of "corporate social responsibility" and requires analytical data regarding employee behaviour.

It used a combination of primary data, which comes from questionnaires, and secondary data, which come from articles in journals indexed in different international databases. The questionnaire was developed to obtain the primary data necessary as part of this study. The questionnaire was developed in Google Docs and disseminated online to collect data. The questionnaire is developed on two sections. The first section includes questions related to all variables (dependent & independent). The questions were developed using a Likert scale ranging from 1= strongly disagree to 5= strongly agree. The second section contains demographic data of the employees. Data was gathered from employees of various organizations in Pakistan. Our sample size was 220 employees from different leading organisations in Pakistan. To obtain the data, we use the random sampling technique.

To analyse the data, SPSS software was used. Different statistical techniques were used to check the reliability of data and to test hypotheses, for acceptance or rejection.

5. Findings

5.1. Demographic Analysis

Demographic analysis was considered very important for each study. For this study, various demographic variables were included in the questionnaire such as gender, education status, income, and marital status. The data was collected of 220 employees from various organisations in Pakistan. Out of 220 employees, 72.3% of them were the males and 27.7% were the females working in various organisations in Pakistan. However, most of them were single (65.5%) and only (34.5%) were

married. However, analysing the educational status, it was seen that 62.7% of them had master’s degree, 27.7% of them had bachelor’s degree, 4.5% of them had only matriculation and only 5% of them had other degree/diplomas such as vocational diplomas, etc.

5.2. Reliability Analysis

Research must include reliability analysis as a critical component. It essentially functions as a verification of the legitimacy of a research questionnaire. It gives the research its quality as it attempts to establish the accuracy of data chosen for a study (Fink & Litwin, 1995). 0.6 or higher is the standard value for the Cronbach alpha. Any figure falling into this bracket is therefore regarded as legitimate and dependable.

The expectation is that the standard Cronbach’s alpha will be greater than 0.6. The results in this study are higher than 0.6. As can be seen in Table 1 below, every parameter has Cronbach’s alpha values greater than 0.6, indicating the reliability of each variable's instrument.

Table 1. Cronbach’s Alpha

Variables	Cronbach’s Alpha
Organisational Commitment	0.8132
Economic CSR	0.7341
Legal CSR	0.6423
Ethical CSR	0.7011
Philanthropic CSR	0.6372

Source: developed by the authors.

5.3. Hypothesis Testing

For this work, a structural equation modelling (SEM) was used as the method of hypothesis evaluation. It was presumable that a variable's p-value for the chi-square test would have to be under or equal to 0.05 in order for it to have a significant relationship with the dependent variable (organisational commitment). Conversely, factors with a value greater than 0.05 were deemed to have no meaningful relationship with the dependent variable, which is organisational commitment. The results of the hypotheses are displayed in Table 2 below, together with the p- and t-values.

H₁) According to the t-value of 4.208 and the p-value of 0.000, there was a very strong relationship between employees' organisational commitment and economic CSR adopted by the firms. Since both obtained values were well inside the benchmark range, the hypothesis had been accepted.

H₂) Based on its 0.000 p-value and 3.964 t-value, legal CSR that was integrated by organisations showed an extremely significant link with Organisational Commitment. The results achieved were well within the criterion; hence, the hypothesis was approved.

H₃) The organisational commitment of workers was significantly correlated with ethical CSR activities carried out by organisations; the t-value for this

association was 2.020 and the obtained data showed a p-value of 0.045, which is less than 0.05. These findings led to the hypothesis's acceptance.

H₄) With a p-value of 0.938, greater than the acceptable threshold level, and a negative t-value of -0.078, which led to the rejection of the hypothesis, corporate philanthropic CSR had a very insignificant negative connection with the dependent variable organisational commitment.

Table 2. P-Values and T-values

Name of Variables	P-value	t-value	Result
Economic CSR → Organisational commitment	0.000	4.208	Accepted
Legal CSR → Organisational commitment	0.000	3.964	Accepted
Ethical CSR → Organisational commitment	0.045	2.020	Accepted
Philanthropic CSR → Organisational commitment	0.938	-0.078	Rejected

Source: developed by the authors.

6. Conclusions

Employees are considered the most important factor in determining whether an organisation succeeds or fails. They communicate with existing customers and attract new ones and meet their demands to enlarge their commercial horizons. As a result, organisations are continuously and increasingly searching to develop strategies to retain employees who are loyal, motivated, and committed to achieving organizational goals. This is where this study comes in, as it provides organisations with tools and practices to build teams, to decide which approaches to use and how to use them to support a working labour force.

Our study mainly allows organizations to learn about the characteristics and importance of the four basic forms of CSR, and about the internal procedures that a firm can apply to stimulate employee commitment. The findings of this research are significant in the sense that they reflect the attitude and corporate climate of the Pakistani corporate sector. It explains the different landscapes and mentality of the Pakistani people, hence helping companies to decipher the type of personnel they employ. This research will help corporations understand the need and desire of their employees and best ways to satisfy them. Organisations should aim to understand their staff. Organizations capable of recognizing and collecting labour force needs and desires for the workforce will reduce turnover rates since satisfied employees are less likely to leave their employers.

The findings of the study are self-explanatory in pointing out that the effective implementation of CSR increases motivation to work with the organization. Businesses must continue

The CSR should, therefore, be actively promoted to all shareholders. The effective promotion must start within the organization so that all may believe in it.

In other words, although this study has certain limitations, it is of immense importance, more so for Pakistan. The topic can assist organisations and employees better understand corporate social responsibility. It can assist organisations in identifying strategies to reduce employee turnover. It can support them in opting for methods and strategies which can alter the motivation of employees while minimising or removing conduct that produces negative externalities. Conversely, employees are provided benefits through their understanding of these features as it permits them to properly negotiate with employers, to enhance their awareness on how they can safeguard themselves against exploitation, and to select to work for an organisation that best serves them.

Lastly, the hypotheses H1, H2 & H3 of the study were accepted except one, H4, as philanthropic CSR has an insignificant relationship with organisational commitment. Therefore, this hypothesis is rejected on the p-value. The other types of CSR have a more direct impact on organisational commitment compared to philanthropic CSR.

According to previous studies, economic CSR has a significant relationship with organisational commitment. According to the literature, a high level of organisational commitment can increase workplace productivity, which helps to run the organisations smoothly and to be profitable (Carroll, 1991). However, organizations who capitalize on training programs as part of their economic CSR, this helps the employees in the organization to grow competently and get hands-on experience. Therefore, this increases employee commitment towards the organization (Brammer, Millington, & Rayton, 2007). Secondly, H2 is accepted as legal corporate social responsibility and affects organizational commitment positively. Furthermore, previous studies also suggest that legal CSR has a positive relationship with organisational commitment as workers consider if their organisation is legally obedient and justly liable, they are more committed to it. If the employees believe that organisation follow the legal standards and have defined laws and rules, employees are more dedicated towards the organization, enhancing positive organizational culture and leading to high level of organizational commitment, thus in turn leading to lower level of employee turnover (Brammer, Millington, & Rayton, 2007). Third, there is a significant relationship between ethical corporate social responsibility and organisational commitment based on p-value which is significant (0.045) as less than 0.05. In addition to that according to previous studies, there is a positive relationship between ethical CSR and organisational commitment because if the organisations follow ethical laws and codes of conduct, employees are more committed towards organizations. If employees were given fair rights and respect, their attitude towards organisations increase. Thus, the ethical measure of corporate social responsibility was a robust predictor of organisational commitment than the economic and legal measures (Peterson, 2004). The last hypothesis H4 is rejected according to the results of this study. According to the literature, some studies show that corporate social responsibility has a strong relationship with organisational commitment, but some studies show the insignificant relationship. If the charitable practices in the

organisations are not beneficial for the employees and they are not unified into their roles, they are not committed towards that. Moreover, if they are not aware of the benefit, this is a low level of organisational commitment shown insignificant relationship between philanthropic CSR and organizational commitment (Margolis & Walsh, 2003). Between 1950 and 2000, firms' philanthropic contributions increased by more than fourfold in actual terms (Margolis & Walsh, 2003).

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