The Impact of Corporate Social Responsibility on Organizational Commitment: Exploring Multiple Mediation Mechanisms

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Abstract   Unlike previous studies that examine the direct effect of employees' perceived corporate social responsibility (CSR) on affective organizational commitment (AOC), this article examines a mediated link through organizational trust and organizational identification. Social exchange and social identity theory provide the foundation for predictions that the primary outcomes of CSR initiatives are organizational trust and organizational identification, which in turn affect AOC. The test of the research model relies on data collected from 378 employees of local and multinational companies in South Asia, as well as structural equation modeling to test the postulated relationships. Both organizational trust and organizational identification fully mediate the CSR–AOC link. However, the identification mechanism is significantly stronger than the trust mechanism in terms of building AOC from CSR. Out of four CSR components, CSR toward employees is the strongest predictor of employees' trust, identification, and AOC, followed by CSR toward community, whereas CSR toward the environment has no effect. Finally, CSR toward community and employees are more associated with social exchange, whereas CSR toward consumers relates more to the social identity process.

Keywords   Corporate social responsibility · Social exchange · Social identity · Organizational trust · Organizational identification · South Asia

Abbreviations

CSR	Corporate social responsibility
AOC	Affective organizational commitment

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Introduction

Recent studies establish a positive link between employees' perceptions of their companies' corporate social responsibility (CSR) and their affective organizational commitment (AOC) (Brammer et al. 2007; Maignan et al. 1999; Rego et al. 2010; Stites and Michael 2011; Turker 2009), yet they mainly examine the direct effect of CSR on AOC, without explaining the process by which this effect occurs. Overlooking possible mediation processes limits the practical implications of research and leaves the question of causality unaddressed. To address these issues, this study examines the chain of effects of CSR on AOC and attempts to uncover the underlying multiple mediation mechanisms.

Extant studies generally rely on social identity theory to explain the direct link between CSR and AOC (e.g., Brammer et al. 2007; Maignan et al. 1999; Rego et al. 2010; Stites and Michael 2011; Turker 2009). Similarly,

Glavas and Godwin (2012) apply social identity theory to develop a model of the impact of perceived CSR on organizational identification, and Kim et al. (2010) suggest that CSR influences AOC through the mediation mechanism of employees' company identification, also in accordance with the social identity framework. Instead, multiple mechanisms might better explain the link between CSR and AOC, such that exploring them should provide a better understanding of the processes at work and enable better management of CSR initiatives. We therefore adopt a multi-theoretical approach to develop a comprehensive model of the potential impact of CSR on employees. Beyond social identity mechanisms, we introduce social exchange theory to predict that CSR initiatives affect both employees' trust in their company and organizational identification, which in turn exert influences employees' AOC.

We also study the differential effect of the four components of CSR on employees—that is, corporate behaviors that aim to affect stakeholders positively and go beyond economic interests (Turker 2009). Each of the four components focuses on one stakeholder group, i.e., employees, consumers, society and the natural environment, and government. The direct and indirect relevance of these CSR components for employees causes them to induce different types of social exchange and social identity processes and, as a result, influence employees' attitudes differently. For example, CSR actions focused on employees may induce restricted social exchange, whereas CSR actions focused on other stakeholders could induce more generalized social exchange between the organization and its employees. Similarly, CSR actions focused on external stakeholders may encourage prestige-based identification, but CSR actions directed at employees likely lead to respect-based identification. For a better understanding of the CSR–employee link, we explore these differential effects and thereby determine whether different types of CSR actions have differential impacts on employees' attitudes and behaviors. Understanding the differential effects is also worthwhile from a practitioner's point of view, in that it may help managers formulate their CSR strategies.

Finally, we test our model in the developing world, specifically in Pakistan. Although we do not seek to introduce any particular cultural aspect to this research, examining the consequences of perceived CSR initiatives on employees in Pakistani firms expands the boundary conditions that have limited previous research. There are large differences between culture and economic conditions of developed and developing countries. Hence, the context of the study provides an opportunity to elucidate this phenomenon in contrasting conditions. For instance, Pakistan sharply contrasts from Western countries on individualism/collectivism dimension of culture (Pakistan's score = 14, USA's score = 91: Hofstede 2013). Triandis et al. (1988) note that people in collectivistic cultures share harmony within their in-groups (family and friends) and less with society as a whole. Therefore, CSR consequences might not be as clear as previous research has established within the Western world. Similarly, high score of Pakistan on power distance compared to developed countries may also impact the employees' response to CSR. People in high power distance societies are more willing to accommodate injustice and inequality (Hofstede et al. 2010) which may result into different responses to CSR initiatives of organizations. Also, Pakistan is largely a religious country (Khan 2005), and 95 % of Pakistanis are Muslim (CIA 2011). As studies show that religiosity is one of the determinants of ethical attitude (Wong 2008; Pace 2013), this may also affect the results of our study. The values of Islam strongly emphasize obligatory charity (*Zakat*), social welfare and maintenance of social justice (Williams and Zinkin 2010) and individuals are extensively involved in these kinds of activities. However, these philanthropic and social welfare activities should be anonymous and low-key. Since attaching one's name to these activities brings in an element of selfishness and self-promotion, this is much less of a concern in religious (Islamic) societies (Loannou and Serafeim 2012). In addition, Islam emphasizes personal responsibility instead of corporate responsibility (Williams and Zinkin 2010). Therefore, CSR may not have as strong an impact on employees' outcomes as in Western countries. Again, testing our model in a cultural setting different from the widely researched Western world is a way to test boundary conditions.

We begin by reviewing the concept of CSR. We then turn to social identity and social exchange theory to identify the main effects of CSR (organizational identification and organizational trust), which in turn determine employees' AOC. We develop the methodology in a third part, using structural equation modeling (SEM) to estimate the model and a phantom model approach to deal with multi-mediation analysis. Finally, we discuss the results and conclude with some implications.

Literature Review

CSR

Despite its growing significance, CSR still lacks a commonly accepted definition (Garriga and Melé 2004; Kakabadse et al. 2007; McWilliams and Siegel 2001). It has been approached from different perspectives, such as social performance (Carroll 1979), stakeholder management (Donaldson and Preston 1995; Freeman 1984), corporate governance (Freeman and Evan 1990), business ethics (Solomon 1993), social contract (Donaldson and Dunfee

2002), and corporate citizenship (Matten and Crane 2005). While illustrating the challenges associated with the construct of CSR, Henderson (2001, p. 21) suggests that "there is no solid and well-developed consensus which provides a basis for action."

According to the widely cited definition of CSR, "the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time" (Carroll 1979, p. 500), some scholars propose that it goes beyond economic and legal responsibilities (Matten and Moon 2008; McWilliams and Siegel 2001), whereas others distinguish CSR from economic, technical, and legal obligations (Aguilera et al. 2007; Sims 2003). For instance, McWilliams and Siegel (2001, p. 117) define CSR as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" and Rupp et al. (2006, p. 537) as "activities, decisions, or policies, that organizations engage in to effect positive social change and environmental sustainability."

For this study, we rely on definitions that exclude economic and legal components of CSR and adopt a CSR stakeholder framework that classifies CSR actions into four main categories (Turker 2009):

- *CSR toward social and nonsocial stakeholders* This component represents the responsibility of a business toward society, the natural environment, next generations, and nongovernmental agencies.
- *CSR toward employees* The firm's actions must ensure the well-being and support of its employees, including career opportunities, organizational justice, family-friendly policies, safety, job security, and union relations.
- *CSR toward customers* This dimension relates to the responsibilities of a business toward consumers and products, including product safety, customer care, and handling customer complaints, beyond the law.
- *CSR toward government* The firm is responsible to comply with the law and governmental rules and pay taxes.

Following the view that legal requirements are not part of CSR, we exclude the fourth dimension from our operationalization of CSR.

Perceived CSR and Employees' Outcomes

Recently, a body of literature has emerged that focuses on how employees' perceptions of CSR impact their work outcomes. This research can be classified into two broad categories. The first stream explores how CSR actions affect employer attractiveness to prospective employees (Albinger and Freeman 2000; Backhaus et al. 2002; Greening and Turban 2000; Turban and Greening 1997).

These studies are based on social identity theory and suggest that CSR creates a good reputation and sends signals to prospective job applicants about the attractiveness of the employer. The second stream focuses on current employees and explores how CSR affects employees' attitudes and behaviors. Valentine and Fleischman (2008) show that corporate ethics programs and social responsibility positively influence employees' job satisfaction, and Maignan et al. (1999) or Maignan and Ferrell (2001) demonstrate that corporate citizenship is associated with higher levels of employee commitment among marketing managers and executives. Many scholars such as Peterson (2004), Brammer et al. (2007), Turker (2009), Rego et al. (2010), Stites and Michael (2011) examine the direct link between CSR and employees' commitment and demonstrate that employees' perception of CSR is positively related to organizational commitment. These studies suggest that CSR enhances employees' desire to identify with a socially responsible company due to its prestigious image and as a result, remain committed to their organization. Because organizational identification is relevant within the social identity process, the effects of CSR on identification have also been explored. For instance, Carmeli et al. (2007) demonstrate that perception of CSR positively influences organizational identification which in turn impacts job performance. Recently, Rodrigo and Arenas (2008), Jones (2010), Roeck and Delobbe (2012), and Glavas and Godwin (2012) also suggest that CSR has a positive influence on organizational identification. However, Kim et al. (2010) incorporate both organizational identification and AOC and demonstrate that CSR positively influences AOC through the mediation of organizational identification.

Overall, CSR research in micro-organizational behavior relies on social identity theory and examines the effect of CSR on AOC and organizational identification. To extend this area of research, there is a need to explore other mechanisms that further explain the link of CSR with employees work outcomes. Looking at the phenomenon with alternative lenses might provide a better understanding and a richer body of knowledge on the issue.

Our study contributes to the literature in multiple ways. First, we introduce a new mechanism based on social exchange in CSR-employee research that explains the effect of perceived CSR on employees' attitudes and behaviors. Social identity-based research suggests that CSR induces employees' desire to identify with their organization due to its prestigious image. On the other hand, a social exchange-based mechanism suggests that CSR actions send signals to the employees that their organization is caring, kind, and benevolent and that they feel obliged to reciprocate good deeds of their company with positive attitudes and behaviors. Given social exchange mechanisms, we suggest that CSR positively

induces organizational trust, in addition to organizational identification. Both identification and trust are cognitive constructs that reflect different facets of employee–employer relations. Organizational trust is defined as "expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favorable, or at least not detrimental to one's interest" (Robinson 1996, p. 575) whereas organizational identification is a "perception of oneness with or belongingness to an organization, where the individual defines him or herself in terms of the organization(s) in which he or she is a member" (Mael and Ashforth 1992, p. 104). Identification reflects individuals' self-definition and employees' sense of oneness with the organizations (Pratt 1998), whereas social exchange exists between two parties who have separate identities. In particular, trust reflects the quality of relationships between the two parties—employees and their organization (Mayer et al. 1995). Since social exchange and trust present different dimensions of employee–employer relations, the current research offers a novel view in CSR-employee research and provides opportunities for future research.

Second, this is the first study which theorizes the differential effect of various types of CSR actions on employees. We suggest that different types of CSR actions have different effects on employees due to direct and indirect relevance of these actions to them. Previous studies either examine aggregate effect of CSR (e.g., Carmeli et al. 2007; Jones 2010; Kim et al. 2010) or examine the effect of a single component of CSR on employees (e.g., Roeck and Delobbe 2012: examine the effect of environmental responsibility on employees). This study simultaneously examines the effect of CSR actions focused on four stakeholder groups (community, employees, consumers, and the natural environment). It enables comparing the effect of these components on employees and gives an opportunity to understand which CSR component is more associated with either social exchange mechanisms or with social identity mechanisms. Hence, it should help understand what matters more to employees and which CSR actions are relevant for prestige or trustworthiness. Understanding these differential effects is also worthwhile from a practitioner's point of view, in that it may help managers design their CSR strategies in more detail.

Finally, this study validates the stakeholder-based CSR construct in a cultural setting little explored in the literature, that of South Asia. This expands boundary conditions and should facilitate future studies on CSR conducted in an Asian context.

Theoretical Framework and Research Model

This study suggests two mechanisms by which CSR influences AOC: social identity and social exchange. Through these two mechanisms, we propose that organizational identification and organizational trust become direct outcomes of the firm's CSR initiatives, which in turn positively affect AOC. Thus, we examine the influence of CSR on AOC through the mediation of organizational identification and organizational trust. The CSR to employees dimension focuses on internal stakeholders, whereas the two other components focus on external stakeholders. We suggest that both types of CSR (internal and external) induce social exchange and social identity mechanisms but in different ways since one is self-focused (CSR to employees) and the others are other-focused.

CSR and Organizational Identification: A Social Identity Mechanism

Social identity theory suggests that the firm's CSR actions have a direct effect on employees' organizational identification. People strive to achieve or maintain a positive social identity (Aberson et al. 2000), which they can derive from membership in different groups (Ashforth and Mael 1989). Among these groups, membership in business organizations may be the most important component (Hogg and Terry 2000). Tyler (1999) further suggests that employees use the status or social standing of their organization to evaluate their self-worth. Employees prefer to identify with organizations which have a prestigious image, which enhance their self-worth and meet their need for self-enhancement (Tajfel and Turner 1985). Organizational identification thus derives from the image and perceived prestige of the organization (Dutton et al. 1994; Tyler and Blader 2003). We argue that firm investments to support social and nonsocial stakeholders and consumer welfare induce positive evaluations of the organization, with strong impacts on the firm's external image. In a sense though, CSR actions focused on external stakeholders should be more relevant for outsiders. With their varying interests, needs, and goals, different stakeholders selectively process unique informational cues or signals provided by organizations (Riordan et al. 1997), such that outsiders are more likely to monitor external CSR activities. Investments made by the firm for community development, consumer welfare, and environmental protection likely prompt positive assessments. A firm's philanthropic and community development actions enhance its corporate image and external prestige conducting outsiders to rank it highly (Brammer and Millington 2005; Fombrun and Shanley 1990; Fryxell and Jia 1994). Moreover, because CSR actions enhance the firm's image, employees feel proud to associate with it, which enhances their self-worth and self-esteem, whether the CSR actions focus on social or nonsocial stakeholders or customers.

In addition, employees' evaluation of the level of respect with which the organization treats them could

influence identification, by enhancing perceived status within the organization (Tyler and Blader 2002). Because CSR toward employees includes actions that ensure the well-being and support of employees and good working conditions, it may reinforce employees' perception of their respect and status within the organization. We therefore suggest that CSR to employees contributes to employees' organizational identification. Consequently:

Hypothesis 1 Employee perceptions of their firm's CSR toward (a) social and nonsocial stakeholders, (b) consumers, and (c) employees positively influence the employees' organizational identification.

Impact of CSR on AOC: Mediation of Organizational Identification

In the context of social identity, AOC is a critical outcome related to identification and which we define as "an employee's emotional attachment to, identification with, and involvement in the organization" (Allen and Meyer 1990, p. 1). Although both organizational identification and AOC indicate psychological links between employees and the organization, the former is generally considered as an antecedent of the latter. Pratt (1998) specifically suggests that organizational identification is a cognitive perceptual construct that causes attitudes such as AOC. We posit in turn that employees who identify with their company are committed because their identification maintains their external prestige and internal respect. The firm's positive external prestige, which enhances employee self-esteem and fulfills social identity needs, keeps the employees committed to that company. Employee commitment increases with the level of CSR initiatives, because employees feel increasingly proud to identify with the firm. Therefore, CSR should affect AOC through the mediation of organizational identification, a claim that receives support from studies that indicate a positive relationship between organizational identification and AOC (Carmeli et al. 2007; Kim et al. 2010). Therefore,

Hypothesis 2a There is a positive relationship between employees' organizational identification and AOC.

Hypothesis 2b Organizational identification mediates the link between CSR and employees' AOC.

CSR and Organizational Trust: A Social Exchange Mechanism

In addition to social identity theory, we suggest that social exchange theory helps explain the effect of CSR on employees. CSR has an inbuilt capacity to induce social exchange processes between the organization and its employees. Consequently, CSR may influence employees' attitudes and behaviors through a social exchange process.

A basic tenet of social exchange theory is the rule of reciprocity: If one person supplies a benefit, the receiving party should respond in kind (Gergen 1969). In a social exchange, one party voluntarily provides a benefit to another, invoking an obligation to reciprocate by providing some benefit in return (Whitener et al. 1998). The rule of reciprocity applies in the case of CSR, because it implies voluntary actions by the firm to support well-being of employees as well as other stakeholders. Therefore, employees may feel obliged to reciprocate these voluntary investments.

Scholars have distinguished between forms of exchange with structures of restricted or generalized reciprocity (Molm et al. 2007). We suggest that CSR invokes both types of reciprocity (exchange) between employees and their organization. In restricted exchanges, two actors grant benefits in a direct (one to one) reciprocity arrangement. The rule of restricted reciprocity should apply in the case of employees-related CSR, because it implies voluntary actions by the firm to support their well-being. The organization provides benefits to its employees beyond its legal and financial obligations (voluntary) and employees feel obliged to pay back these voluntary investments. Consequently, it stimulates direct social exchange relationships between employees and their organization.

On the other hand, community, environment and consumer related CSR actions invoke generalized exchange in which each actor provides and ultimately receives benefits, though not to and from the same actor (Molm et al. 2007). Generalized reciprocity is "a group-based exchange relationship in which members expect quid pro quo exchanges within the group but not necessarily with any specific member" (Das and Teng 2002, p. 449). In this form of exchange, "reciprocity becomes a generalized norm that all members are supposed to follow" (Das and Teng 2002, p. 449). Because employees are also members of the macro-group to which community, consumers, and organizations belong, it is expected that employees will reciprocate the voluntary actions a firm undertakes to benefit the welfare of the community, society, or consumers due to generalized reciprocity norms, even if these activities are not directly focused on them. Our argument is supported by Handelman and Arnold (1999), who suggest that "a company's actions appeal to the multidimensionality of the people as not only an economic being but also as a member of a family, community and country." They further recognize that people are conscious of their personal well-being and the well-being of stakeholder groups of which they are current or potential members. Therefore, we suggest that employees may reciprocate the other-focused CSR activities due to generalized reciprocity norms. In

addition to these arguments, we also believe that other-focused voluntary investments likely generate signals of generosity and benevolence, and employees may reciprocate to maintain social solidarity (Buchan et al. 2002; Molm et al. 2007). Therefore, it is likely that CSR initiatives focused on other stakeholder groups induce generalized social exchange relationships between employees and their organization.

Social exchange relationships have been operationalized in different ways in organizational behavior research, e.g., leader member exchange (LMX), perceived organizational support (POS) and organizational trust. LMX is used to measure social exchange relationships between leader and subordinate whereas POS represents social exchange relationships between organizations and their employees (Settoon et al. 1996; Wayne et al. 1997). Organizational trust also represents social exchange relationships between organizations and employees (Aryee et al. 2002; Konovsky and Pugh 1994). However, POS applies in situations where organizations' voluntary actions are focused on employees only and invokes restricted exchange (e.g., Settoon et al. 1996; Wayne et al. 1997). By contrast, trust is used for both restricted (Aryee et al. 2002; Konovsky and Pugh 1994) and generalized social exchange (Ekeh 1974; Uehara 1990). For this reason, POS may not be suitable to represent social exchange relationships induced by CSR between organization and employees. Trust is often referred to in the case of generalized exchange relationships because generalized reciprocity provides the basis for a trust building process (e.g., Ekeh 1974; Uehara 1990). Since CSR invokes both restricted and generalized social exchange, organizational trust is likely the most appropriate concept to represent social exchange in the context of this study. Therefore, to test our assertion that CSR induces social exchange between organizations and their employees, we use organizational trust to represent the social exchange relationships between the parties (e.g., Aryee et al. 2002; Konovsky and Pugh 1994; Ekeh 1974; Uehara 1990).

Because both other-focused as well as employee-focused CSR investments signals that the organization is caring, benevolent, and generous, the firm that addresses all three dimensions should appear to care for employees now and in the future. These positive expectations instill organizational trust (Robinson 1996). Therefore, organizational trust might be the direct possible outcome of a firm's CSR initiatives. Our argument is also supported by exchange theorists who suggest that trust between parties is a primary outcome of social exchange relationships (Aryee et al. 2002; Konovsky and Pugh 1994; Molm et al. 2000; Whitener et al. 1998). Both Blau (1964) and Holmes (1981) identify trust as an important outcome of favorable exchanges, and Ekeh's (1974) elaboration of Levi-Strauss's thesis proposes that trust is the most important consequence of both direct and indirect reciprocity. It follows:

Hypothesis 3 Employees' perceptions of the firm's CSR toward (a) social and nonsocial stakeholders, (b) consumers, and (c) employees positively influence employees' organizational trust.

Impact of CSR on AOC: Mediation of Organizational Trust

AOC is also an important outcome of social exchange processes in organizations. Blau (1964, p. 98) notes that "the establishment of exchange relations involves making investments that constitute commitment to the other party." Since, CSR initiatives invoke social exchange between organization and its employees, it is likely that CSR positively induces AOC. However, we argue that CSR influences AOC through the mediation of organizational trust because trust is a direct consequence of CSR actions. CSR initiatives being voluntary investments made by companies for the welfare of community, consumers, and employees, these investments for the welfare of others are signals that induce expectations that the company will treat employees with the similar level of care and benevolence in the future. Since organizational trust is the employees' beliefs about the likelihood that future actions of their company will be beneficial and favorable to them, trust should be a direct outcome of the CSR initiatives which in turn inculcates employees' commitment to their organization. We suggest that employees' expectations and beliefs that their organization will treat them with care in the future and that their organization will not take any action detrimental to their interest invoke an emotional attachment and commitment of employees to their organization (AOC). Therefore, we argue that CSR initiates a social exchange between the firm and its employees, with both organizational trust and organizational commitment as potential outcomes. Organizational trust results from CSR and in turn influences AOC. Our argument is supported by abundant research that reveals that organizational trust is a strong predictor of organizational commitment (e.g., Aryee et al. 2002; Cook and Wall 1980; Farndale et al. 2011; Macky and Boxall 2007; Ruppel and Harrington 2000; Ganesan and Hess 1997; Kwon and Suh 2004). Aryee et al. (2002) tested a social exchange-based model of organizational justice and find that organizational justice positively influences AOC through the mediation of organizational trust. Similarly, Ruppel and Harrington (2000) find that work climate has an impact on employees commitment via trust. Thus:

Hypothesis 4a There is a positive relationship between employees' organizational trust and AOC.

Hypothesis 4b Organizational trust mediates the link between CSR and employees' AOC.

These relationships and hypotheses suggest the model in Fig. 1.

Method

Sample and procedure

We focus on employees of companies manufacturing consumer goods in Pakistan. There are many local and multinational companies operating in this industry. These companies offer a large variety of consumer goods such as food items, personal care products, and home care products. The population of Pakistan (a hundred and eighty million inhabitants) offers an attractive market for these companies. With the increase in purchasing power and per capita income in Pakistan, this industry has a high growth rate and is profitable. Most companies are large size firms, have more than 500 employees, and operate in all regions of Pakistan.

These companies are involved in many CSR activities on the local market. For instance, a local company participating in this survey provides SOS children villages, SOS hospitals in remote areas of Pakistan, and free eye care centers in schools. The company also supports medical expenses of many poor patients. The company is also conscious of the natural environment, safety and health care of its workers, and has developed a Health, Safety, and Environment (HSE) Department. Other companies are also involved in CSR activities such as early childhood education programs, world food programs (especially foreign multinational companies), flood relief and rehabilitation programs, campaigns against epidemic deceases such as Swine flu and Dyngi Virus, projects for reducing greenhouse gases, programs for environmental protection, reduction of waste and energy consumption, and sustainable packaging.

We selected eleven companies that publish sustainability and CSR-related information on their websites since publically available information indicates that the companies are involved in topical CSR issues. Employees therefore should have CSR-related perceptions about their employers. In line with Rupp et al. (2006), we define employees as lower management or nonmanagerial workers, who are unlikely to be involved in the development and implementation of business and sustainability policies. Top and middle management could develop and implement such policies and thus were not considered here. We collected data related to predicators and outcome variables from a single source. Since employees' reaction to CSR initiatives of their company is stimulated by their perceptions rather than by objective measurements (Brammer et al. 2007), predictors and outcomes should be aligned in terms of their source (Rupp et al. 2013). We contacted the targeted companies and sought their permission and support for data collection. The data were collected face-to-face, using a self-reporting questionnaire. Authors personally handed over a paper copy of the questionnaire to the informants willing to participate in the study. The questionnaire was accompanied by a cover letter. To control for social desirability bias, anonymity and confidentiality were emphasized orally as well as in the cover letter (Chung and Monroe 2003). To maintain anonymity, respondents were invited to drop the completed questionnaire in a drop box placed at the reception desk (Mitchell et al. 2009). This process took 1 week in each of the eleven

Fig. 1 Hypothesized research model
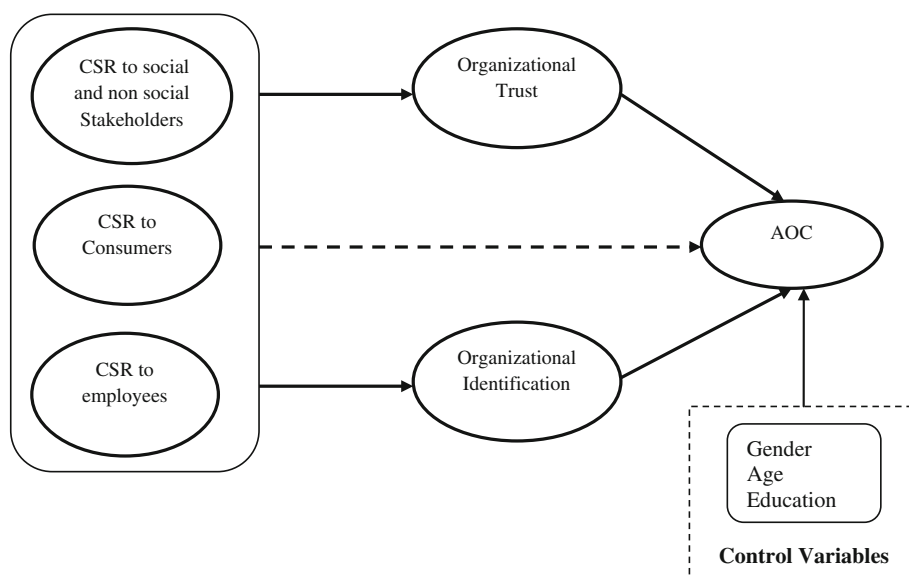
companies. Informants were given 1 week to fill their responses and one reminder phone call was made to increase the response rate. In addition to anonymity and confidentiality, we emphasized that there is no right or wrong answers to further decrease social desirability bias (Randall and Gibson 1990). We distributed 609 copies of the questionnaire and obtained 392 responses, a fairly high response rate (64 %) due to the face-to-face contact and reminder calls. After analyzing missing values, the final sample comprised 378 responses. The demographic characteristics of the respondents are given in Table 1.

Measurements

To measure CSR, we relied on perceptual measures and adapted instruments developed by Turker (2009). Six items measured social and nonsocial CSR, six items focused on CSR to employees, and three items pertained to CSR to consumers. We also added an item related to contributions to charities and donations from Maignan and Ferrell (2000) since corporate contributions to charities are vital to CSR (Carroll 1979; Maignan and Ferrell 2000). The final instrument thus includes 16 items. For organizational identification, we relied on a five-item revised version of Mael and Ashforth's (1995) scale, which had good reliability in previous research. For AOC, we used Meyer et al.'s (1993) abridged five-item scale. The questionnaire was translated into Urdu, the national language of Pakistan using a forward–backward translation process. Responses

Table 1 Demographic characteristics of the informants

Demographic characteristics	Percentage
Gender	
Female	14
Male	86
Age	
18–28 years	40
29–40 years	45
More than 40 years	15
Level of education	
Not completed bachelor	29
Bachelor	46
Master	25
Management level	
Nonmanagement	72
Lower level managers	28
Job tenure	
0–5 years	39
6–10 years	47
More than 10 years	14

Percentage values are rounded off

were measured on a seven-point Likert scale (1 = "extremely disagree" to 7 = "extremely agree"). The organizational trust measure is a three-item scale from Pivato et al. (2008) adapted to an organizational context. The adapted items are (i) I trust my organization, (ii) I can always count on my organization, and (iii) My organization is reliable. These items measure overall trust of employees toward their organization. Since the objective of this research is to explore alternative mediation mechanisms (the trust mechanism versus the identification mechanism), an instrument measuring overall trust in the organization is more appropriate than instruments regarding trust as a multi-dimensional construct. We did not wish to decompose trust into its dimensions (e.g., integrity, benevolence, and competence) since we do not theorize on potential differential effects of CSR on these components. To contrast the path through trust from that through identification, we adopt a multi-item general measurement of trust to fit the study purpose.

Before launching the study, we pre-tested the instrument with 19 MBA students to identify any problem linked to the adapted and translated version of the items, and to identify problems related to comprehension, flow, and duration of the Urdu version of the questionnaire. The pre-test revealed no major problems linked to duration, structure, content, and flow. However, an item ("Our company targets a sustainable growth which considers to the future generations") related to the social and nonsocial stakeholders dimension needed to be rephrased.

Analytical strategy

We analyzed the data in three steps. In a first step, we examined measurement validity and reliability using confirmatory factor analysis (CFA) for all the measures (Anderson and Gerbing 1988). After establishing convergent and discriminant validity, we tested the hypothesized structural model using SEM (Anderson and Gerbing 1988). Our focus was on determining the direct and indirect effects of CSR components on organizational trust, organizational identification, and AOC. Third, we used a phantom model approach (Macho and Ledermann 2011) with SEM to assess the multiple mediation of organizational identification and trust, and to assess total and specific indirect effects. We also tested common method variance using multiple methods (Podsakoff et al. 2003) to ensure the quality of the data.

Measurement Validity: CFA

Although we used well-established instruments to measure the constructs, we performed CFA to test their dimensionality and validity in South Asia. In total, we use six

concepts—three dimensions of CSR, organizational trust, organizational identification, and AOC. We first tested a single factor CFA in which we loaded all the items of the six measures on a single factor (Anderson and Gerbing 1988) and the single factor CFA did not produce good fit with the data (Table 2). We then tested a six factors CFA model in which we loaded the items on their respective factors. This theory-based CFA also did not produce good fit with the data (Table 2). Because the fit indices were not good, a re-specification of the model was required. Anderson and Gerbing (1988, p. 416) stress that "respecification decisions should not be based on statistical considerations alone but rather in conjunction with theory and content considerations." The four items related to the social and nonsocial stakeholders' dimension of CSR revealed low loadings (0.25, 0.19, 0.21, and 0.25) on their factor. These items were related to the quality of natural environment. In contrast, three items related to the community welfare presented high loading. We decided to divide this factor into two factors—CSR for the community and CSR for the environment. This division was proposed by Sen and Bhattacharya (2001), Backhaus et al. (2002), and Dahlsrud (2008). For example, Backhaus et al. (2002) suggest that the most important dimensions of CSR are environment, community relations, employee relations, and product-related issues. Sen and Bhattacharya (2001) also differentiate community support from environmental protection. The division of social and nonsocial factor into two factors resulted in a seven factor CFA model. The fit

indices of the seven factors CFA model were good and within the range of acceptable models (Table 2).

With this seven factor model, all items achieved reasonably high factor loadings between 0.62 and 0.90 (Kline 2011). We also analyzed the convergent and discriminant validity of the seven instruments. Average variance extracted (AVE) for all the seven instruments was greater than the recommended value of 0.50, demonstrating satisfactory convergent validity. Discriminant validity was established since the AVE for each construct was greater than any squared correlations (Table 3).

Measurement Reliability

Finally, the seven constructs showed high internal consistency and reliability, with Cronbach alpha values of 0.79 for community CSR, 0.92 for environment CSR, 0.91 for employee CSR, 0.82 for consumer CSR, 0.87 for identification, 0.89 for commitment, and 0.87 for trust, all greater than the recommended value of 0.7 (Nunnally 1978).

Common Method Variance

Because the data were self-reported and collected through the same questionnaire during the same period of time with a cross-sectional research design, there is a potential for common method bias (CMB; Podsakoff et al. 2003). We used multiple methods, including Harman's one-factor method, one-factor CFA, and common latent factors to test

Table 2 Fit indices of three alternative CFA models

Model	Description of the model	Model fit indices							
		χ^2	df	χ^2/df	GFI	NFI	TLI	CFI	RMSEA
Model-1	Single factor CFA	3,712.5	375	9.90	0.54	0.47	0.49	0.49	0.154
Model-2	Six factors CFA	1705.2	360	4.73	0.75	0.76	0.80	0.79	0.100
Model-3	Seven factors CFA	565.6	354	1.60	0.91	0.92	0.96	0.97	0.040

χ^2 Chi square value, *df* degree of freedom, *GFI* goodness-of-fit index, *NFI* normed fit index, *TLI* Tucker–Lewis index, *CFI* confirmatory fit index, *RMSEA* root mean square value

Table 3 Test of discriminant validity

Latent variables	1	2	3	4	5	6	7
CSR to employees	**0.61**						
CSR to community	0.300	**0.58**					
CSR to environment	0.029	0.011	**0.75**				
CSR to consumers	0.016	0.010	0.010	**0.62**			
Trust	0.275	0.193	0.018	0.003	**0.794**		
Identification	0.274	0.217	0.014	0.006	0.125	**0.658**	
Commitment	0.125	0.096	0.017	0.004	0.070	0.285	**0.611**

Values in bold on the diagonal represent the AVE; other values are the squared correlations among the variables

for the presence of CMB. The principal component analysis of all the variables produced seven distinct factors, which together accounted for 72.7 % of the total variance; the first factor did not account for a majority of the variance (only 30.7 %). Similarly, the common method latent factor for all the independent, mediating, and dependent variables yielded only 9.6 % of the common factor, significantly less than the acceptable threshold of 25 % (Podsakoff et al. 2003). Thus, CMB was not a serious threat for our data.

## Results

Descriptive Statistics

In Table 4 we provide the means, standard deviations, and correlations between the model variables. The correlation table offers a first insight into all hypothesized and non-hypothesized relationships among the concepts.

Model Testing

Because the proposed three-dimensional model of CSR was not valid, we used the four-dimensional construct with high convergent and discriminant validity. To test the hypotheses, we relied on SEM and developed two structural models. In Model 1 (see Fig. 2), we examine the direct effect of CSR components on AOC without any mediation of trust and identification, whereas in Model 2 (Fig. 3), we introduce the two mediators (trust and identification). These two models enable to determine the direct effects of the four components of CSR on all three

employee-related concepts, as well as compare the effect of the CSR components on AOC before and after mediation (C path and C' path). To calculate the specific indirect effects of CSR components on AOC through both two paths, we used the phantom model approach suggested by Macho and Ledermann (2011).

Figure 2 reflects the direct effects of CSR components on AOC. The model produces good fit with the data ($\chi^2 = 305.28$, df = 177, χ^2/df = 1.72, GFI = 0.93, NFI = 0.93, CFI = 0.95, RMSEA = 0.04). The CSR components positively influence AOC, with the exception of the environmental component (Table 5, first column).
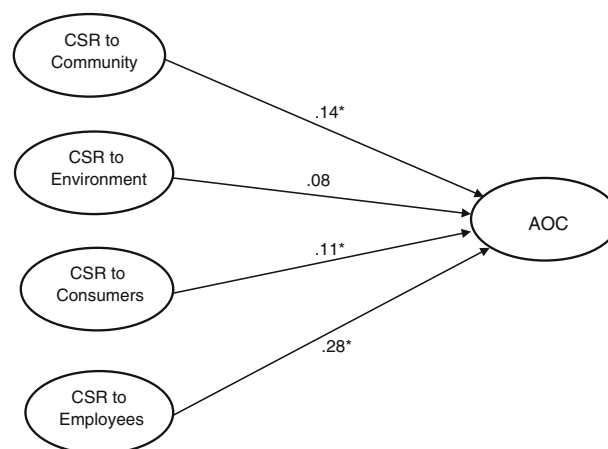
Fig. 2 Model 1—direct effects of CSR components on AOC (C paths). The numbers on the paths represent standardized regression weights. Co-variances among independent variables, item-level structure of the constructs, and error terms of dependent variables are not shown, for simplicity and clarity

Table 4 Descriptive statistics, mean, standard deviation, and correlations

| Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10
Gender[a]	1.14	0.35	1									
Age[b]	1.75	0.70	−0.11*	1								
Qualification[c]	1.97	0.74	0.02	0.10*	1							
CSR to employees	4.09	1.15	0.01	−0.02	0.02	1						
CSR to community	3.65	1.27	0.01	0.02	0.12*	0.53**	1					
CSR to environment	3.41	1.33	−0.05	0.04	0.02	0.17**	0.10*	1				
CSR to consumers	5.62	1.16	−0.06	0.06	−0.12*	0.06	0.09*	−0.03	1			
Identification	4.32	1.18	−0.03	0.07	−0.01	0.52**	0.46**	0.12*	0.18**	1		
Trust	4.25	1.20	−0.02	0.05	−0.01	0.48**	0.42**	0.16**	0.14**	0.38**	1	
AOC	4.06	1.26	0.01	0.15**	0.02	0.35**	0.31**	0.13*	0.12*	0.53**	0.35**	1

$N = 378$

* $p < 0.05$; ** $p < 0.01$

[a] 1 = male; 2 = female

[b] 1 = 18–28; 2 = 29–40; 3 = more than 40 years

[c] 1 = not completed bachelor's; 2 = bachelor's; 3 = Master's
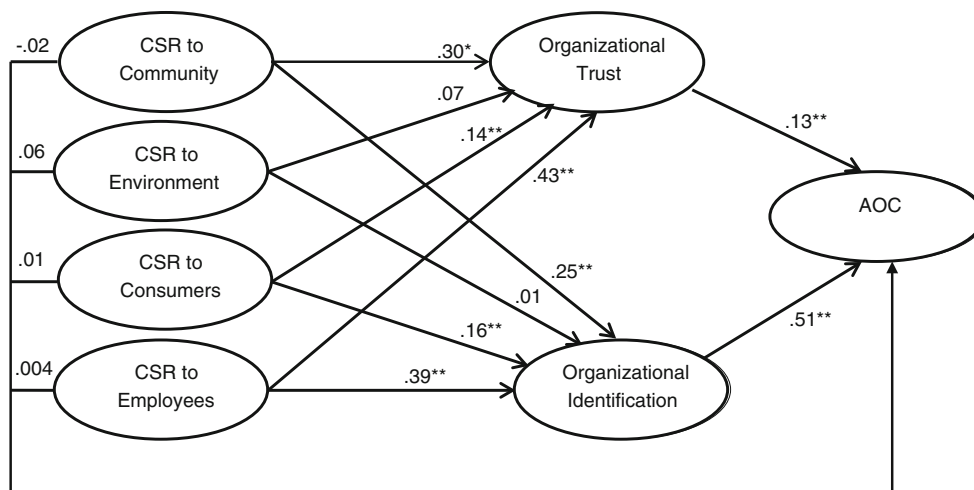
Fig. 3 Model 2—hypothesized research model with direct (C′ Paths) and indirect effects of CSR components on AOC through the mediation of organizational identification and organizational trust. The numbers on the paths represent standardized regression weights.

Co-variances among independent variables, item-level structure of the constructs, and error terms of dependent variables are not shown, for simplicity and clarity

In Fig. 3, we provide the model with the direct effects of the four components on organizational identification, trust, and AOC, as well as the indirect effects of the CSR components on AOC through the mediation of trust and identification (Table 5). This model produces a very good fit with the data ($\chi^2 = 585.98$, df = 355, χ^2/df = 1.65, GFI = 0.90, NFI = 0.91, CFI = 0.93, RMSEA = 0.04). All four components of CSR positively influence identification and trust, except the environmental CSR component. Employee-related CSR initiatives offer the strongest determinants of both trust and identification, followed by community-related CSR initiatives, which also exert strong and positive effects on both trust and identification. Consumer-related CSR initiatives have only a small, positive effect on these concepts. Community- and employee-focused CSR initiatives relate more to trust than to identification, whereas consumer-related CSR actions exert a stronger impact on identification. There is a strong positive effect of the mediators (trust and identification) on AOC in Model 2 and a full mediation of trust and identification between CSR components and AOC. All indirect effects are significant except for environmental CSR, whereas all the C′ Paths (i.e., direct effects of CSR on AOC after partialling out the effect of the mediators) are insignificant despite being significant in Model 1 before mediators are considered.

Specific Mediation Effects

Specific effects are of focal interest in multiple mediation approaches (MacKinnon 2000). They permit comparisons and rankings of the mediators which provide a better understanding of the mediation processes. In our case, the

effect of the CSR components on AOC is carried through two parallel mediating paths (via trust and identification). Therefore, it is of interest to know which mediated effect is stronger and more relevant (MacKinnon 2000). The recent phantom model approach enables the estimation and comparison of the two specific mediation effects (Macho and Ledermann 2011). The phantom model of the hypothesized model (Fig. 4) enables estimation of the specific effects listed in Table 6. Results indicate that the social identity-based mechanism is significantly stronger (indirect effect = 0.16, $p < 0.01$) than the trust-based mechanism (indirect effect = 0.04, $p < 0.01$) for building AOC from CSR initiatives. The difference between the two mechanisms results primarily from the significant differences in the effects of mediators on AOC. The effect of identification on AOC is much stronger (0.51, $p < 0.01$) than the effect of trust on AOC (0.13, $p < 0.01$).

Discussion and Conclusion

The main objective of this study is to examine the effect of perceived CSR on employees' AOC, through the mediation of organizational identification and organizational trust. Using SEM, we determined that perception of CSR is a strong predictor of AOC, through both routes. Therefore, AOC is not a direct outcome of CSR. Instead, it is caused by organizational identification and trust, which themselves are the direct consequences of CSR initiatives. Both trust and identification mediate between CSR and AOC to explain the process by which CSR influences AOC. This new finding has potentially far-reaching implications. If trust and identification are influenced by CSR, other behavioral outcomes related to these two variables also

Table 5 Direct and indirect effects of CSR components from models 1 and 2

Independent variables	C path[a]	a1 path[b]	a2 path[c]	C' path[d]	a1b1 + a2b2[e]	Total effect	Proportion mediation[f]
CSR to community	0.14*	0.25**	0.30**	−0.02	0.20**	0.18**	111 %[+]
CSR to environment	0.08	0.01	0.07	0.06	0.02	0.08	No mediation
CSR to consumers	0.11*	0.16**	0.14**	0.01	0.13**	0.14**	93 %[++]
CSR to employees	0.28**	0.39**	0.43**	0.004	0.32**	0.324**	99 %[++]
b1 path[g]: OI → AOC	0.51**						
b2 path[h]:Trust → AOC	0.13**						

The cell values are standardized regression weights

OI Organizational identification

* Significant at 0.05

** Significant at 0.01

[+] Full competitive mediation

[++] Full complementary mediation

Model 1

[a] The C path is a direct effect of CSR components on AOC without mediators

Model 2

[b] a1 is a direct effect of CSR components on the first mediator (identification)

[c] a2 is a direct effect of CSR components on the second mediator (trust)

[d] The C' Path is a direct effect of CSR components on AOC after partialling out the mediators' effect

[e] Total indirect effects (a1b1 + a2b2) of CSR components on AOC through both mediators

[f] Proportion of mediation, calculated following the guidelines suggested by Iacobucci et al. (2007)

[g] b1 is a direct effect of the first mediator (identification) on AOC

[h] b2 is a direct effect of the second mediator (trust) on AOC

may be affected by a firm's CSR initiatives. Organizational identification and trust are root constructs in organizational studies that induce many other work-related attitudes and behaviors, including AOC (Albert et al. 2000). For example, organizational identification affects absenteeism, job involvement, in-role and extra-role behaviors, and job involvement (Riketta 2005). Similarly, trust is an antecedent of turnover intentions, organizational citizenship behaviors, and job performance (Dirks and Ferrin 2002). Therefore, the findings of this study suggest that CSR may indirectly influence many employees' attitudes and behaviors, beyond AOC.

Of the four CSR dimensions, CSR toward employees represents the strongest predictor of both organizational identification and trust. These findings validate our proposition that CSR actions focused on employees send signals to employees that their organization is caring, respects them, and values them. These results are consistent with research into high performance work systems (HPWS) which emphasizes the use of human resource management practices to motivate the employees and create a workforce that is a source of competitive advantage (Datta et al. 2005). Research on strategic human resource management demonstrates the contribution of HPWS to improving labor quality and firm performance (Huselid 1995). Our findings

coincide with this literature, in that we also demonstrate a positive contribution of employee-focused CSR initiatives in building strong employee identification and organizational trust. The impact of CSR toward employees on trust also implies that these actions reflect the organization's character, as an entity that is benevolent and concerned with its employees. According to social exchange theory, employees' perceptions that their organization is fair, benevolent, and concerned induce them to reciprocate, which results in organizational trust (Molm et al. 2000).

We also establish a strong positive relationship of community-focused CSR actions with organizational identification and trust. The positive impact of these initiatives on organizational identification implies that CSR actions related to community development, contribution to social issues, charity, and donations provoke positive reactions among employees, and probably among nonemployees as well. Therefore, the firm's community investments should have a strong impact on its corporate reputation (Brammer and Pavelin 2006; Fombrun 2005). Similarly, the impact of CSR toward community on organizational trust implies that actions perceived as benevolent signal to employees that their organization is concerned about people in general, driving them to reciprocate these actions to maintain a sense of social solidarity. That is,
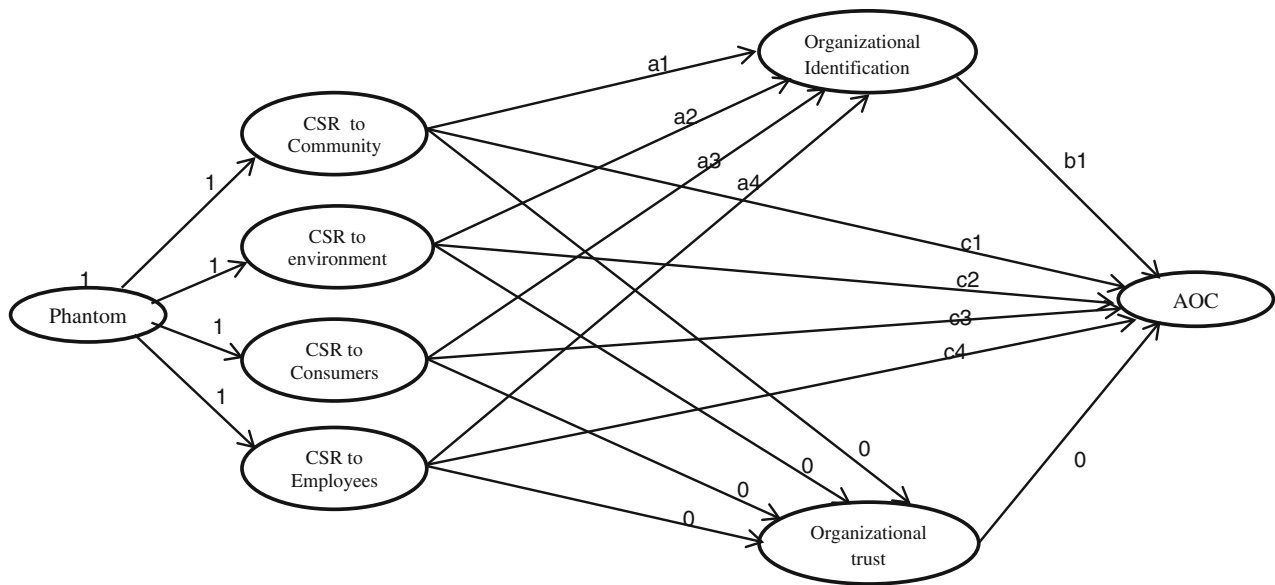
Fig. 4 Phantom model to calculate specific indirect effects. In the first stage, we fixed the trust-based paths at 0 (as shown) and calculated the estimates and confidence intervals of identification-based paths. In the second phase, we performed the analysis by fixing the identification-based paths to calculate the estimates and confidence intervals of indirect effects through trust

Table 6 Specific indirect effects and comparison (phantom modeling approach)

CSR components	Indirect effect through OI			Indirect effect through trust			Contrast		
	Estimate	BCCI		Estimate	BCCI		Estimate	BCCI	
		Lower	Upper		Lower	Upper		Lower	Upper
CSR to community	0.16**	0.120	0.243	0.04**	0.018	0.011	0.12**	0.086	0.192
CSR to environment	0.01	−0.03	0.04	0.01	−0.02	0.06			
CSR to consumers	0.10**	0.037	0.151	0.03*	0.005	0.05	0.07**	0.016	0.142
CSR to employees	0.26**	0.190	0.328	0.06**	0.031	0.137	0.20**	0.098	0.286

BCCI Bias-corrected confidence intervals, *OI* organizational identification

* Significant at 0.05

** Significant at 0.01

employees are concerned not only with the benevolent actions of the firm directed at them but also with voluntary actions of the firm directed at the welfare of the community. These findings support our assertion that CSR induces indirect social exchange and that employees reciprocate good and other-focused deeds by their company.

Although CSR is a modern concept that has not yet been fully understood and implemented in the developing world, the strong effect of community-focused CSR on organizational identification and trust, as compared to previous studies conducted in Western contexts, implies that South Asian people assign high value to a firm's CSR actions toward the community. A possible explanation could be the generally low level of CSR in South Asia compared with levels in Western countries (Krishnamurthy et al. 2007),

which likely makes socially responsible companies stand out and provides high visibility within the community. As a result, these companies may appear particularly reputable.

The study also reveals that consumer-related CSR actions have a positive effect on both organizational identification and trust, though significantly lesser than the effect of CSR toward community. Perhaps CSR initiatives directed at consumers are difficult to distinguish from marketing actions that seek to ensure consumer satisfaction and loyalty. In this case, benevolence is difficult to perceive or assess, and employees might not believe they need to reciprocate.

Both CSR toward community and CSR toward employees show stronger relationships with trust rather than with organizational identification; CSR toward consumers

instead has a stronger impact on organizational identification. Therefore, the former appear more associated with social exchange, whereas the latter is more contingent on social identity. CSR actions focused on employees and society may appear to be more voluntary and benevolent than actions related to prestige and respect. In contrast, CSR toward consumers signals prestige-related actions more directed at enhancing the firm's external image.

To our surprise, CSR toward the environment had no relationship with organizational identification and trust. Although it is an important dimension of CSR, it has no impact on employees' attitudes and behaviors in this study. We consider three possible explanations. First, environmental responsibilities often turn into legal issues. Because compliance with the law is a minimum requirement to remain in business, a firm undertaking environmental CSR may not be viewed as benevolent or caring, and the actions might not appear voluntary or directed at the welfare of people, such that it would not induce a social exchange process. Similarly, a firm undertaking environmental CSR only to comply with the law cannot achieve distinction and differentiation. Thus, it may not have a strong impact on organizational image and in turn an effect on organizational identification. Second, employees in South Asia may be less concerned about or sensitive to the environmental impacts of corporate operations. In particular, ∼24 % of the population in South Asia lives below the poverty line (CIA 2010). It may result that employees assign more importance to economic issues than to environmental issues. Burton et al. (2000) note that students in Hong Kong grant more importance to economic responsibilities and less to noneconomic responsibilities of firms, whereas among U.S. students, the opposite is true. Third, the collectivist cultural characteristics of Pakistan may also explain these results. People in collectivist cultures have few ingroups and almost everybody else is in the outgroup. Therefore, their behavior toward ingroup and outgroup members is very different (Triandis et al. 1988). For this reason, in collectivist cultures, "although people share and show harmony within ingroups, the total society may be characterized by much disharmony and nonsharing" (Triandis et al. 1988, p. 326). We assume that due to strong ingroup concerns, people are least anxious about environmental issues, taking them as problems associated with outgroups. Consequently, CSR actions regarding the environment may not be considered as very relevant. This explanation is further supported by comparing the effect of employee-related CSR (ingroup) with those of community- and environment-related CSR (outgroup). The effect of employee-related CSR on their work outcomes is significantly stronger than the other CSR dimensions. These results demonstrate that employees are more sensitive to the CSR practices of the firms that are directly related to

them as compared to the practices that are focused on other stakeholders.

Contribution and Implications

This study enhances our understanding of the CSR–AOC link by exploring multiple mediation processes. We have introduced a new mechanism of social exchange rarely discussed in this stream of research. Previous studies instead are primarily based on social identity theory and examine the direct link between CSR and AOC. By introducing a social exchange mechanism, this study opens new avenues for CSR–employee research. Furthermore, whereas organizational behavior literature mainly focuses on leader–member exchange and other forms of direct exchange, we introduce the concept of indirect social exchange and suggest that employees reciprocate some of the benevolent actions of the organizations, even if those actions are not focused on them.

The findings also suggest that different types of CSR actions influence employees' attitudes differently. Some are more effective than others, and this understanding may help managers formulate an effective and efficient CSR strategy. The findings further suggest that different types of CSR not only influence employees differently but also induce different types of mechanisms. To the best of our knowledge, this study is the first of its nature to suggest that community- and employee-focused CSR relate more to trust, whereas consumer-focused CSR actions center more on identification. In addition, this study validates an instrument of CSR in South Asia that initially emerged from a Western context.

This research also offers an interdisciplinary framework, in that it applies social psychological theories to an organizational phenomenon. We integrate a macro-level concept of CSR with micro-level variables related to employees. Rupp et al. (2006) demonstrated that an overemphasis on macro-level research prevents CSR researchers from undertaking a rigorous, micro-level analysis.

Finally, results have significant practical implications for firms' CSR strategies. In particular, CSR strongly influences employees' identification, trust, and AOC, which emphasizes the instrumental value of CSR and the payoff of these investments. Because employees' attitudes and behaviors constitute intangible resources that are valuable, rare, difficult to imitate, and lacking perfect substitutes (Ballou et al. 2003; Fulmer et al. 2003), CSR creates intangible firm resources. Identification and trust significantly affect work- and job-related variables, such as commitment, motivation, and turnover intentions, which are important for competitive advantage (Datta et al. 2005). That is, CSR helps create a competitive advantage by encouraging the development of a workforce that

effectively carries out the firm's business strategy, leading to improved business performance (Branco and Rodrigues 2006). Firms with strong CSR practices in turn may achieve higher productivity, because of their employees' motivation, knowledge sharing, reduced absenteeism, and extra-role behavior, as well as cost benefits due to low turnover. Thus, the benefits of corporate contributions to communities are not restricted to external reputation and external stakeholder management but also may be reflected in positive behaviors by internal stakeholders.

Limitations and Future Research

The findings also suggest additional research endeavors. For example, we find that CSR toward the environment exerts no impact on employees, whereas other CSR components have strong positive impacts on employees' organizational trust, organizational identification, and AOC. We offer a likely rationale for these findings, but this phenomenon needs further investigation to determine why employees, and perhaps people in South Asia overall, do not perceive environmental CSR actions as voluntary or benevolent actions, even while they reciprocate similar types of actions that fall within the category of CSR toward community. A comprehensive qualitative study might explore the reasons for these findings. Similarly, the findings that show that CSR toward community and employees have stronger relationships with trust than with organizational identification, whereas the reverse is true of CSR toward consumers demand further exploration. An effective study could confirm whether community- and employee-related investments are more closely associated with social exchange and perceived as voluntary and benevolent actions than are other CSR actions. It would be worthwhile to explore the reasons for these findings.

This study introduces social exchange mechanism in CSR–employees research. Other potential mechanisms may explain this phenomenon. We did not endeavor to explore all of them for the purpose of parsimony and clarity. For instance, Rupp et al. (2006) suggest that the impact of CSR on employees related outcomes can be understood using justice mechanisms because CSR and justice share a fundamental ethical assumption of normative treatment (Folger et al. 2005). Therefore, future studies should explore alternative mechanisms other than social exchange for an adequate understanding of the phenomenon.

While introducing social exchange mechanisms, we use organizational trust to represent the exchange relationships between parties. To enable a comparison between the two mechanisms (trust-based versus identification-based mechanism), we did not consider other variables within social exchange relationships such as POS and LMX. These two constructs seem relevant in the case of employees' related CSR actions and future studies should include other variables within social exchange relationships.

Again, for the purpose of parsimony, we did not incorporate boundary conditions that may affect these mechanisms. Particularly, national and individual cultural characteristics seem potential moderators of CSR–employees link. This study conducted in a collectivist culture reveals results that differ from studies conducted in Western countries such as an insignificant effect of environmental CSR, a weak effect of consumer-related CSR, and a very strong effect of employees-related CSR on trust and identification. It seems that the collectivist orientation of employees is one of the potential boundary conditions of this relationship. Cross cultural studies incorporating individual cultural characteristics would enable understanding boundary conditions.

Methodologically, we used a convenience sample for data collection purposes. Therefore, the employees may not be representative of the wider population. We also collected the data according to a cross-sectional design, making it impossible to formally draw inferences of causality. Finally, our study focuses on particular industries (i.e., grocery, food, personal care, and home care in South Asia) and investigations could be carried out other industries as well (e.g., services, business-to-business).

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