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## **A Study of the Curvilinear Relationship of CSR Participation and Organizational Commitment with Comparison of Groups Having Different Level of Perceived Authenticity**

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### **Abstract:**

*Recently, many researchers have studied about Corporate Social Responsibility (CSR)'s positive effects and most studies consistently argued that CSR has good effect to improving corporate's image and employees' attitudes. Insofar as the other academic themes are, CSR doesn't have only a bright side, of course it also has a dark side. The problem is not about existence of the dark side, but when it rises to the surface and it has become harmful things to the company. We should know the trigger of the mechanism, so that we could control the CSR and the stresses which the employees are received. This study is about the point where the CSR changes from good to bad and vice versa. To examine the mechanism, we divide the sample to 3 group, which have different authenticity level that employees have perceived and then we conduct the regression analysis between employees' CSR participation and organizational commitment. As a result, a) in the low authenticity group, there is no significant relationship between two variables, b) in the high authenticity group, CSR participation has positive effect to organizational commitment, and specially, c) in the middle authenticity group, the two variables have curvilinear relationship which is inverted U-shape. We could know that the CSR's effect is changeable according to the level of authenticity that employee perceive via this clustering analysis and the implications of the study is also demonstrated in the conclusion.*

**Keywords:** *Business Ethic, Corporate Social Responsibility (CSR), CSR Participation of Employee, Perceived Authenticity of CSR, Organizational Commitment, Curvilinear Relationship.*

### **1. Introduction**

An activity of Corporate Social Responsibility (CSR) is a powerful method creating some positive effects both inside and outside. Externally, it can make the company's image good which means that consumers believe the company does a role as a member in the society. That belief makes the consumers to buy the company's products and services without any qualms about ethical problems. As a result, it is connected to increasing sales and this is the important reason that the companies perform CSR actively (Abigail & Donald. S, 2001).

Also, there are positive effects of CSR inside of the company that make the employees to perform some positive actions which are good to their companies and organizations. This results from the changes or reinforcements of the employees' belief that their company is a good and important member of their society. These changes make the employees more loyal, ethical and enthusiastic. There are empirical evidences that CSR has effects on the employees' attitudes and behaviors. Recently, Lee, Song & Kim (2015) studied how CSR participation positively affects organization, they founded that employee's CSR participation has positive effect increasing both OCB-I and OCB-O.

Although CSR could have a lot of positive aspects, it could also cause something bad in particular conditions. For example, CSR which is excessively performed could bring about exhaust, burnout or stress. Since, employees have their own tasks and roles, so they should spend the extra time for participating their company's CSR activity. Furthermore, if CSR needs the employee's time during the work, they are interrupted and they lost concentration on their job. This over-performed CSR could be connected to decline of employee's productivity.

This study focuses on the conditions about when CSR participation has positive or negative effect to employee's attitude to their organizations. First, we grouping samples into three groups according to the level of perceived authenticity, the groups have hierarchical degree of authenticity such as low, middle, high-group. Second, regression analysis is performed on each group and we

compare with three groups so that the mechanism of CSR Participation-Organizational Commitment-Perceived authenticity relationship is identified.

## 2. Literature Review and Hypotheses

### 2.1. CSR and Participation of Employee

CSR is not a fresh concept any more. It has been together with the history of business. Based on the capitalism, all companies take the important position in the society and understandably they also have the responsibility as a member of the society. CSR is their other homework with financial benefit, so the companies have performed CSR actively until recent days.

In Carroll (1979)'s seminal paper, he classified CSR as four sub-dimensions: economic responsibility, legal responsibility, ethical responsibility, and discretionary responsibility. The concept of Carroll's CSR is broader sense than the current thing that we usually use now. Carroll's CSR covered all domains that the company could do. One of them, the economic responsibility which means that the company should be profitable isn't included in the present concept of CSR actually. In the Carroll's dimensions, discretionary responsibility which means that the company should contribute to the social benefit, is the closest concept to the nowadays. Carroll(1991) change the discretionary responsibility into philanthropic responsibility. Carroll's CSR definition is demonstrated in the table 1.

CSR	Definition
Economic responsibility	Be profitable. The foundation upon which all others rest.
Legal responsibility	Obey the law. Law is society's codification of right and wrong. Play by the rules of the game.
Ethical responsibility	Be ethical. Obligation to do what is right, just, and fair. Avoid harm.
Philanthropic responsibility	Be a good corporate citizen. Contribute resources to the community; improve quality of life.

Table 1: Dimensions of CSR (Carroll, 1991)

Recently, many researchers have founded that the employees' CSR participation could positively affect their attitudes to the work and organization. Raman & Zboja (2006) studied about the relationship between the level of CSR and employee's organizational commitment. They get the empirical evidence that support the relationship. In the firm who donates for a charity, employee's organizational commitment was higher than the others. There are more research results that support the relationship between CSR participation and employee attitudes (Lewin, 1991; Gilder, Schuyt, & Breedijk, 2005).

CSR participation also influences employee's behavior. Lee, Song & Kim(2015a) studied how CSR participation positively affects employee attitude, they founded that employee's CSR participation increases both OCB-I and OCB-O, and they also identified that Conscientiousness has moderating effect enhancing the relationship of CSR participation and OCB-I. In addition, they also founded that the CSR participation of employee has the buffer effect moderating the relationship between role-overload and physical-burnout. CSR participation lowers the degree of the translation from the stress of role-overload to a physical problem. CSR participation has the positive effects in both the bright side and dark side (Lee, Song & Kim, 2015b).

### 2.2. The Curvilinear Relationship of CSR and Organizational Commitment

Although CSR participation has a lot of positive effects, it is not the unconditional. Any things which are considered as nice could have a bad result at any time where the special conditions are based. For example, despite of the good aspects, if the company forces too repeatedly employees to participate the CSR activities, the employees may be disturbed at their work and they are likely to lose their concentration. Not only harmful at the work, CSR which is excessively performed also has adverse effect on the employee's attitudes toward the organization.

Baer & Oldham(2006) studied about the relationship on the time pressure and employee's creativity. In the study, they could found the inverted U-shaped curvilinear relationship between two variables that means the time pressure has positive correlation with creativity for the 'normal' section, but in the 'overly pushed' section, the time pressure has negative correlation with creativity. Too much pressure to work about time limit rather harms employee's creativity. The inverted U-shaped curvilinear relationship that Baer & Oldham(2006) studied usually called 'The law of diminishing returns', which is considered by us to be in the relationship between CSR participation and organizational commitment.

Commitment is an attitude variable, which means the state that a man strongly believes something such as object, system, idea, etc. Organizational commitment is the state that the belief is toward the organization, so this concept is the one of the most valuable variable in the organization behavior field. For a long time, Organizational commitment has been studied by many researchers particularly with OCB(Williams & Anderson, 1991), because the attitude variable is the most powerful predictor that estimate the behavior(Ajzen, 1991).

Mowday, Porter, & Steers(1982) defined organizational commitment as the level of immersion and identification about the organization, and it also means the concentration on the organization. As we demonstrated in the introduction, excessively performed CSR participation is likely to badly influence the concentration of the organization, and this phenomenon could be shown as the inverted U-shaped curvilinear relationship on the regression analysis graph.

### 2.3. The Perceived Authenticity of CSR

The background factor of the positive correlation of CSR and employee attitudes is dependent on the perception about the company's intention to perform CSR. In order that CSR has positive effect on the organization and its members, CSR should be perceived by employees as pure. When the employees perceive that the company's CSR is performed on the pure intention that the company wants to contribute to their society through CSR, the employees could respect their company and it could be connected to commitment on the organization. If the company performs CSR for the only financial benefits or performs CSR unwillingly and its employees perceive it, the employees primarily harbor ill feeling against the company CSR activities. Next, if company keeps the CSR activities, CSR participation has the harmful effect on the work life of employees.

Based on the above consideration, we presume that the authenticity which employee perceives has moderating effect on the relationship between CSR participation and organizational commitment. We divide the sample into three groups involving low authenticity group, middle authenticity group, high authenticity group. If the employees have the low level of perceived authenticity, CSR participation has the reverse effects. As the employees participate CSR more, they more feel bad because they believe that they are performing immoral activities. Thus, in the low authenticity, employees who participate CSR will be shown that the negative relationship between CSR participation and organizational commitment. If the employees have the high level of the authenticity, they could more commitment through participating CSR and the positive relationship of CSR participation and organizational commitment will be found in the sample of high authenticity. In another case, the group of middle authenticity has little different mechanism from the other two cases. We predict that there is curvilinear relationship between CSR participation and organizational commitment in the sample of middle authenticity because, in that condition, the negative stress and the positive faith trade off each other, which two different relationships appear alternately over the CSR participation-organizational commitment regression analysis graph. There are two parts in the regression analysis, the one part is similar to the case of the high authenticity group, which there are positive relationship between CSR participation and organizational commitment, and the other part is same with the case of the low authenticity, which has negative relationship of CSR participation and organizational commitment. Thus, the graph of regression analysis on the relationship of CSR participation and organizational commitment in the middle authenticity will be shown as inverted U-shape, which is curvilinear.

1. Hypothesis 1. In the low authenticity group, CSR participation has the negative effect to organizational commitment.
2. Hypothesis 2. In the middle authenticity group, there is inverted U-shape relationship between CSR participation and organizational commitment.
3. Hypothesis 3. In the high authenticity group, CSR participation has the positive effect to organizational commitment.

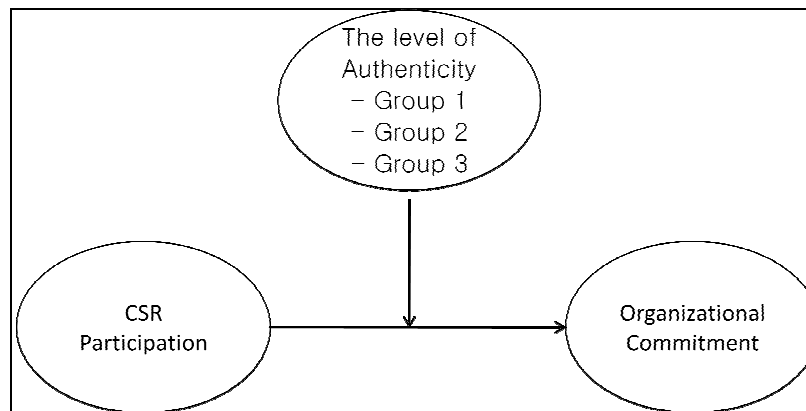


Figure 1: Theoretical model

### 3. Method

The data for this study were collected from the firms that perform CSR activities in Korea. We distributed 300 questionnaires and received 215(71.7%). Of the employees who responded, 76.7% were men and 23.3% were women. All of surveys were composed of a self-report form and the measurements had 5-point Likert scale each.

### 4. Result

Before a regression analysis, pre-tests that check the reliability of the variables and values of the research model should be fulfilled. In order to be known about the reliability of the variables, the results of factor analysis are needed. We used single item for the two variables, one is for checking CSR participation and another is for the authenticity. The measurement of organizational commitment is composed of multi-items enhancing the reliability of the variable, so we only should be known about the result value of factor analysis of the organizational commitment. Mowday, Steers, & Porter (1979) used OCQ (Organizational Commitment Questionnaire) that is consist of 15 items to capture the concept of organizational commitment, but we choose only 5 items of them because there are some kinds of the inappropriate things that are not matched with the research model and do not satisfy the regression weight of factor analysis. After filtering, organizational commitment variable composed of 5 items has 0.860 KMO value and all items has more than 0.799 regression weight. About this variable, we could get the Cronbach-Alpha value and the value is 0.893, which is very satisfactory value.

Next, we divide the sample into three groups through K-mean clustering, which is based on the level of perceived authenticity. For deciding how many clusters are in the analysis, we intentionally separate the raw sample into low, middle and high stages, which means the cluster value used in K-mean clustering is 3. The result of K-mean clustering analysis is shown below.

Criterion	Clusters		
	Group 1(n=53)	Group 2(n=63)	Group 3(n=98)
Perceived Authenticity of CSR	1.68	4.49	3.00

Table 2: The Cluster Center of Each Groups

The first group has 1.68 cluster center value, which the group has character of low authenticity and the second group's is 4.49 that is high authenticity and another is correctly middle authenticity group, whose value is 3.00. The largest group is No.3 having middle authenticity and No.1 group is the smallest which fortunately has 53 responses more than the minimum value needed to perform the regression analysis that is about 30, so we could analyze all groups.

Commonly, in the three regression analyses, we check the two index which notify the problems to interpret the results of the analyses, which is involving the Durbin-Watson value and the VIF (variance inflation factor) value. The Durbin-Watson value is for the autocorrelation that and the VIF value is for the multicollinearity. All values demonstrated in the result tables of regression analyses, which are appropriate in the all cases. Moreover, we put the demographic values as control variables involving sex, age, tenure, education and position of their corporate.

We conduct the hierarchical regression analysis to test our hypotheses which is about the curvilinear relationship, so we use a quadric equation to construct the regression formulation. The following is demonstrating the formulation of regression analyses.

Step 1.  $OC = \beta_0 + \beta_1 \cdot CV + \epsilon$   
 Step 2.  $OC = \beta_0 + \beta_1 \cdot CV + \beta_2 \cdot CSR + \epsilon$   
 Step 3.  $OC = \beta_0 + \beta_1 \cdot CV + \beta_2 \cdot CSR + \beta_3 \cdot CSR^2 + \epsilon$   
 OC = Organizational Commitment, CV = Control variable, CSR = CSR participation

The formulation is used to every group of samples equally and, according to hypotheses, group 1 has negative coefficient value to CSR participation and no significant coefficient value about squared CSR. In contrast, it could be found that there is the positive regression coefficient value of the CSR but squared CSR has no significant value similarly. On the other hand, group3 has significant value in both CSR and squared CSR, which has negative value of squared CSR so that the group 3's regression graph is shown as inverted U-shape.

Primarily, Table 3 demonstrates the result of the regression analysis of group 1. In this regression analysis, Durbin-Watson value is 1.909 and the spectrum of VIF value is from 1.105 to 3.348, so there are no problems about autocorrelation or multicollinearity. The values of the control variables are omitted because all control variables have no significant value, so we only show the value of CSR participation and squared one.

Variable	Step 1			Step 2			Step 3		
	B	$\beta$	t value	B	$\beta$	t value	B	$\beta$	t value
CSR				.166	.140	1.000	.167	.142	.985
Squared CSR							.008	.008	.057
F	1.883			1.736			1.456		
R <sup>2</sup>	.167			.185			.185		
$\Delta R^2$	.167			.018			.000		

Table 3: Summary of Regression Analysis Result of Group 1

\*\*\*:  $p < .001$ , \*\*:  $p < .01$ , \*:  $p < .05$ ,  $N = 53$

Contrary to expectation, there is no significant value and even the regression model's F values which are index of model fit are also useless. This results means that CSR participation and organizational commitment has no significant relationship in the condition of low authenticity. Based on the result, Hypothesis 1 is not supported.

Variable	Step 1			Step 2			Step 3		
	B	$\beta$	t value	B	$\beta$	t value	B	$\beta$	t value
sex	-2.061		-2.261*	-2.149		-2.461*	-2.148		-2.439*
CSR				.331	.296	2.506**	.333	.298	1.780*
Squared CSR							-.003	-.003	-.019
F	2.291*			3.133**			2.637**		
R <sup>2</sup>	.167			.251			.251		
$\Delta R^2$	.167*			.084**			.000		

Table 4: Summary of Regression Analysis Result of Group 2

\*\*\*:  $p < .001$ , \*\*:  $p < .01$ , \*:  $p < .05$ ,  $N = 63$

First analysis is missing the expectation, but the others are not. Table 4 is showing the result of group 2's regression analysis, which has 1.901 Durbin-Watson value and 1.042 to 3.452 VIF value spectrum. As the control variable, sex only has the significant value, so we put the values in the table. The group 2, according to our expectation, has the positive relationship of CSR participation and organizational commitment ( $\beta = 0.296$ ,  $t = 2.506$ ,  $p = 0.008$ ), but squared CSR participation has no significant coefficient ( $\beta = -0.003$ ,  $t = -0.019$ ,  $p = 0.985$ ), which means there are no curvilinear relationship between dependent and independent variables. This results show that the hypothesis 2 is supported.

Final analysis is about group 3, which has middle authenticity and 98 respondents. In this case, Durbin-Watson value is 2.003 and VIF values are from 1.034 to 2.007. The control variables are not entered because there is no significant coefficient.

Variable	Step 1			Step 2			Step 3		
	B	$\beta$	t value	B	$\beta$	t value	B	$\beta$	t value
CSR				.096	.103	1.009	.095	.103	1.041
Squared CSR							-.223	-.286	-2.826**
F	1.290			1.245			2.290*		
R <sup>2</sup>	.066			.076			.151		
$\Delta R^2$	.066			.010			.075**		

Table 5: Summary of Regression Analysis Result of Group 3

\*\*\*:  $p < .001$ , \*\*:  $p < .01$ , \*:  $p < .05$ ,  $N = 98$

Group 3 show the only one significant model, step 3, which has squared CSR participation and the variables coefficient value is negative ( $\beta = -.286$ ,  $t = -2.826$ ,  $p = 0.003$ ), and it means the relationship of CSR participation and organizational commitment is inverted U-shape. Considering that there is no significant coefficient in the step 2, to explain the relationship of two variables, the curvilinear model is more appropriate (step 2' R<sup>2</sup>: .076 → step 3' R<sup>2</sup>: .151). Thus, hypothesis 3 is supported.

## 5. Conclusion

Current CSR studies have had a trend to focus on the positive effects of CSR and its participation, but in every cases, too much is as bad as too little, so CSR which performed excessively could be a bad thing that has effects of increasing employee's stress, interrupting employee's engagement and so on. This research is performed to unearth these negative effect of CSR, in order to that we divided the samples to three groups according to authenticity that employees perceive from their corporate's CSR. The results notify that employee who has low perceived authenticity about the corporate's CSR is not affected by CSR participation to engage his or her organization. The regression analysis show that there are no significant values for the relationship of CSR participation and organizational commitment. But, if employee strongly perceive the authenticity about the corporate's social action, they will be positively influenced and the more they participate CSR activities, the more they engage in their organization. So, in the condition of high authenticity, CSR participation and organizational commitment has positive relationship which is linear. On the other hand, when the employee's perceived authenticity is in middle, CSR participation and organizational commitment has special relationship, which is composed of positive and negative relations that is called inverted U-shape. This curvilinear relationship is identified by negative regression coefficient of quadratic term in the regression formulation. According to interpretation of inverted U-shape relationship, until special point of the level of authenticity organizational commitment is increasing following CSR participation, but after the point organizational commitment decreasing adversely although CSR participation is increasing.

This research has the key point on the result of middle authenticity group, which has the largest portion of the samples. Even though the middle authenticity group always take the largest portion in the organization, corporate should manage the group because it is the most changeable that could be even distrustful group about the corporate's CSR activities. Also, the middle group could easily change its attitudes to positive authenticity. As a result, corporates should manage not only quantity of CSR and CSR participation, but also manage CSR quality and employee's cognition of their CSR activities.

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