

Relationship among Ethical Leadership, Ethical Climate, Corporate Social Responsibility and Performance Outcomes

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Abstract

The current study seeks to model and empirically test the relationship among determinants and outcomes (i.e. psychological and performance) of corporate social responsibility (CSR), specifically this study probe into relationship between ethical leadership, corporate social responsibility, trust, organizational citizenship behavior (OCB), task performance behavior (TPB) and counter work productive behavior (CWP). Furthermore, this study also examines the role of ethical climate between the relationship of ethical leadership and CSR. A total of 210 responses from the employees of banks and offices of cement factories located at twin cities (i.e. Islamabad and Rawalpindi) were collected with the help of convenient sampling. Data was analyzed through Structural Equation Modeling (SEM) through maximum likelihood method. Finding indicates that ethical leadership had significant positive impact on CSR and ethical climate acts as a moderator between ethical leadership and CSR. The findings and analyses may help in understanding the constructs by academicians, industry leaders, researchers and interest groups. Moreover, limitations and future recommendations are also discussed in the current study.

Keywords: Ethical leadership; Ethical climate; corporate social responsibility; trust; organizational citizenship behavior; task performance behavior; counter work productive behavior

Introduction

Corporate social responsibility (CSR) has enlarged considerations from both academic and corporate world, since its outcomes goes beyond financial results (Aguinis & Glavas, 2017). Over the period of time, leaders have valued the underlying concepts of CSR (Rupp & Mallory, 2015) and impending strategic values in formalizing CSR policies (McWilliams, Siegel & Wright, 2006) since it may not only positively enhance the credibility of the organization (Rasche, 2011) but also influence public perception, trust in organization (Hansen et al., 2011), form organizational identity (Glavas & Godwin, 2013), improve

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stakeholder relations (Barnett, 2007; Ward & Smith, 2015) and protect corporate reputation (Langlois, Lapointe, Valois & Leeuw, 2014; Moratis, 2015).

CSR has been well defined by Aguinis (2011: 855), as “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance”. Extant of literature can be found among the existing studies concerning CSR. For instance, the determinants of CSR like financial performance (Campbell, 2007) and government regulations (Rizk, Dixon & Woodhead, 2008) attract widespread propositions underlying the specific conditions (Campbell, 2007) under which companies could behave socially more responsible (Ortas, Gallegao & Álvarez, 2015).

Research has shown that transformational leaders align the values, mission and vision of organization with CSR policies to institutionalize (Marcus & Anderson, 2006) and value creation (Neubaum & Zahra, 2006). However, studies have only focused on transformational or charismatic leadership style while assessing CSR activities. To fill this gap, other leadership styles may be studied such as ethical leadership (Kalshoven, Den & De, 2011; Shantz, Alfes, & Latham, 2016). Both ethical leadership and CSR are the representation of organizational values and related aspects. For this reason, ethical leadership and CSR are acknowledged as two major pillars for business organizations. For instance, it develops positive perceptions of employees’ regarding work related attitudes like trust, commitment and satisfaction. Secondly, it also improve stakeholder partnerships (Hansen, Dunford, Alge, & Jackson, 2016; Lin, Lin, Liu, & Liu, 2017).

Ethical leadership is based on moral reasoning (Langlois, Astrid & Claire, 2014) morals and believes. Ethical leadership is referred as “a social practice by which professional judgment is autonomously exercised.” (Langlois et al., 2014). Ethical leader’s effectiveness/efficacy with insights of the leader's uprightness and fidelity is positively related to affective CSR and trust in the leader (Brown & Linda, 2006). However, the relationship between ethical leadership and CSR is affected by other constructs such as public perception (Lev, Petrovits, & Radhakrishnan, 2010), institutional conditions and organizational culture (Bansal & Roth, 2000) and ethical climate. Ethical climate is mostly referred as a “higher-order social structure” (Ostroff, Kinick & Muhammad, 2013) based on both individual and firm level. Although, the outcomes of ethical climate are well connected in both individual and organizational level (Mayer et al., 2009) however, the subduing role of ethical climate needs to be further explored (Ostroff et al., 2013).

The substantive process of ethical leadership along with the ethical climate leads to CSR practices which has outcomes like job satisfaction (Wang & Hsieh, 2012), organizational commitment and trust (Nedkovski, Guerci, Battisti&Siletti, 2017). Additionally, trust whether implicit or explicit is an outcome of actions of leaders (Mayer et al.,2009).Trustworthiness and infidelity can either be inferred or in-directed from CSR activity (Rupp et al., 2006) since pragmatically CSR has been interrelated with trust in management (Hansen et al., 2011). These constructs need to be revisited as per the needs of modern businesses and as per the conditions of various regions, countries and contexts (Carroll, 2015).

Generally, CSR has been related to performance outcomes such as corporate social performance (Rupp et al., 2006), corporate citizenship, corporate accountability (Lev et al., 2010), sustainability, and corporate social entrepreneurship. On the other hand, recent studies have more focused on work related behaviors and attitudes of CSR such as OCB (Farooq, Payaud, Merunka, &Valette, 2014), task performance behavior (TPB) and its impact on counterproductive work behavior (CWB) which are non-financial outcomes of CSR (Aguinis & Glavas, 2012).

Past studies on OCB have used employee attitudes, personality traits and perceptions of employees as related variables of OCB (Podsakoff, Whiting, Podsakoff, & Blume, 2009). Based on the theoretical reflections of social exchange theory, the current research is with the view point that thatCSR-OCB link is correlated on interchange norms (Peterson, 2004; Zink, 2011). Secondly, we are of the view that non-existence of social activism may tend to peruse negative and deviant behaviors by employees, such as lateness and CWB (Lilienfeld, Watts, & Smith, 2015).Thirdly, the current framework is of distinct significance for addition in the literature of outward, upward and inward perceptions of ethical climate in a single study. Fourthly, in the current study OCB, TPB and CWB is analyzed in relation to CSR, in line with the recommendations of previous research (Bennett & Robinson, 2000; Lilienfeld et al., 2015; Schütte et al., 2015). Finally, this study unearths the underlying concepts of CSR along with the multiple effects of ethical leadership and trust.

Literature Review

Ethical Leadership

Ethical leadership has been best elaborated in the model developed by Brown et al. (2005) based on behaviors related to ethical leadership. The same model is redesigned by Kalshoven et al. (2011) named as a multi-dimensional ethical leadership at work (ELW). Both

the models are based on behaviors (i.e. ethical guidance, fairness etc.) related to ethical leadership (Kalshoven et al., 2011). Social learning theory supports that followers see the leader's credibility and characteristics prior to form opinion (Brown et al., 2005). The stimulated effect of leaders on followers is also dominated by actions taken by leaders (Kalshoven et al., 2011).

Previous studies have interrelated ethical leadership to ethical climate (Shinn, 2012; Mayer et al., 2010). The outcomes of ethical leadership such as financial performance (Campbell, 2007), social responsiveness and sense of responsibility (Bansal & Roth, 2000) have attained great considerations in the recent years. Companies have been practicing moral duties (Campbell, 2007) to behave socially "more responsible" (Ortas et al., 2015). These responsive actions, lead to CSR for "higher order or morals" in companies (Aguilera, Rupp, Williams & Ganapathi, 2007). Ethical leadership play an important role to create public value in the organizations (Sami et al., 2016).

Based on the theoretical support, Rupp's multiple-experience logic and model developed by Brown et al. (2005), we postulate that ethical leadership serves as a predictor to CSR activities in organizations.

Ethical Climate

Ethical climate creates a contextual inspiration, elaborated by Ostroff et al.(2013). The behavior and responses of the individuals or employees are often affected by the climate they work in (Schneider, Ehrhart& Macey, 2011). Similarly, it's important to understand that how ethical climate change the employee's perceptions regarding the organization and leaders. The outcomes of ethical climate are well connected in both individual and organizational level (Mayer et al., 2009). Moreover, research says that ethical climate is formed by firm age, history and practice (Neubaum, Mitchell & Schminke, 2004).

However, the relationship between ethical leadership and CSR is affected by other constructs such as institutional conditions (Campbell, 2007), organizational culture (Bansal & Roth, 2000) and ethical climate (Mayer et al., 2009). Ethical climate is mostly referred as a "higher-order social structure" (Ostroff, Kinick& Muhammad, 2013) based on both individual and firm level. Studies have delineated that ethical climate perceptions or shared ethical climate is not a myth (Ostroff et al., 2013) and represents the shared environment where employees work (Mayer et al., 2009). Although, the outcomes of ethical climate are well connected in both individual and organizational level (Mayer et al., 2009) however, the subduing role of ethical climate needs further study (Ostroff et al., 2013).

Based on the context (Based on the aforementioned literature), we propose that ethical climate can affect the relationship between ethical leadership and firms CSR initiatives.

Trust

Employee propensity to trust refers to, “an employee’s dispositional tendency to trust or their willingness to become vulnerable to the actions of other people” (Mayer, Davis & Schoorman, 1995). Employees generally tend to trust others more due to a strong propensity to trust and such employees are willing to take risks compare to others (Colquitt, Scott & Lepine, 2007). According to the Mayer et al. (1995) model, trust is determined by trust worthiness. Trustworthiness can be the outcome of CSR activity (Rupp et al., 2006) and practically CSR has been related with trust in executive management of the organization (Hansen et al., 2011).

Previous studies have revealed that trust is positively related to intrinsic motivation, job-related attitudes and behaviors (such as job satisfaction, job involvement, task performance) and OCB (Caligiuri, Mencia, & Jiang, 2013). The behavioral outcome of CSR like TPB, OCB and CWB need to study further.

Based on the literature we propose that trust links the relationship between CSR and its outcomes like OCB, TPB & CWB.

Performance Variables

The performance outcomes of CSR (consumer choice of company/product, moral capital financial performance etc.) at both individual and institutional level, have been widely studied (Lev et al., 2010). However, recent studies have more focused on work related behaviors of CSR such as OCB, (Farooq et al., 2014), TPB and attitudes like CWB. Although these are non-financial outcomes of CSR (Aguinis & Glavas, 2012) but social exchange theory says that this is a process of reciprocity (Peterson, 2004) where leaders create a socially responsible environment and create a positive behavior (OCB, TPB) among employees towards the firm (Aguinis & Glavas, 2012). In other words, OCB and CSR are positively related to each other (Farooq et al., 2014).

Organ (1988) defined OCB as an “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the effective functioning of the organization” (p. 4). When employees develop OCB, their performance is much better and they create a sense of ownership by putting extra efforts (Carroll, 2015). The social exchange theory states that the CSR-OCB link is correlated on interchange norms (Zink, 2011). Similarly, showing and developing positive OCB is directly related to TPB (Totterdell, 2000) especially when employees shows

positive behavior towards organization (Podsakoff et al., 2009). This process of win-win positivity is multidimensional attributing both performance and behavioral outcomes (Schütte et al., 2015). Furthermore, it is also contended that the CSR policies and activities reduce the negative tendencies among employees in return (Zink, 2011).

CWB has been categorized on two dimensions such as individual differences and situational factors (Fox & Spector, 2007). Individual differences as defined are “stable personality traits and other individual characteristics such as age and gender”. These factors are purely judged, perceived and interpreted by individuals (Fox & Spector, 2007). Whereas, the situational factors are “aspects of the social context that are perceived by people and are largely influenced by other members of the organization”(Fox & Spector, 2007).

It is obvious that non-existence of social activism in companies encourage employees to peruse negative and deviant behaviors as lateness and CWB (Lilienfeld et al., 2015). In the present study, in line with the recommendations of previous research OCB, TPB and CWB are analyzed in relation to CSR, (Bennett & Robinson, 2000; Lilienfeld et al., 2015; Schütte et al., 2015).

On the basis of extensive literature following are the objectives.

- To examine role of ethical leadership in CSR
- To study the impact of CSR on trust
- To examine relationship between trust on performance (OCB, TPB & CWB)
- To examine the role of ethical climate as moderator.

Based on the theoretical framework, following hypotheses have been postulated;

H₁: Ethical leadership has positive impact on corporate social responsibility.

H₂: Corporate social responsibility has positive impact on trust.

H₃: Trust has negative impact on counter work behavior.

H₄: Trust has positive impact on task performance behavior.

H₅: Trust has positive impact on organizational citizenship behavior.

H₆: Ethical climate moderate the relationship between ethical leadership and corporate social responsibility.

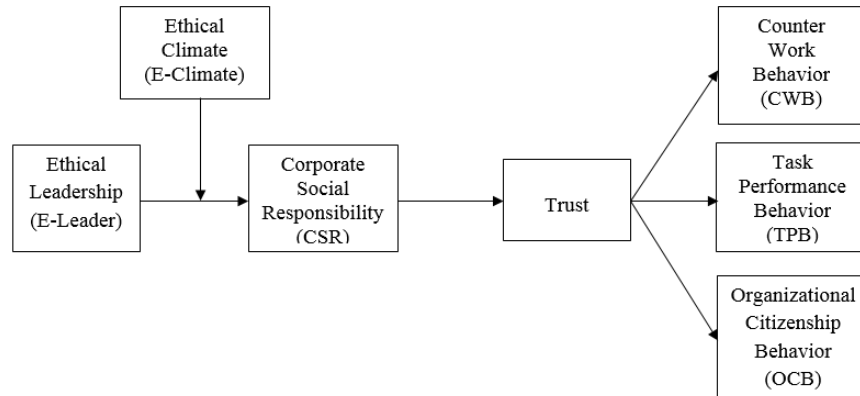


Figure-1 Conceptual Framework

Research Methodology

A quantitative research method based on cross sectional was designed to empirically test the measures and propositions. For data collection, survey method was used. 300 Questionnaires was distributed among bank employees personally. Out of survey 300 questionnaires, 210 useable responses with a response rate of 70% were collected.

Sample and Data Collection

Survey is considered to be a structured set of questions to measure effects and attributes (Goodwin, 2010) and is widely used and accepted method in social sciences. Secondly the survey method has research capacity of measuring the attitudes/phenomena, perceptions/reactions, and approaches of the targeted sample (Johnson & Christenson, 2004). The current study used the same method for data from employees of banks and cement factory offices situated in Islamabad and Rawalpindi. The structured questionnaire was measured using 5-point likert scale used and recommended by investigators (Azara, 2010).

Convenient sampling technique was used for number of reasons such as expedited data collection, cost effectiveness, readily available data for the researcher to collect and easiness in analyzing the data.

Measures

The measures for the constructs of the study were drawn from the previous literature. CSR was measured by 17 items scale of Turker (2008), Ethical leadership by 10 items scale of Brown, Trevino and Harrison (2005), Ethical climate by 11 items scale of Victor and Cullen (1988), Trust by 10 items scale of McKnight et al. (2002), Counter work behavior by 10 items scale of Robinson and Bennett (1995), Task performance behavior by 7 items scale of Williams and Anderson (1991) and OCB was measured by 9 items scale of Smith et al. (1983).

Responses were collected on 5 point likert scale from strongly disagree to strongly agree.

Table-1: Summary of Measures

Constructs	Items	Author(s)
Corporate Social Responsibility	17	Turker (2008)
Ethical Leadership	10	Brown, Trevino & Harrison 2005
Ethical Climate	11	Victor & Cullen (1988)
Trust	13	McKnight et al., (2002)
Counter Work Behavior	10	Robinson & Bennett (1995)
Task Performance Behavior	7	Williams & Anderson (1991)
Organizational Citizenship Behavior	9	Smith et al., (1983)

Procedure

Partial Least Square Structural Equation Modeling (PLS-SEM) technique was used to analyze the hypothesized model. This technique permits to draw complex relationships among many variables. This method is also help to relate theory and data, to draw relationship among variables, and to test assumptions statistically against empirical data.

PLS-SEM is a two stage technique i.e. measurement model and structural model that validate the research model (Vinzi, Chin, Henseler & Wang, 2010). In first stage i.e. measurement model, confirmatory factor analysis was executed in term of reliability, convergent validity, and discriminant validity. Cronbach alpha was measured to analyze reliability of each variable. In second stage, structural model was analyzed to check the research hypotheses and test the significance of path coefficients. Thus, to empirically assess the proposed model, PLS technique was performed with SamrtPLS 2.0 software (Ringle, Wende, & Will, 2005).

Results

Sample is consisted of 210 respondents. Sample statistics showed that 117 were males and remaining 93 were females. 58 (27.61%) participants were from the age group between 31 to 35 years. Most of the participants (i.e. 66 participants) have 4 to 6 years work experience. Data was normally distributed as skewness and kurtosis values lies between -2 and 2. Results are shown in Table-2.

Table-2: Demographic Variables Profile

Demographic	Category	Frequency	Mean (S.D)	Skewness	Kurtosis
Gender	Male	117	1 mode	0.23	-1.97
	Female	93	(0.50)		
Age (In years)	21-25	15	2.13	-0.40	-0.74
	25-30	29	(1.21)		
	31-35	58			
	36-40	56			
	Above 40	52			

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Experience (In years)	1-3	20	2.33 (1.22)	0.34	-0.83
	4-6	66			
	7-9	64			
	10-15	25			
	Above 15	35			

Analysis of Measurement Model

To validate the measurement model, reliability, internal consistency, convergent validity, convergent validity and discriminant validity is evaluated.

Reliability Indicator

The significance of outer model coefficient is assessed through this indicator. In Table-3, outer loadings present the correlation among latent constructs and each of the observed variables.

Internal Consistency (IC)

There are two criteria that are used to assess the internal consistency of all latent variables i.e. Cronbach alpha and composite reliability. The Cronbach alpha gives estimation of reliability on the basis of correlation among variables with assumption that all variables are equally reliable. While composite reliability assesses the internal consistency with the help of outer loadings. Results of both criteria are presented in Table-3 which shows that model has much internally consistency as values are higher than cut off point 0.60 (Ballestar et al, 2015).

Convergent Validity

Convergent validity is measured to check the correlation between observed variables of the same latent construct. To check the model convergent validity, average variance explained is used. Table-3 also shows the AVE results which are higher than 0.50 that represent every latent variable is explaining more than 50% of variance of its observed variables.

Constructs	Items	Outer Loading	AVE	Composite Reliability (CR)	Cronbach's Alpha
Ethical Leadership	Eld1	0.76	0.79	0.96	0.95
	Eld2	0.87			
	Eld4	0.92			
	Eld5	0.95			
	Eld8	0.90			
	Eld9	0.93			
Corporate Social Responsibility	Csr1	0.66	0.52	0.91	0.90
	Csr3	0.71			
	Csr5	0.72			

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	Csr6	0.74			
	Csr7	0.71			
	Csr9	0.75			
	Csr10	0.79			
	Csr11	0.69			
	Csr14	0.76			
	Csr15	0.66			
Ethical Climate	ECL1	0.77	0.68	0.95	0.94
	ECL2	0.83			
	ECL3	0.80			
	ECL4	0.69			
	ECL5	0.74			
	ECL6	0.91			
	ECL7	0.90			
	ECL8	0.91			
	ECL9	0.82			
Trust	Tru1	0.75	0.55	0.92	0.90
	Tru2	0.78			
	Tru3	0.74			
	Tru4	0.69			
	Tru5	0.75			
	Tru6	0.83			
	Tru7	0.81			
	Tru8	0.86			
	Tru9	0.65			
	Tru13	0.69			
Counter Work Behavior	Cwb3	0.79	0.62	0.89	0.84
	Cwb4	0.82			
	Cwb5	0.81			
	Cwb6	0.70			
	Cwb8	0.81			
Task Performance Behavior	Tpb1	0.84	0.69	0.94	0.93
	Tpb2	0.86			
	Tpb3	0.85			
	Tpb4	0.78			
	Tpb5	0.84			
	Tpb6	0.85			
	Tpb7	0.79			
Organizational Citizenship Behavior	Ocb1	0.82	0.68	0.95	0.94
	Ocb2	0.85			
	Ocb3	0.86			
	Ocb4	0.76			
	Ocb5	0.80			
	Ocb6	0.87			
	Ocb7	0.82			
	Ocb8	0.88			
	Ocb9	0.74			
Note: AVE: Average Extracted Variance					

Discriminant Validity

Discriminant validity checks the difference among the latent variables. For this purpose, Fornell-Larcker criterion is used. Fornell-Larcker compares the square root of AVE of each latent variable with the correlation among latent variables. Results show that square root of AVE is greater than correlations among latent variables (see Table-4).

Correlations are also presented in following Table-4 which demonstrated that all study variables have significant correlations with each other.

Table 4: Discriminant Validity-Fornell-Larcker Criterion and Correlation Analysis

Constructs	CSR	E-Leader	Trust	CWB	TPB	OCB
CSR	0.72					
E-Leader	0.58	0.89				
Trust	0.52	0.84	0.74			
CWB	-0.43	-0.70	-0.72	0.79		
TPB	0.20	0.49	0.65	-0.54	0.83	
OCB	0.18	0.49	0.63	-0.53	0.49	0.82

Note: **the off-diagonal values are correlation among latent constructs and bold values are square root of AVE of each latent construct**

Corporate Social Responsibility (CSR)

Ethical Leadership (E-Leader)

Trust

Counter Work Behavior (CWB)

Task Performance Behavior (TPB)

Organizational Citizenship Behavior (OCB)

Analysis of Structural Model

After satisfactory results of measurement model, the next step is to evaluate the structural model. For this purpose, R² results for endogenous variables, assessment of structural path coefficients and evaluation of multicollinearity.

R square values of Endogenous Variables

R² shows percentage of variance among latent endogenous constructs that exogenous constructs explain. In this study, R² for counter work behavior is 0.52 and for trust is 0.27 which show high values. Results are presented in Table-5.

Table-5: R² value of Endogenous Variables

Construct	R ² value	p-value
Ethical Leadership	-	-
Corporate Social Responsibility	0.41	0.00
Trust	0.52	0.00
Counter work behavior	0.39	0.00
Task performance behavior	0.27	0.00
Organizational citizenship behavior	0.43	0.00

Assessment of Structural Model Path Coefficients

Structural model path coefficients represent the relationship among the latent variables. Table-6 presents the path coefficients with their t-statistics and p-values.

Ethical leadership have significant positive impact on corporate social responsibility i.e. $\beta = 0.25$, $p < 0.00$ this validating the H_1 . Corporate social responsibility has significant positive effect on trust i.e. $\beta = 0.52$, $p < 0.00$, this showed that H_2 is accepted. In H_3 , trust have significant negative relation with counter work behavior i.e. $\beta = -0.72$, $p < 0.00$. In H_4 results showed that trust is significant determinant of task performance behavior i.e. $\beta = 0.65$, $p < 0.00$. Trust have significant impact on OCB i.e. $\beta = 0.63$: $p < 0.00$ that support H_5 .

Table 6: Hypothesis Results and Structural Relationships

Hypothesis	Path	Path Coefficient	Standard Error	t Statistics	P Value	Decision
H_1	E-leader \rightarrow CSR	0.25	0.09	2.90	0.00	Accepted
H_2	CSR \rightarrow Trust	0.52	0.11	4.65	0.00	Accepted
H_3	Trust \rightarrow CWB	-0.72	0.09	7.84	0.00	Accepted
H_4	Trust \rightarrow TPB	0.65	0.04	14.97	0.00	Accepted
H_5	Trust \rightarrow OCB	0.63	0.05	13.71	0.00	Accepted

Notes: Acronyms: ethical leadership, corporate social responsibility, counter work behavior, task performance behavior, organization citizenship behavior

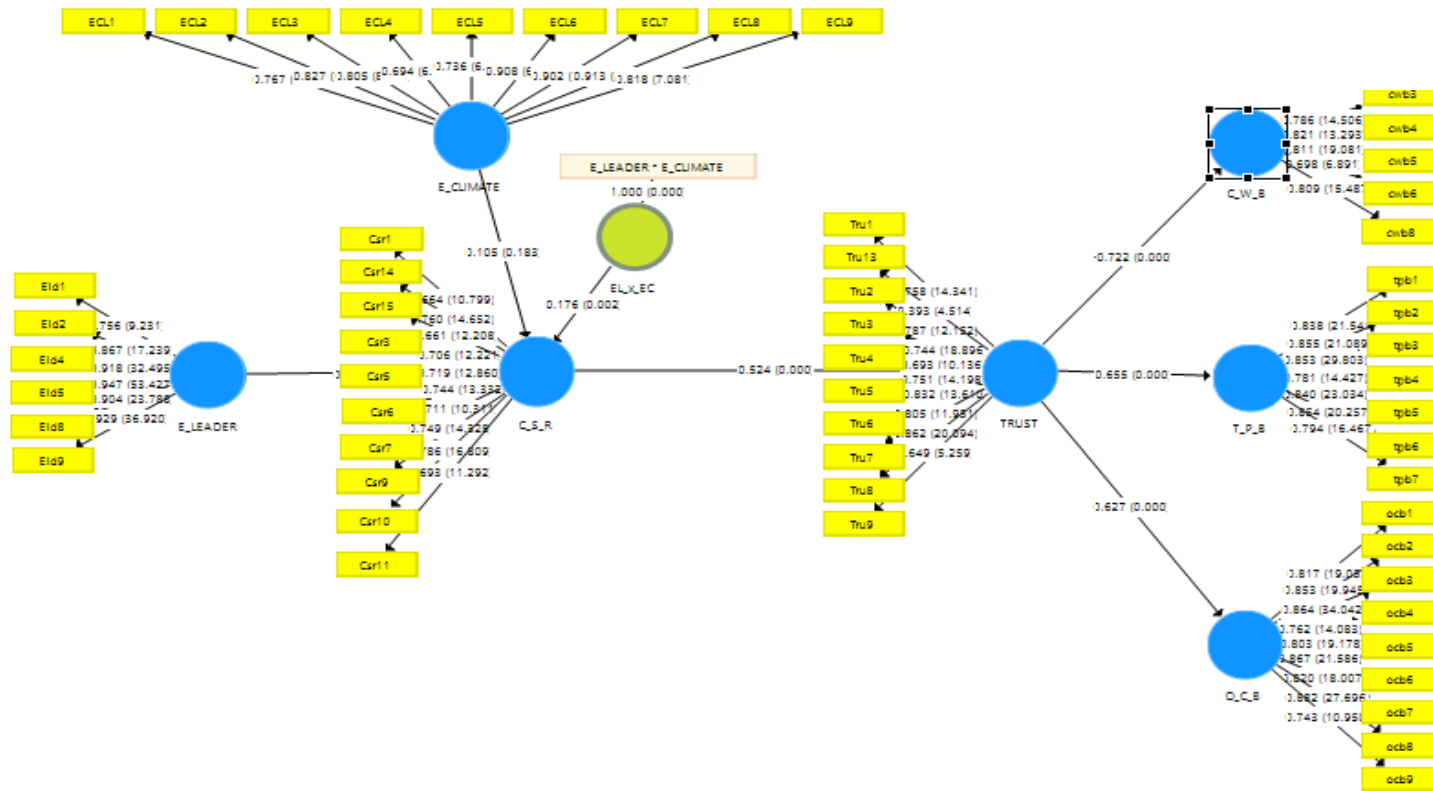


Figure-2: Structural Model

Discussion

CSR, as discussed is becoming a topic of wide discussion due to the fact that organizations must act responsibly in the changing domain of modern world. Such a propensity is mostly encouraged and institutionalized by ethical leadership. The results of current study revealed that there is a positive and significant relationship between CSR and ethical climate. The results are in line with the findings of the study carried out by Langlois et al. (2014) and validate that ethical leader's productivity with insights of the leader's respectability is positively related to CSR. These results are further supported by Hansen et al. (2016) that employees form their opinion of ethicality through observations, actions taken by the leaders; the contextual acquaintances and perception about the CSR activities.

Our study has revealed that ethical climate positively effects both the individual and organizational outcomes. The results of the study are consistent with the results of Rupp's (2011) and are in support proportion of the multiple-experience model which suggests that employees develop perception in three ways i.e. outward, upward and inward. In particular, the outward perception is directly affected by CSR activities of organization, whereas upward perception is correlated with leadership in organization and inward perception is developed by trust on others. Secondly, as we hypothesized, trust significantly mediated the relationship between CSR and performance outcomes. In other words, our framework suggests that employees having higher propensity of trust on ethical leadership due to the reason that they formalize and undertake CSR activities.

Finally, as hypothesized, trust in relations to CSR is having a significant importance in creating a positive behavior among employees (Mey, Werner, & Theron, 2014). Our results also revealed that trust significantly mediated the relationship between CSR and work related outcomes. Similarly, it is also evident from the results that CSR activities lead to trust which discouraged negative and deviant behaviors (such as CWP) among the employees. These findings are in consistent and addition to the literature of previous studies carried by many scholars in the recent past (Farooq et al., 2014; Lilienfeld, Watts, & Smith, 2015).

Conclusion

The current study has shown that ethical climate positively affects the relation between ethical leadership and CSR. Results revealed that CSR has a significant impact on trust which has a subsequent positive effect on performance variables. Thus the results have been in consistent both theoretical and empirical with previous research

(Lilienfeld et al., 2015; Schütte et al., 2015). In nutshell, CSR delineate the culture of organization where it cares for both individuals and organizational outcomes. This substantive process is always monitored and encouraged by ethical leadership in organization because they feel it as a moral duty. Furthermore, ethical leadership has significant positive impact on CSR, CSR has significant positive effect on trust, trust has significant negative relation with counter work behavior and trust is significant determinant of task performance behavior. Finally, trust has significant impact on OCB. All these results show that the constructs are positively related to each other by validating the earlier suppositions and objectives of the study.

Limitations and Future Research

There are some notable limitations that should be considered before the generalization of the results. First, the current study is cross sectional in nature; a longitudinal method is required to further measure the relationship between and among the study constructs. Secondly, we used the framework for banking and cement industry only; theoretical framework can be replicated in other sectors such as telecom, pharmaceuticals and aviation etc. Moreover, a larger sample size with probability sampling may be present more insight of the phenomenon.

Future research may consider other determinants of CSR such as financial aspects, top management and organizational structure by taking moderators such as culture and organizational size etc. Similarly, the performance variables of CSR may be seen by studying the effects of other mediating variables such as reputation and image. Finally, future research may be conducted by focusing particularly on the processes of CSR through which it affects the psychological constructs in organization.

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