

# **The Impact of Corporate Social Responsibility on Employee Performance: Mediating Role of Employee Commitment**

Anam Zia\*, Moniba Noor†, and Ali Asad‡

## **Abstract**

The aims and objectives of this study were to investigate the impact of internal corporate social responsibility on employee performance and mediating role organizational commitment. Data were collected through questionnaire from service sector of Multan, Pakistan. Sample size was consist of 300 employees from service sector of Pakistan. The hypothesis of study was accepted and it was found out how CSR can help in attaining employee performance. The results indicate that four factors of internal corporate social responsibility effect on employee performance. It was also concluded that the importance of corporate social responsibility has increased in the last three decades. This study will be helpful for business leader to implement CSR activities for increasing the business performance.

**Keywords:** CSR, Employee Performance, Employee Commitment, Service sector, Pakistan

## **Introduction**

From last 2010, Human Resource Management (HRM) gets great attention from the scholars. As the whole world convert into global village competition for the organizations increases. HRM is terms used for the upper management of an organization, which deals with the recruitment, management and provide direction for the employees of an organization. Corporate social responsibility progressively increasing day by day and our society can't be opposed (Carroll, 2008). In spite of the incessant discussion as whether the companies should have accept the social responsibility or not, previous literature shows that the consumers really care about the organization social activities so it's a major attention of the company (d'ASTOUS & Legendre, 2009).

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Today's corporate social responsibility is a trendy matter. The study shows that's the customer predict that the companies highly involve in corporate social responsibility (Mohr, Webb, & Harris, 2001). In the ear of 1990s and 2000s the phenomena of corporate social responsibility rise and the new research area for researchers (Crane, McWilliams, Matten, Moon, & Siegel, 2008). According to Carroll (2008) many actions taken by the companies prior 1950s, they use their income for overcome the society causes, for example business owners contribute their own money to the different projects of the society. Now a days, mostly actions taken by the companies holders would apparently added as a social responsibility. It is visible in 1950s in some aspect of social responsibility but they were never called it specifically by corporate social responsibility. Carroll (2008) explained that "a revolutionary addition in the corporate social responsibility concept came in 1971 from publications from the Committee for Economic Development (CED), Social Responsibilities of Business Corporations" The 1970s are a major era for the corporate social responsibility literature development. So Corporate social responsibility majorly focused as a definitional aspect till 1980, researchers want to formulate new precise definition of the CSR (Carroll, 2008). Especially since 2000s the corporate social responsibility has been a worldwide Phenomenon, but there are major regional dissimilarities in the practices of corporate social responsibility.

Promoters for social responsibility companies introduce some social business ethics or because they want companies take their social responsibility but the detractor argue that the law and the other moral customs should not force to companies to take the social responsibility. The organizations who's investing for the corporate social responsibilities their requirement are increasing now a days from the government, public, stockholders, customers, consumers, suppliers and workforce. Because of the global warming the requirements for the investment in corporate social responsibilities increased, many companies react and investing for the social responsibility. However many other organization refuse to invest in CSR because they are mainly focus in profit earning (McWilliams, 2000).

Today's in the highly competitive business environment companies need to focus the factors that impact the customer decision making while purchasing, for the sustainability and compete their competitive in the market. Because sustain with the improvement in performance and profit is one of the major goal of an organization. Shareholders and customers pressurized the companies for the CSR practices through their behaviors, now customers focus the corporate social responsibilities practices of the organization when they are making

decisions for purchasing a product or services they considered social and environmental and human rights concerns of the company. According to comfort, five major dimensions force the organization to consider CSR and implement the CSR practices, these dimensions are shareholders or stakeholders awareness about corporate social responsibility, stakeholder pressure on organizations towards CSR practices, shareholder pressures, associate pressure, and Sense of corporate social responsibility increased. Many researchers conducted studies on the corporate social responsibilities and brings different results but mostly studies are conduct as an organizational point of view, internal environment of the organization also play an important role in the organizations performance. (Carroll, 2015; Jones, Comfort, & Hillier, 2006).

### **Literature Review**

During the past few years, scholars Gave extensive scrutiny towards CSR. So it's become a well-known concept of literature (Nejati & Ghasemi, 2012).Stakeholders positively affected by the organizations behavior to accomplish their aim and go outside the financial benefits. In the work place many improvements brings by CSR in the business world(AI-bdour, Nasruddin, & Lin, 2010).Mostly researchers conducted the studies of CSR have external stakeholders focused and fewer consideration has been paid for internal stakeholders(Kim, Song, & Lee, 2016).In the past decades scholars paid attention to examine organizations financial performance gain through the CSR practices(Wu & Shen, 2013).

When financial crises occur organizations have more ability to achieve customers' acceptance because of their CSR practices.(Pérez-Ruiz & Rodríguez-del Bosque, 2012).In well Develop economy CSR Practices show significant relationship with financial performance.(Škare & Golja, 2012).Now a days because of huge attention toward corporate behaviors companies are constrain to move towards corporate social responsibility strategies.(Basu & Palazzo, 2008).In academic Manner companies engage in implementations of CSR practices more actively. For achieving economic and financial gains companies consider CSR Practices as a key elements.(Garriga & Melé, 2004).

Although the wide range of literature on CSR still there is no standard definition. Same activities done by everybody does not means its CSR Practice(Van Marrewijk, 2003).Because the deficiency of precise definition all definitions of CSR decide one common thing when organizations plan or formulate their environmental strategies they must fulfill the expectations of society(Gössling & Vocht, 2007).Organizations are socially responsible in economic legal ethical context and discretionary expectation of society(Carroll, 1979).It is

important for the stakeholders about the struggles of the organizations for more gain. If stakeholders not know about the actions of the organizations for society it's useless(Calabrese, Costa, Menichini, Rosati, & Sanfelice, 2013).Literature shows that employee are prefer to, satisfied and committed with the organization who's socially responsible(Stites & Michael, 2011).Employee, community, consumer and the environment are stakeholders considered in recent CSR framework (El Akremi, Gond, Swaen, De Roeck, & Igalens, 2015). Corporate social responsibility is compulsory during strategies formulations process although it may not be a long term competitive advantage for organizations(Falkenberg & Brunsæl, 2011).

#### *Internal Corporate Social Responsibility*

In the last few years literature propose that organizations must be active equally in the internal and external dimensions of corporate social responsibility as organization commitments is reliable if social measures are equally implement to both dimensions(Basu & Palazzo, 2008).The internal corporate social responsibility mainly relate to organizations employee or internal stakeholders these factors explain general behavior inside the organizations as a result of that literature pay attention internal CSR factor measure as demographic and structural change ,employees health and safety and human capital(Vives, 2006). Now a days internal corporate social responsibility is a compulsory component of a firm social responsibility and main concern for the management of the business and for organizational science too(Mory, Wirtz, & Göttel, 2016).

Nonetheless further highlights its value literature shows participation in internal CSR practices improve employee commitment especially the fruitful element(Brammer, Millington, & Rayton, 2007).General review of researchers define the difference between internal and external outcomes to relevant with employees they review these consequences and result generally they don't stated clearly differentiate b/w external and internal corporate social responsibility(Aguinis & Glavas, 2012).In contrast a specie in their study concentrate on internal corporate social responsibility using many measuring factors (diversity in workplace, training and development, occupational health and safety, human's rights) to trap the idea before the evaluation of the its impact on the parts of organizational commitment (Al-bdour et al., 2010).

Furthermore the research focused that internal corporate social responsibility practices isa best way to encourage the workforce to self-enrichment and a very good impact on employee motivation. Latest research shows that focused to add more possible relevant variables of

corporate social responsibility for e.g. occupational safety, training and education, workplace diversity, work life balance to calculate the relationship between CSR with org. commitment(Keraita, Oloko, & Elijah, 2013). As the beneficiary of corporate social responsibility usually internal or external to the organization, massive researcher of CSR generally make the difference between internal and external corporate social responsibility(Keraita et al., 2013).when the activities of the organization focused to the internal stakeholders for their betterment and development through positive helpful actions and tried to prove the organization is caring for employees and value their employee consequently it's a major source of respect(Farooq, Rupp, & Farooq, 2016).

Employee engage in corporate social responsibility activities and gain the benefit in shape of their development(Farooq et al., 2016).Internal CSR refers the Activities for the benefit of employees done by organization. External CSR refers to the activities done by the organization, For The external stakeholders Benefit(Farooq et al., 2016).Many activities initially conceptualized as internal corporate social responsibility have already focused in literature under others tag like organizational justice (Rupp, Williams et al,2011), work family support(Butts, Casper, & Yang, 2013).workplace and workforce diversity (Bradley-Geist & King, 2013) and HPWS (Posthuma, Campion, Masimova, & Campion, 2013).

Operationalizing Internal and external Corporate Social Responsibility discriminate the corporate social responsibility through the objective of the actions or activities done by the organization(Margolis & Walsh, 2003). Literature shows that internal CSR practices develop leaders within the organizations, its provide opportunities to empower employees(Margolis & Walsh, 2003).We purpose that internal CSR generate perceptions in employee that it give a particular, specific chances for employees to develop themselves.

#### *Employee Empowerment*

Performance of more empowered employees is better than those who have less empowered, empowered employee done more productive work and solve problems immediately at operation level(Tuuli & Rowlinson, 2009).For the betterment of performance managers share power and decision making process with employees(Martin & Bush, 2006).Empowerment is defined as the composition of four Apprehensions encircled: workforce capability, perceived effect of the work, sense of self determination, and sense of meaning(Thomas & Velthouse, 1990).

The researcher argue that employee empowerment moderate the degree to which employees, activities effect the relationship between firms, united and organization services innovations, and quality of firm's services, Employee empowerment is censorious to service organization creativeness(Gómez & Rosen, 2001).Empowerment improve employee expertise and professional development, empower employee to take action to customer's demands and set high level performance goal(Gómez & Rosen, 2001).

Empowerment is an important issue in internal corporate social responsibility, defined as the degree in which firm give the chance to their workers decide their functional framework as they want to done and achieve self-actualization in their work environment, it defines to a degree shows employees has how much empower to do something in their working environment(Kipkebut, 2010).

#### *Training and Development*

Training and development is an investment of an organization create any environment for continues learning that help the workforce or employees to enhance their knowledge and share their ideas, through promoting the creation of new information and modernization (Lau & Ngo, 2004).Concentrating on the input functions of training tasks, researcher have follow input oriented element like opportunity of programs for training and development. (Shaw, Chen, Harris, & Huang, 2009)And degree to which an organization give chances their employees for training (time and percentage of trained workforce(Glaveli & Karassavidou, 2011).According to the employees and company interest for achievement of goals training programs plays a major role(Kraemer et al., 2002).

#### **Work Life Balance**

Many Researcher research on work life balance, previous research on work life balance conducted with in two main areas work and family. But in recent researches scholar's added 3rd dimension in work life balance concept individual personal dimension for personnel development other than family (Chinchilla & León, 2007).This third personal dimension state to the persons require relaxation time which use for the individual personal development, Family and work both domains are equally important for an individual. But sometime both are contradictory, the contradictory situation between work and family negatively affect physically and psychologically on individual that decrease their work performance(Boyar, Maertz, & Pearson, 2005).

Day by day with the economic and social change and variation in workplace need to change in work style and environment. It's difficult

for employees to manage the work and life balance when companies using traditional methods, because traditional methods depend on male workers full time works. Because of these issues in 1960's United States add work life balance in civil rights, Japanese also give attention to this issue, due to employee requirement and government requirement now companies offer work life balance facilities for e.g. parental leave, family care leave and others benefits for personal life to their employees. Unfortunately many companies implemented work life balance benefits but these benefits are not properly utilized by employees.

### *Health and Safety*

A sequence of current great profiles occupational health and safety disgraces upsurge common interest. Over corporate social responsibility in global trend, media appealed that process of the fashion companies may be pushing their workforce lives on risk (Dudley et al. 2013). Papadopoulos, Georgiadou, Papazoglou, and Michaliou (2010) discussed that considerable heavy industries workforce are boost to take safety tools in working hours because the working environment where they are working is really dangerous for health and required precautions but the condition will be aggravated because the absence of safety equipment in the organization. According to the scholars indicate that providing safe working environment with safety equipment's and safety rules and process and safety relevant events with in company and its proved committed management to safety result give committed workforce (Neal, Griffin, & Hart, 2000).

Occupational health and safety in the working environment inspire the personal and community lives of an individuals. The purpose of H&S management in to progress in working environment and workers health in the working place effectiveness of the management rely on the culture of the organization and standard set by the management. (EU-OHSA, 2010). Occupational health and safety management can decrease the cost of the organizations through their effective management, costs related to the illness or injury of the employee absentees because of illness and medical bill cost (Tappura, Syvänen, & Saarela, 2014).

Five dimensions ("rules and actions" forceful behavior of investors, unified occupational health and safety management and the culture of the organization) that effect the OHS management in the organizations (Venkaiah & Kumar, 2011). Occupational health and safety system implementation is a very effective technique of allocating safety funds although it's not expands working environment but inspires the workforce the behaviors and promote the implementation culture of health and safety (Battani et al. 2009).

*Compensation and Benefit*

Recompense effect the standard of the candidates who considered the job in organization, and the standard of those employees who's hired by the management, probability of the acceptance of job, employee inspiration and performance, and the standard of the all workforce(Dineen & Williamson, 2012).The proof is completely understandable, recompense has commanding sorting effects and incentives (Rynes, Gerhart, & Minette, 2004).Comparably a literature has inspect that compensation influence on corporate social responsibilities, but has also found contradictory results (Mahoney & Thorn, 2006).If consequences of corporate social responsibility are problematic to measure, corporate social responsibility may be a means management can remove extra compensation without any difficulty(Mahoney & Thorn, 2006). Accordingly, management executive with huge impact over the compensation structure will be more probably to have inducement for corporate social responsibility if social events show an agency cost.

*Employee Engagement*

Employee engagement is a very effective technique to support the firm to struggle to achieve competitive edge over their competitors. Hewitt Associates LLC (2004) refers employee engagement the situation in which an employee are mentally or emotionally committed to the firm or business group. According to the Bakker (2010) "work engagement as "the psychological situation state that show the individual passion via behavior". (Platek, Myers, Critton, & Gallup, 2003)defined three types of employees exist one in engaged employee 2<sup>nd</sup> is not engaged employees and third one is disengaged employees. Engaged employee are those who are constructor for the organization they are continuously struggle to give best performance in their assigned tasks and focus on quality and quantity of their work, Not engaged employees are those employees who just focus on quantity of their tasks as a substitute of the mission vision and goals of the organization, Disengaged employees are those who not only give good output also demotivate the employees who are working well these type of individuals are really hazardous for the organization.

*Employee Commitment*

Organizational commitment is probably a suitable forecaster of helpdesk performance given the nearby conceptual bind with motivation(Meyer, Becker, & Vandenberghe, 2004).Many scholars studied the organizational commitment as an attitude, and describe how to measure organizational commitment in different ways, recently a common definition of organizational commitment is the relative strength of an individual's identification with and involvement in a particular

organization' (Mowday, Steers, & Porter, 1979)we can say organizational commitment is a behavior of individual because of emotional attachment with the organization (Mathieu & Zajac, 1990).

According to Allen and Meyer (1990)believe that an effective commitment is "employees emotional attachment with organization, identification with organization with organization, and involvement in organization, has a big pact commonly in previous definitions and theories of attitudinal commitment. Now a days scholars gradually recognized organizational commitment at the single element/company level, because researchers think commitment attitude inventing at the single entity level converted among the all employees in the work environment(Nishii, Lepak, & Schneider, 2008).More widely organizational commitment as an attitude shared among all employee in working environment because of organizational culture, task allocated to the employees from the management side, event organized by the management , and knowledge of native culture that vary to those from the others working units(Nishii et al., 2008).

Rotating to the dealing at the unit level Allen and Grisaffe (2001) draw on Ostroff (1992) describe that the between org. commitment and their results may be more strong at the single entity level, reason that a good committed employees of the organization act in method that support organization performance thorough neglect the needless repetitions behaviors that applied in other units of firm by other employees and by covering the gaps that missing by other employees. That highly committed employee's fill in gaps left by others is consistent with views that such employees are less likely to leave gaps in service (by, for example, having longer tenure, higher rates of attendance, better punctuality) That the more committed employee of the firm fill the gaps missing by others through their hardworking punctuality and loyalty, and more likely to accrue specific knowledge about market, product, which sharing use to fill space in other work force knowledge of the unit.

Proofs supporting Allen and Grisaffe's "filling in the gaps" plan at the single entity level derived from the results that connect that organizational commitment with workforce actions that support around them and inspire in interconnected working such as organization commitment relating customer satisfaction through organizational citizenship behavior (Nishii et al., 2008).organizational commitment a state show the person's emotional or mental attachment with their firm(Mathieu & Zajac, 1990). Compensations an effective technique and acceptance of the firm vision, mission, goal and objective, and readiness to strive for the organization and energetic wish to continue the management for the organization(Steers, Mowday, & Shapiro, 2004).Generally organization commitment and committed attitude of the

employee's become common because of same management, they are working in the same environment, same activities and same culture within the unit that fluctuate in the other unit of the organization.(Hausknecht, Hiller, & Vance, 2008).

*Employee Performance*

According to the Oxford English dictionary (2007), performance is the capability of a machine or Performance is the ability to an appliance or to perform a given task, Oxford English dictionary (2007)in a working environment it would be abilities to complete a specific role .Another more precise explanation of work performance is that “it a predicted attitude that is engage in production of products, or events that make available indirect support for the firm main technical procedures(Van Scotter, Motowidlo, & Cross, 2000).

Employee performance in their tasks differs following to the different working professions, but may share resemblances in factors connecting to the employee performance, which are generally behavioral factors (Connolly & Viswesvaran, 2000).Employee performance is very important because its devotes directly to weather or nor a firm achieve their goal and objectives, employee performance directly connected to organizational mission or goals, (Viswesvaran & Ones, 2000).

Employee Performance related to a business goals is divided in to the work assignment that are allocated to the employees according to their skills and traits and these employees are responsible for assigned tasks (Viswesvaran & Ones, 2000).Employee performance is effected by different traits both mentally and physically, but it is said that seventy five percent (75%) is attributed how to workers manage(Drotter, 2003).Employee performance is effected by different traits both mentally and physically, but it is said that seventy five percent (75%) is attributed how to workers manage (Drotter, 2003)Employee's performance is a tasks of training and development job fit and inspiration, training sessions deliver knowledge skills that are demands of job and capabilities to perform well(Blanchard & James, 2007). Performance in work tasks refers to a major accountabilities the employee was appointed to do in interchange for their pay package and incentives given by the organization. It's defined a behavior engaged towards job task, functions accountabilities according to their Job description (Williams & Anderson, 1991).

Employee performance is refers as the productivity level of an employee with the comparison of their colleagues on different job relevant behaviors and outputs. (Babin & Boles, 1998)Employee's performance shows the monetary and non-monetary outputs of the employees that has directly connected with the organization performance

and its achievement. Many researches shows that a major techniques to increase the performance of employees is to concentrate on encourage employee engagement. Research (Christian et al., 2011)

According to Leiter and Bakker (2010) that the existence of better employee engagement increase the employee performance, OCB (organizational citizenship behaviors) efficiency, unrestricted effort, customer services and organizational commitment.in the earlier studies shows that the employee engagement effect the employee performance this research planned to the research the strength of the impact on employee engagement on employee performance.

Performance can be enhance through the flexibility of the firm training is also a technique to enhance the performance of the employees (Lundberg et al., 1999).Team leader or supervisor can play a major role to enhance the performance of employees by guiding them on the right time and right way (Drake, Meckler, & Stephens, 2002).(Boswell & Boudreau, 2002).Employee's attitude toward work and their interests effect the organizational performance(Peng, Buck, & Filatotchev, 2003).Performance of employees can be improve through the investment for employees by the organization. Cost saving is a factor to decrease the employee performance. Traditional social welfare and employee performance has no relationship (Peng et al., 2003).

*Conceptual Framework and Hypothesis*

The main objective of this study is to investigate the impact of internal corporate social responsibility on employee performance with the mediating effect of employee commitment. .The internal corporate social responsibility mainly relate to organizations employee or internal stakeholders these factors explain general behavior inside the organizations as a result of that literature pay attention internal CSR factor measure as demographic and structural change ,employees health and safety and human capital(Vives, 2006). Now a days internal corporate social responsibility is a compulsory component of a firm social responsibility and main concern for the management of the business and for organizational science too.

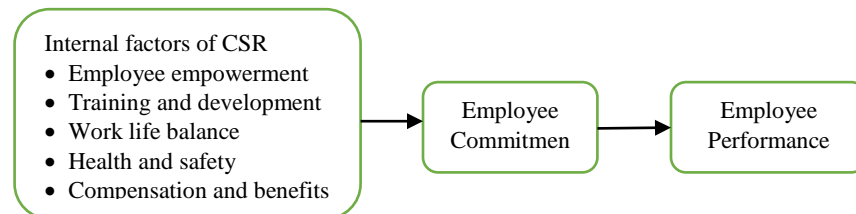


Figure 1: Internal CSR base Employee Performance Model

*Hypothesis of the Study:*

*H1: There is a significant relationship between internal factors of CSR with employee performance.*

*H2: There is significant relationship between Internal CSR and Employee commitment.*

*H3: Employee commitment mediating between internal CSR and employee performance.*

**Research Methodology**

The process which is use to collect information and data for the purpose of making business decisions. Targeted Population of this research is the employee working in the service sector of Multan, Pakistan. Sample Size of this study is 300 employees from the service sector of Multan. A customized questionnaire was used to collect data, questionnaire contain two part first part consist on different demographic and personnel variables, second part of the questionnaire consist on the likert scale (strongly agree, agree, neutral, disagree, strongly disagree) respectively to determine the relationship between internal factors of the corporate social responsibility with employee performance with mediating effect of employee commitment.

**Measures of Variables**

The present study use the questionnaire based survey for testing the research model. The questionnaire was developed after read the literature and instrument used in this study was adapted by already existing scales that are more suitable for the organizations. This study used Meyer, Allen, and Smith's (1993) based on 9 items for the measurement of employee commitment. Sample items are: "I feel a strong sense of "belonging" to this organization" "This organization deserves my loyalty" and "I feel that I have too few options to consider leaving this organization" .For the measurement of employee performance we used 4 item scale reported by Williams and Anderson (1991). Item is "My co-worker adequately completes assigned duties."

To measure the employee empowerment we used scale based on 4 items, scale adapted from Spreitzer's (1995) Items "I feel competent to perform the tasks required for my position," "I feel adequately prepared to perform my job") were used to measure employees' feeling of competence . Another four items (e.g. "My manager trusts me to make the appropriate decisions in my job," and "I have significant autonomy in determining how I do my job") were used to measure employees' feeling of control. Two measure were derived for the measurement of 'work life balance' from Al-bdour et al. (2010).both were presumed form the Turker (2009a), Mishra and Suar (2010).

Measure adapted from the Back et al., 2011; Lux et al., 1996 for the measurement of training and development, item is “This organization provides regular service training”, “There are enough training programs in this organization”, training session in this organization help me to understand the customer need”. Nine items were used for the measurement of health and safety, items “My organization provides employees with the latest health and safety standards” and “My organization provides a comfortable working environment”. Compensation measured through following item adopted from (Money, 1995; Lux et al., 1996) “This organization fairly rewards employee performance” and “This organization establishes my pay linked to my performance” and “In this organization, those employees who develop a close relationship with customers are rewarded for their efforts”.

**Result and Discussion**

This research consists of three construct CSR, Employee commitment, and employee performance. The following figure 3 shows the propose model.

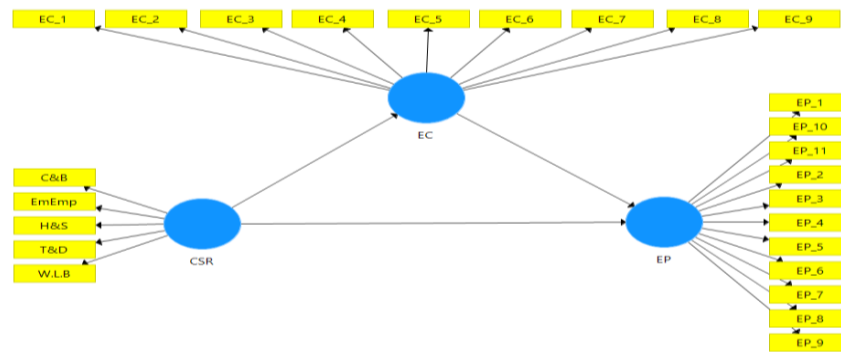


Figure 2: Measurement Model

In PLS-SEM first, we decide about model either model is a reflective measurement model or formative measurement model. The research based on reflective measurement model. So the following test conducted for evaluation of reflective measurement model.

**Reliability and Composite Reliability Analysis**

The reliability assessments were considered to measure or evaluate the inter-item consistency for Employee commitment, employee performance and corporate socialresponsibilityusing a Cronbach’s alpha procedure. According to the (>. 70, Kline, 2005), the acceptable value of

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Cronbach's Alpha is greater than 0.70. Table 4.1 characterizes the outcomes of the reliability analysis.

Table 4.1

Sr. No.	Factors	Items	Cronbach's Alpha (>0.70)	Composite reliability (>0.70)
1	Internal corporate social responsibility	5	0.962	0.97
2	Employee commitment	11	0.924	0.938
3	Employee performance	9	0.940	0.95

#### *Convergent Validity*

The outer loadings of indicators and average variance extracted (AVE) are criteria considered by researchers to establish convergent validity” (Fornell & Larcker, 1981). Convergent validity access from average variance extracted (AVE).The following table 4.2 shows average variance extracted .

Table 4.2

S#	Latent Variable	Average variance extracted (>0.5)
1	Internal corporate social responsibility	0.868
2	Employee commitment	0.628
3	employee performance	0.635

The cutoff value average variance extracted is greater than 0.5. The upper table of AVE show the entire latent variables has greater than 0.5.

#### *Discriminant Validity*

According to the (Hair, Hult, Ringle, & Sarstedt, 2013), the discriminant validity will be entertain form Fornell-Larcker criterion method. The following table 4.6 shows the discriminant validity in between the variables.

Table 4.3 Fornell-Larcker Criterion

	<b>1</b>	<b>2</b>	<b>3</b>
1.CSR	<b>0.932</b>		
2.EC	0.599	<b>0.792</b>	
3.EP	0.469	0.604	<b>0.797</b>

#### *Evaluation of Structural Model*

According to the Hair et al. (2013), when we check and confirmed the Validity and Reliability of the model then next step is assessment of evaluation of structural model.

*Multi-collinearity assessment*

Multi-collinearity means when two or more than two variables are highly or extremely correlated with each other. Multi-collinearity measured with the help of variance inflation factor (VIF). The standard value or tolerance level of variance inflation factor (VIF) is lower than 0.2 and higher than 5 (Hair, Ringle, & Sarstedt, 2011). The following table 4.5 shows the VIF values among variables.

Table 4.5 Variance inflation factor (VIF)

	1	2	3
1.Internal corporate social responsibility		1	1.559
2.Employee commitment			1.559
3.Employee performance			

According to the table 4.5 we are confident that there is no multi-collinearity issue in our present research.

**Size and the significance of the path coefficients**

In this step the path coefficient was determined through bootstrapping in SmartPLS 3.2.7 software. The number of bootstrapping sample was set as 5000. The variables in our present structural model is, *Internal corporate social responsibility*, *Employee commitment*, *Employee performance*, were investigated and tested as not only exogenous, but also endogenous factor shown as below figure 4.

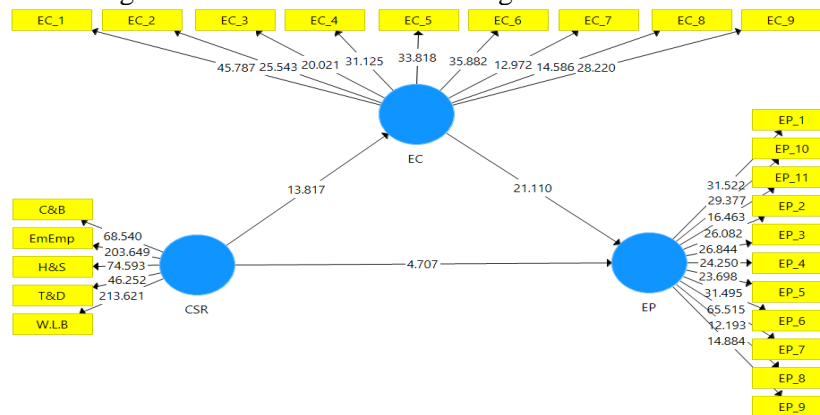


Figure 4

**Direct Relationship**

The significance of path coefficients done thru the inspecting the relationship between IV's Dv's and also mediation variable. Table 4.6

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shows the relationship of CSR on Employee performance as well as the shows the propos affect either positive or negative.

Table 4.6

	Proposed Effect	Path Coefficient	Observed tValue	P Value	Hypothesis Support
H1.InternalCSR effects on employee performance	+	0.198	13.817***	0.000	Yes
H2.CSR effects on Employee commitment.	+	0.599	4.707***	0.000	Yes
H3.Emoloyee commitment effects on Employee performance	+	0.786	21.11***	0.000	Yes

\*\*\*:  $P < 0.001$ ; \*\*:  $P < 0.01$ ; \*  $P < 0.05$  ns= not supported

H1 was accepted; *Internal corporate social responsibility* significantly predicted the *Employee's performance* ( $\beta = .198$ ,  $p < 0.000$ ). H2 was also recognized *Internal corporate social responsibility* the significant *Employee's commitment* ( $\beta = 0.599$ ,  $p < 0.000$ ). H3 was accepted. The relationship between *Employee's commitment* and was positively significant the predicted by *Employee's performance* ( $\beta = 0.786$ ,  $p < 0.000$ ).

**Coefficients of Determiation ( $R^2$ )**

R square is a “measure of the proportion of an endogenous construct’s variance that is explained by its predictor constructs” (Hair et al., 2011; Hair et al., 2012). According to the (Hair et al., 2011) the rule of thumb about the R2 is .25 shows as the weak, .50 moderate and ,75 demarcate the strong coefficients of determination. The following table 4.6 shows the Coefficients of determination of entire variables.

Table 4.6 Coefficients of Determiation ( $R^2$ )

	R-Square	Standard Error	T-Statistics	P-Values
Employee commitment	0.358	0.052	6.924	0.000
Employee performance	0.843	0.018	46.81	0.000

The table 4.6 shows that employee commitment has a weak R square; however, the employee performance has a strong R square 0.358 and 0.843 respectively.

**Effect Size  $f^2$**

The effect size can be calculated using the formula below:

$$f^2 = \frac{R_{included}^2 - R_{excluded}^2}{1 - R_{included}^2}$$

According to the Cohen, (1988) and Joe et al., (2014) values of 0.02, 0.15, and 0.35, respectively, represent small, medium, and large effects

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on the exogenous latent variable. The following table 4.10 shows the *Effect Size  $f^2$*

Table 4.10 Effect Size  $f^2$

Variables	$f^2$
Internal corporate social responsibility → Employee commitment	0.599
Internal corporate social responsibility → Employee performance	0.198
Employee commitment → Employee performance	0.786

The relationship between internal corporate social responsibility and Employee commitment have a strong effect size of R<sup>2</sup>, (0.599) and Internal corporate social responsibility and Employee performance have weak size R<sup>2</sup>, (0.198). The employee commitment and employee performance have strong effect size of R<sup>2</sup> 0.786.

#### *Predictive relevance ( $Q^2$ )*

Finally, the Stone-Geisser test of predictive relevance was achieved to measuring model fit in PLS analysis (Geisser, 1975; Stone, 1974). Predictive relevance is obtained by blindfolding in SmartPLS. When  $Q$ -square is greater than zero, the model has predictive relevance. The following table 4.11 shows the  $Q^2$

Table 4.11 Predictive Relevance ( $Q^2$ )

Latent Variables	$Q^2$
Employee commitment	0.209
Employee performance	0.498

The table shows all variables have greater than zero, so the model has predictive relevance.

#### **Mediation Test**

The mediation analysis evaluates and estimates the indirect effect of the IV on the DV through an intervening variable (Baron & Kenny, 1986). In first step before going to mediation analysis first check the relationship between IV and DV. If this relationship is significance then go the mediation analysis or vice versa. The following table 4.12 and figure 5 show the relationship between internal corporate social responsibility (IV) and Employee commitment (DV).

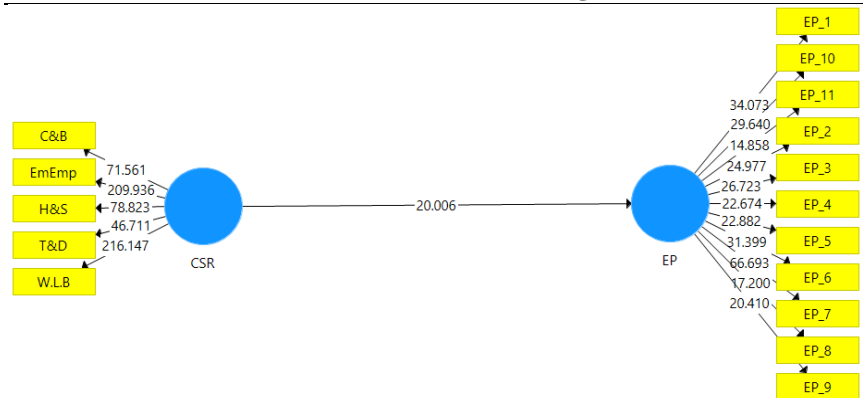


Figure 5

Table 4.12

	Proposed Effect	Path Coefficient	Observed T Value	P Value	Hypothesis Support
H1: Internal CSR effects on employee performance	+	0.700	20.006	0.000	Yes

\*\*\*:  $P < 0.001$ ; \*\*:  $P < 0.01$ ; \*  $P < 0.05$  ns = not supported

H1 was accepted; *Internal CSR* significantly predicted the *Employee performance* ( $\beta = 0.700$ ,  $p < 0.000$ ). The above table 4.12 validates the *internal CSR* and *Employees performance* is substantial to each other's.

Table 4.13

Calculate the Total Indirect effect of mediating variable					Bootstrapped Confidence Interval		Decision	
	Path a	Path b	Indirect Effect	SE	t-value	95% LL	95% UL	Mediation
H3: internal CSR → Employee commitment → Employee performance	0.198	0.786	0.156	0.044	3.537	0.069	0.242	Yes

The above table 4.13 represents the indirect effect. H3 was accepted; *internal CSR* significantly predicted the *Employee performance* through mediating *employee commitment* ( $\beta = 0.156$ ,  $t = 3.537$ ). The lower level confidence intervals (LLCI = 0.069) as well as upper level confidence interval (ULCI = 0.242) are positive.

**Conclusion**

The aims and objectives of this study were to investigate the impact of internal corporate social responsibility on employee performance and organizational commitment for service sector in Multan district. Four factors of internal corporate social responsibility effect on employee

performance. It was deduced that the importance of corporate social responsibility has increased in the last three decades. Many researchers including Palmatier (2006), Egan (2008) and Gummesson (2008) have observed how the SHRM researchers have shifted their strategy from HRM to individual employee performance. It is noted also that previously marketers used to plan their strategies around the finance and marketing concept that is their price, promotion, product and distribution. However in today's competitive world they have started formulating their strategies around the concept of CSR. This phenomenon has become more important in the business to business market where suppliers are catering to every need and want of their customers.

Various tools have been observed and furthermore tested if they could successfully build the relationship including trust, commitment, satisfaction, switching barriers, loyalty programs, improved customer service and by providing training to their employees.

Therefore, this research was conducted to find out the relationship between internal corporate social responsibility. The focus of this study was on internal corporate social and its various tools and through literature review and primary research. It was found out how CSR can help in attaining employee performance. The extent to which CSR influences employee based performance measure is studied. In sum, service sector in Multan are getting benefits in terms of Employee empowerment, Training and development, Work life balance and Health and safety and this study also indicated that benefits of CSR best appear in the individual performance.

#### *Theoretical Implications*

This study provides main research contributions for academics and practice. Following theoretical implications can be highlighted from the outcomes of study:

- The study is unique in its nature as it investigates the construct of internal corporate social responsibility from different perspectives, explained with new and significant relationships with employee focused outcomes.
- This study enhanced new relationships in literature that can provide more useful insights in discovering further research in complex scenarios.
- In this study, by employing three different phenomenon i.e., trust, bonding, communication, empathy, shared value, and reciprocity, study add more to the internal corporate social responsibility with reference to service sector in a developing country.

- This study indicates that the concepts of internal corporate social responsibility on employee performance and employee commitment, in Multan's (Pakistan) context.

### **Further Research Directions**

Though this research has been conducted through an envisioned and vigilant process but still it delivers more areas to be loomed and use of advanced research effort. Leahy (2011) concludes that the employee side of research is still widely unexplored, and argues that the views of one party at best only provide a partial overall picture (Leahy, 2011, p. 654). Future studies should therefore take the management and employees into account, in order to understand how they perceive CSR in their practices. The author proposes that future studies should examine which markets and segments are getting more benefits from CSR, which Employee demographics- and psychographics are the most relevant for relationships. Additional studies are required in order to answer and understand the complexity of relationships, due to its multifarious and contested nature.

The study lays footing for exploring research space thus further suggestions are as under:

- Though research has provided solid evidence for validating the conceptual framework still the application of longitudinal data may provide more authenticity to results.
- According to Skarmeas et al. (2002), a research may entail a more comprehensive and detailed study if a comparison of developed and developing market is conducted to compare the results to gain insight about discipline of CSR.
- The current study delivers results of service sector, so keeping it to one areas and can be exposed to other sectors to our understanding for outcomes of CSR.
- For future research used to increase the generalizability of the research finding, large samples should be incorporated.
- More evidence can be obtained by using a mixed method research design, which also incorporate some interviews.
- Theoretical contributions can be made further by increasing the dimensions of CSR.

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