

Please cite the Published Version

Glaveli, Niki, Argyropoulou, Maria, Papadimitriou, Dimitra and Akhavan Tabassi, Amin  (2025) CSR: a guardian or a pseudo angel? Evidence from pharmaceuticals. Social Responsibility Journal. ISSN 1747-1117

DOI: <https://doi.org/10.1108/srj-08-2024-0599>

Publisher: Emerald

Version: Accepted Version

Downloaded from: <https://e-space.mmu.ac.uk/641637/>

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CSR: a guardian or a pseudo angel? Evidence from pharmaceuticals

Abstract

Purpose - Drawing on social exchange and social identity theories, this study aims to add to the CSR literature by shedding light on the process by which employees form positive attitudes and behavioral responses based on their evaluation of the company's CSR activities towards internal and external stakeholders, and how this process is moderated by the importance that employees attach to these actions.

Design/methodology/approach – Data were garnered from 281 pharmaceutical sector employees in Greece with the aid of self-reported questionnaires. The formulated hypotheses were tested using a variance-based statistical approach (PLS-SEM).

Findings – The research results underscore the importance of genuine CSR initiatives towards internal and external stakeholders in fostering employee trust in the organization and consequently positive employee outcomes like organizational citizenship behaviors, organizational commitment and retention.

Originality/value – This study contributes to the CSR literature by highlighting the reflective sense-making process employees engage in when evaluating CSR initiatives, integrating social exchange and social identity theories, and providing insights into the pharmaceutical sector. Thus, offering significant theoretical and practical implications for high-risk industries.

Keywords: Corporate social responsibility; Employee trust; Organizational citizenship behavior; Organizational commitment; Intention to leave; Social Exchange Theory; Social Identity Theory; Pharmaceutical sector

1. Introduction

Since Bowen's seminal 1953 work on the Responsibilities of the Businessman, which introduced the concept of ethical investments, research has gradually transitioned from shareholder-centric to stakeholder-centric approaches, reflecting evolving societal values and organizational expectations regarding sustainability (Norris, 2024). This shift has steered research toward micro-level analyses, focusing on individuals both within and outside the organization, such as employees and customers. However, micro-level studies often exhibit one-sided determinism, primarily emphasizing the impacts of corporate social responsibility (CSR) on external, customer-related outcomes (Wang *et al.*, 2020). More recently, micro-CSR studies have witnessed a gradual focus on the internal stakeholder group of employees (Norris, 2024). One of the main reasons for this turn is the recognition that CSR can improve the bottom line by strengthening employees to put into practice ethical corporate behavior/activities resulting in fruitful long-term external stakeholder relationships and "giving employees a reason to stay and work harder" (Swartz, 2017, p. 1). The relevant studies have related organizational effort in CSR to a number of important *employee attitudes/behaviors toward the organization* (e.g., organizational attractiveness, organizational commitment, identification, trust and pride in the organization, intention to leave and organizational cynicism (see e.g., Adomako *et al.*, 2023), *the job* (e.g. job satisfaction, work meaningfulness and work addiction; see e.g., Brieger *et al.*, 2020), and on *job performance* (e.g., in-role performance and organizational citizenship behaviors; Donia *et al.*, 2016; Liu *et al.*, 2022; Norris, 2024; Wang *et al.*, 2020).

Nonetheless, the field still suffers from fragmentation and non-conclusive empirical findings, lacks integration, and calls for more complete, theoretically driven, models on the mechanisms that explain the underlined relationship between perceived CSR and employees' attitudes and

behaviors (Hericher *et al.*, 2023). To clarify the aforementioned, most empirical studies seem to have espoused a narrow view of the relationships by assuming a direct path between employee perceptions regarding their companies' engagement in CSR activities and employee outcomes (Bocquet *et al.*, 2019). Furthermore, research has primarily emphasized the impact of externally oriented CSR endeavors on employee outcomes and has rather ignored the impact of internally oriented CSR practices and the importance that employees attach to CSR.

Previous research highlights the existence of several contingent conditions influencing the relationship between CSR and its outcomes. For instance, the impact of CSR on firm performance and customer attitudes can vary significantly based on economic conditions and business environments (Abbasi *et al.*, 2023). Therefore, it is both interesting and crucial to investigate the mechanisms through which CSR operates in different industry settings and country contexts. The pharmaceutical sector presents a compelling context for examining the reasons and mechanisms behind the impact of CSR practices on various internal and external stakeholders for several reasons. Firstly, the sector plays a critical role in promoting public health and well-being and has a substantial social, environmental, and economic impact. Global sales in the pharmaceutical industry are projected to double from \$1.4 trillion in 2021 to \$3 trillion by 2030 (National Bank of Greece, 2022). Additionally, during the recent pandemic, the sector was at the center of public scrutiny concerning its moral motivations and hyper-profitability (Binagwaho *et al.*, 2021). Consequently, maintaining workforce trust and commitment may be particularly vulnerable. Moreover, the pharmaceutical industry is characterized by high risks and significant development costs, a challenge frequently highlighted in recent literature (Shijaku and Ritala, 2023).

Furthermore, the sector has faced numerous accusations of practicing "corporate inhumanity" rather than CSR. Allegations include unethical pricing, immoral marketing practices, neglect of impoverished populations, a "no money-no cure" attitude, conducting clinical trials in the Global South and on vulnerable groups, bioethical issues in business, industry-government alliances, global unethical business practices and governance, and a substantial environmental footprint (Belkhir and Elmeligi, 2019). These factors underscore the importance of studying CSR within the pharmaceutical industry to understand its implications for employee outcomes and broader societal impacts. This study also responds to the calls for further research (see e.g., Shijaku and Ritala, 2023).

Building on the previous studies, this study contributes to the CSR literature in three significant ways. First, it incorporates employee perceptions of CSR, encompassing their views on organizational practices towards social and non-social stakeholders, customers, government, and employees. We propose and provide evidence that employees evaluate CSR initiatives through a reflective sense-making process (Aguinis and Glavas, 2019), acting as both economic and social/moral actors in accordance with the generalized reciprocity norm (Handelman and Arnold, 1999). Consequently, when an organization equitably addresses the interests of all its stakeholders rather than favoring a select few, employees are more likely to perceive the organization's CSR motives as genuinely moral. This perception fosters trust in the organization and elicits positive attitudinal and behavioral responses, reinforcing the perceived benefits of their organizational membership (Handelman and Arnold, 1999). Second, this study integrates psychological models focusing on CSR micro-foundations with the assumptions of both social exchange and social identity theories, which are typically studied in isolation within the CSR literature. Social exchange theory (Blau, 1964; Gouldner, 1960) underpins our theoretical

framework, allowing us to incorporate key employee attitudes and behaviors towards the organization, such as employee trust in the organization (ETO), organizational citizenship behaviors (OCB), and organizational commitment (OC) as mediators, and intention to leave the organization (IL) as the target variable. Additionally, social identity theory (Tajfel, 1978) justifies the inclusion of CSR importance as a moderator in our proposed model. Third, a significant contribution of this study is its focus on the pharmaceutical sector, which has received limited research attention concerning the impact of various CSR practices on employees. By examining the hypothesized relationships in this context, our research provides valuable insights into the unique challenges and opportunities within the pharmaceutical industry in Greece.

1. Theoretical underpinnings and development of the research framework

The theoretical framework for this study is grounded in a synthesis of social exchange theory and social identity theory. Social exchange theory (Blau, 1964; Gouldner, 1960) asserts that employee attitudes and behaviors are shaped by their perceptions of organizational practices and the reciprocation of benefits. Concurrently, social identity theory (Tajfel, 1978) emphasizes the importance of employees' identification with their organization in determining their reactions to CSR initiatives. This integration of theories provides a robust foundation for understanding the intricate dynamics between CSR perceptions and employee outcomes. The following sections will elucidate the development of this theoretical framework in greater detail.

1.1. Employee CSR perception, organizational commitment and organizational citizenship behaviors

CSR refers to an organization's voluntary actions or practices aimed at improving its social and environmental impact. A significant body of research has focused on how perceptions of CSR practices—rather than the practices themselves—influence stakeholder attitudes and behaviors.

Within the field of organizational behavior, the theory of planned behavior posits that perceptions of an event, rather than the event itself, are crucial for predicting employee attitudes and behaviors (Ajzen, 1991). Consequently, this study investigates the relationship between individual-level perceptions of an organization's CSR activities and their impact on employee outcomes. The idea that employee CSR perceptions directly influence employees' attitudes and behaviors has received some research evidence (see e.g., Bocquet *et al.*, 2019; Kim and Lee 2022; Wang *et al.*, 2020). This research was mainly grounded in social exchange theory, and the norm of reciprocity, which put forward the idea that balance in relationships is anticipated and favored (Blau, 1964). This implies that beneficial voluntarily valuable acts toward one party will be reciprocated. The reciprocity norm is valid within the CSR frame given that it integrates voluntary acts by an organization to improve the welfare of its stakeholders. Moreover, under the *generalized reciprocity norm* (Handelman and Arnold, 1999) it is anticipated that employees will reciprocate the CSR activities of a company's actions that appeal to them not only as economic beings but also as social actors. So, CSR practices toward other stakeholders such as customers, social and non-social stakeholders, and the government, are also likely to stimulate social exchange relationships between an organization and its employees.

Supporting this perspective, organizational behavior research indicates that employees respond not only to how they are treated by their organization (Colquitt *et al.*, 2007), but also to how the organization treats external parties (Hericher *et al.*, 2023). Additionally, consistency between internal and external CSR practices enhances the organization's legitimacy and credibility as a benevolent corporate citizen (Gull *et al.*, 2023). Consequently, when employees perceive their organization as socially responsible towards both internal and external stakeholders, they are likely to develop a strong psychological attachment to the organization and work more

effectively for its benefit. These findings align with the foundations of OCB and OC. Specifically, OCB refers to discretionary, individual, initiative-taking behaviors that contribute to the overall well-being of the organization, even though they are not explicitly required (Podsakoff *et al.*, 2003). In contrast, OC involves an emotional attachment and identification with the organization (Meyer and Allen, 1991), as well as the investment of skills, time, and resources to maintain membership within the organization (Iverson and Buttigieg, 1999).

Consequently, we posit that when employees perceive their organization as being socially responsible towards both internal and external stakeholders, they are likely to develop an increased motivation to "give back" the perceived benefits. This motivation is manifested through enhanced OC and OCB (Organ, 1988). In this way, employees express their gratitude for the organization's commitment to them (CSR towards employees), and to its external stakeholders, including social stakeholders, customers, and the government (Hansen *et al.*, 2011; Ouakouak *et al.*, 2019).

1.2. *The mediating role of ETO*

The research that assumes the direct effect of CSR perception on employee positive attitudes and behaviors does not seem to recognize the path through which these effects take place (Farooq *et al.*, 2014). A main outcome variable in social exchange theory that can provide indications regarding this path is ETO. Various authors, such as Morgan and Hunt (1994), have viewed organizational trust as an emotional element linked to attributes like competence, honesty, integrity, and benevolence. Furthermore, it has been related to risk/vulnerability e.g., the willingness "of a party to be vulnerable to the actions of another party" (Mayer *et al.*, 1995, p. 712), as well as the desire, under a situation of risk, to show confidence in the other party's good motives. Farooq et al. (2014) found that CSR toward the community, consumers and employees

positively affect ETO. Similarly, considerable work has achieved favorable and significant results in the relationship between the CSR perceptions and ETO (Gaudencio *et al.*, 2017; Ghosh, 2018; Hanse *et al.*, 2011).

Currently, ETO in relation to CSR has garnered significant research attention. Authors such as Yadav *et al.* (2018) suggest that when employees perceive their organizations as safeguarding and promoting the benefits of all stakeholders, their confidence in the organization increases. CSR activities serve as "trustees" for the interests of all stakeholders, including employees, who closely monitor the ethical actions of their organization. Supporting this perspective, Pivato *et al.* (2008, p. 3) propose that trust is the "first result of a firm's CSR activities, representing the immediate or most proximate outcome of CSR initiatives. Additional studies further corroborate the positive relationship between CSR perceptions and ETO (Gaudencio *et al.*, 2017; Ghosh, 2018). Notably, research by Farooq *et al.* (2014) indicates that CSR efforts directed towards the community, consumers, and employees (but not toward the environment) are significant predictors of ETO.

In organizational behavior research, ETO has predominantly been examined as a mediator between internal antecedents, such as leadership style and personality, and key outcomes like performance, turnover, and OC (Colquitt *et al.*, 2007). Additionally, numerous studies have consistently demonstrated a positive relationship between employee trust and OCB (see e.g., Organ and Ryan, 1995).

Based on the above discussions, the following hypotheses are proposed:

H1a: *The positive direct relationship between employee CSR perceptions (toward social and non-social stakeholders, customers, government, and employees) and OCB will be mediated by ETO.*

H1b: *The positive direct relationship between employee CSR perceptions (toward social and non-social stakeholders, customers, government, and employees) and OC will be mediated by ETO*

1.3. *OCB and OC as mediators between ETO and IL*

Turnover intentions refer to employees' intentions to leave the organization, which play a critical role in predicting actual turnover behavior. These intentions may stem from negative emotions towards the organization or the allure of better opportunities offered by other organizations. ETO has consistently been shown to have a negative relationship with IL (Hansen et al., 2011). The underlying reasoning is that trust, as the foundation of loyal relationships, is expected to lead to actions aimed at preserving the relationship and maintaining organizational membership (Iverson and Buttigieg, 1999). Consequently, this reduces the likelihood of employees being attracted to other opportunities, thereby decreasing their IL (Hansen et al., 2011). This reasoning, combined with the principles of normative treatment imperative and deontic justice theory, provides a theoretical basis for claiming that the immediate outcome (or proximal mediator) between ETO and IL will be employees' positive emotions and emotional attachment to a trustworthy employer. Additionally, this includes their discretionary or extra-role behavior and the investment of time, skills, and resources in their work to preserve their employment status and enhance their organization's overall welfare. Based on this rationale, we propose that OCB and OC will mediate the relationship between ETO and IL (e.g., Ouakouak et al., 2019). Thus, we hypothesize that:

H2a: *The negative direct relationship between employee trust in the organization (ETO) and intention to leave (IL) will be mediated by organizational citizenship behavior*

(OCB). Specifically, it is anticipated that higher levels of ETO will foster increased OCB, which in turn will mitigate the negative impact of ETO on IL.

H2b: The negative direct relationship between employee trust in the organization (ETO) and intention to leave (IL) will be mediated by organizational commitment (OC). It is proposed that higher levels of ETO will enhance OC, thereby attenuating the negative effect of ETO on IL.

1.4. The role of CSR importance as a moderator

In response to Rupp and Mallory's (2015) call for more research on individual differences in micro-CSR studies and Aguinis and Glavas' (2019) assertion that "variability in CSR effects [is] due to variability in employee sense-making and meaningfulness employees experience from CSR" (p. 3), we have integrated the role of employees' perceived importance of CSR into the proposed model.

Initially, we examine how the importance employees attach to CSR moderates the relationship between their perceptions of the organization's CSR initiatives and their trust in the organization (ETO). Employees are more likely to work for, identify with, and maintain relationships with organizations whose values align with their own (El Akremi *et al.*, 2018). Thus, we hypothesize that CSR activities influence employees' attitudinal and performance outcomes. Since employees tend to identify more with organizations that exhibit positive values, such as those communicated through CSR efforts (Rupp and Mallory, 2015), we argue that the significance employees place on CSR activities is a crucial factor in how they interpret and value these initiatives.

Additionally, social identity theory highlights that individuals derive a self-definitional and self-referential basis for trust from their identification with a social group (Hansen *et al.*, 2011). This

theoretical perspective supports the notion that employees are more likely to trust organizations that align with their personal values. Furthermore, grounded in social exchange theory, we anticipate that the strength of the relationship between ETO and OCB and OC will be influenced by the degree of value congruence between employees and their employer (Aguinis and Glavas, 2019). Therefore, we propose the following hypotheses:

H3: *The importance of CSR will moderate the following relationships: (H3a) the relationship between CSR perceptions and employee trust in the organization (ETO), (H3b) the relationship between ETO and organizational citizenship behavior (OCB), and (H3c) the relationship between ETO and organizational commitment (OC).*

The research hypotheses are presented in Figure 1.

Insert Figure 1 around here

2. Methodology

3.1 Operationalization of constructs

Widely accepted measures of the study variables were employed to ensure construct validity. To maintain accuracy and maximize understandability, a two-way translation process was applied to transfer the original, widely accepted and/or validated measures from English to Greek. This study focuses on definitions of CSR that exclude economic and legal components, measuring employee CSR perceptions using the scale developed by Turker (2009). This scale adopts a CSR stakeholder framework and classifies CSR actions into four main categories: CSR toward social and non-social stakeholders (7 items), CSR toward customers (3 items), CSR toward government (2 items), and CSR toward employees (5 items).

ETO was operationalized using a 3-item construct from Vlachos et al. (2013). OCB was measured using Podsakoff et al.'s (1990) well-known 14-item scale. OC was assessed with the 9-item version of the Organizational Commitment Questionnaire (OCQ) (Mowday *et al.*, 1979). For CSR importance, Turker's (2009) 3-item construct was utilized. IL was measured with the 3-item instrument developed by Rosse and Hulin (1985; see also, Hansen *et al.*, 2011). All items were measured using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree).

3.2 Data collection and sample

Initially, a pilot survey was performed with 20 employees from pharmaceutical companies to further check the face validity of the survey. Data were collected from employees of a pharmaceutical manufacturing company via a web survey conducted in April 2023. Since the measures investigated are psychological in nature, it is essential to gather data directly from individuals about their knowledge and understanding. The questionnaire was distributed to the members of the Hellenic Association of Pharmaceutical Companies (SFEE) in May 2023. Participants were informed of the research objectives in a cover letter and asked to provide their consent to participate voluntarily. All responses were anonymous, with no indication of employees' names or organizations. A total of 281 complete questionnaires were collected and used for data analysis.

The minimum sample size was verified through a reactive Monte Carlo analysis (Chin, 1998), and the final sample size exceeded the recommended minimum of 90, considered adequate for Partial Least Squares Path Modeling (PLS-PM) evaluation. Additionally, power analysis using the G*Power software confirmed the sample size. The minimum sample size required to achieve a 75% coefficient of determination at a 95% confidence level was calculated to be 134. Therefore, the obtained 281 responses were deemed suitable given the novelty of the topic.

The respondents represent pharmaceutical employees from different positions including managerial roles (44%), office staff (30.2%), sellers (18.1%), and other roles (7.7%). About 8.2% were between 18 and 25 years of age, 42.2% were between 26 and 40, 34.4% were between 41-50, and 15.2% were 51 or older. The proportion of female respondents was 45%. Approximately 36% reported a bachelors or postgraduate degree, 52% had some college or an associate degree, and 12% high school degree. Regarding work experience, 28.4% of respondents had 1–5 years of experience, another 28.4% had 5–10 years, and 43.2% had more than 10 years of experience in the industry.

3.3 Preliminary tests

For this study, we applied partial least squares structural equation modeling (PLS-SEM), also known as a variance-based approach (Hair *et al.*, 2017) which is considered a robust technique because it allows researchers to assess easily causal relationships and measurement errors (Hair *et al.*, 2017; Kock and Hadaya, 2018). The preliminary test of non-response was conducted to ensure data quality and suitability. The extrapolation approach was used based on the assumption that the “less readily” respondents are very similar to non-respondents. The Mann-Whitney test was conducted between these two groups to test the null hypothesis that all variables were similar between early and late respondents. No significant differences were found among the variables used, and we can confirm that non-response bias was not a significant issue, and the data were not likely to be biased by non-response error.

Common method bias was proactively considered in the design of the research as the survey was administered at two points of time with a lag of two weeks. In addition, we took all the measures suggested in the literature, i.e., identifying the most informative persons, recognizing the role of the subject's emotional involvement in the topic, attempting to motivate informants to seriously

participate in the study, considering the effects of alternative question wording, and finally, using pre-tested and structured questions. Harman's single-factor test indicated that there was no problem with CMV in our dataset since the total variance extracted by one factor was less than 50% (Podsakoff *et al.*, 2003).

3.4 Reliability and validity

Construct reliability and validity, as well as convergent and discriminant validity, were examined. As shown in Table 1, all item loadings were larger than 0.7 and significant at 0.01.

Insert Table 1 around here

According to Table 2, the average variance extracted (AVE) for all constructs was more than 0.5 (Fornell and Larcker, 1981) and the composite reliability (CR) of the constructs was above 0.7 (Gefen *et al.*, 2000). The results guaranteed convergent validity simply because all the indicators loaded noticeably higher on their hypothesised component than on other factors (own construct loading was greater than cross-loadings; Chin, 2010).

Insert Table 2 around here

From Table 3 it is easy to see that the square root of the average variance extracted by a construct is greater than the correlations with other constructs.

Insert Table 3 around here

3.5 Measurement model assessment

Employee CSR perceptions was developed as a second-order formative construct. The study considered four attributes from previous research and provided a second-order hierarchical formative model for employee CSR perceptions in the design model (see Figure 2). The second-order variable was directly measured by manifest variables of all first-order constructs. To check

for multicollinearity of the employee CSR perceptions construct, the variance inflation factor (VIF) was determined.

Insert Figure 2 around here

Table 4 shows the tolerance and VIF values for the employee CSR perceptions construct, with all formative indicators being lower than 5 and their tolerance values higher than 0.2. Hence, no collinearity issues emerge with employee CSR perceptions as a second-order formative construct (Hair *et al.*, 2014).

Insert Table 4 around here

4 Hypotheses testing

4.3 Mediation analysis

The mediation results are summarized in Table 5. Bootstrapping procedure was executed with 5,000 subsamples at a significance level (5%) and bias-corrected and accelerated (BCa) bootstrap method. To measure the mediating influences in the model, the indirect influences of $a \times b$ must be significant. The z-statistics presented by Sobel (1982) were applied and were significant at $p < 0.05$. Since the z-values exceed 1.96 ($p < 0.05$). The z-values are defined as Eq. 1:

$$z = \frac{a \times b}{\sqrt{b^2 \times s_a^2 + a^2 \times s_b^2 + s_a^2 \times s_b^2}} \qquad \text{Eq. 1}$$

The Z-value was 8.817 ($p < 0.05$), exceeding the threshold of 1.96, indicating a significant mediation effect. To estimate the size of the indirect effect in the model, the variance accounted for (VAF) was calculated, representing the percentage of the indirect impact on the total effect. The VAF for the first model indicates that approximately 42.13% of the total effect of employee CSR perceptions on OCB is explained by the indirect effect through ETO. Therefore, H1a is supported.

$$VAF_a = \frac{a \times b}{a \times b + c} = 0.4213 \quad \text{Eq. 2}$$

The results from the mediation analysis confirm that there is a significant relationship between employee CSR perceptions and OC through the mediating role of ETO. The analysis yielded a Z-value of 10.84 and a VAF of 0.4193, supporting hypothesis H1b.

Insert Table 5 around here

The mediating role of OCB in the relationship between ETO and IL was evaluated (H2a). The Z-value of 2.21 and a VAF of -0.51 indicate a significant negative mediation effect. This implies that enhancing OCB significantly reduces IL, with 51% of the reduction in IL attributed to improvements in OCB. Therefore, H2a is supported. Additionally, the mediation model examining the impact of ETO on IL through organizational commitment (OC) revealed a significant negative influence of OC. The analysis indicated that approximately 56% of the total effect of ETO on IL is mediated by OC. This finding suggests that higher levels of OC result in lower IL within the sample, thereby supporting H2b.

4.4 Moderation analysis

A mediated moderation analysis tests whether specific paths in the mediation model are influenced by the values of a moderator. In this study, CSR importance was considered as the moderator between perceived CSR and ETO, ETO and OCB, and ETO and OC. According to Table 6, the moderation effect is significant only for the relationship between ETO and OCB (H3b). Additionally, a partial moderation effect of CSR importance was observed in the relationship between ETO and OC (H3c).

Insert Table 6 around here

For the moderator analysis results, we employed a simple slope plot (Hair et al., 2021). Figure 3 illustrates the simple slope plot for the relationship between ETO and OCB, moderated by CSR importance in the research conceptual model (H3b). The plot demonstrates that for high CSR importance (i.e., +1 standard deviation above the mean; green line), the relationship between ETO and OCB is weaker (i.e., the line is flatter) compared to low CSR importance (i.e., -1 standard deviation below the mean; red line), where the slope is steeper. This indicates that reductions in ETO more strongly translate into reductions in OCB for employees who perceive lower CSR importance compared to those who perceive high CSR importance.

Insert Figure 3 around here

Figure 4 presents a simple slope plot for the relationship between ETO and OC, which is partially moderated by CSR importance in the research conceptual model (H3c). The results indicate that for high CSR importance (i.e., +1 standard deviation above the mean; green line), the relationship between ETO and OC is weaker (i.e., the line is flatter) compared to low CSR importance (i.e., -1 standard deviation below the mean; red line), where the slope is steeper. This suggests that reductions in ETO more strongly translate into reductions in OC for employees who perceive lower CSR importance. Conversely, the figure shows that for employees with high ETO, CSR importance has no significant influence or moderation on their OC.

Insert Figure 4 around here

5. Discussion and implications

This study draws on social exchange theory and social identity theory to examine how employees' perceptual attributions of CSR initiatives, concerning both external and internal stakeholders, impact key outcomes such as employee trust in the organization (ETO), organizational citizenship behavior (OCB), organizational commitment (OC), and intention to

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2
3 leave (IL). Conducted within the pharmaceutical sector, a context that has received limited
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5 attention in the literature, this research addresses significant gaps by exploring the mechanisms
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7 underlying these relationships. The study responds to calls for a deeper investigation into the
8
9 multiple mediating and moderating effects within the CSR-employee outcome nexus (Aguinis
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11 and Glavas, 2019; Tsarenko *et al.*, 2018). Previous research has provided valuable insights into
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13 the associations between CSR actions and employee outcomes (e.g., Bocquet *et al.*, 2019; Farooq
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15 *et al.*, 2014). However, there has been a lack of comprehensive studies examining the role of
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17 various mediators and moderators in these relationships (Wang *et al.*, 2020). This research
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19 addresses this gap by formulating and testing hypotheses related to multiple mediating and
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21 moderating effects.
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27 The first set of hypotheses investigates the mediating role of ETO in the relationships between
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29 employee CSR perceptions and both OCB and OC. The results indicate that ETO plays a crucial
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31 role in explaining how CSR perceptions influence these outcomes, highlighting the importance
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33 of trust as a mediator. The second group of hypotheses examines how the negative impact of
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35 ETO on IL is mediated by OCB and OC. The findings suggest that OCB and OC significantly
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37 mediate the relationship between ETO and IL, providing insight into how trust affects
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39 employees' intentions to stay or leave the organization. The third set of hypotheses explores the
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41 moderating role of CSR importance in these relationships. The results reveal that CSR
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43 importance moderates the impact of ETO on OCB and OC, with varying effects based on the
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45 level of CSR importance perceived by employees. This finding underscores the complex
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47 interplay between employees' perceptions of CSR and their behavioral outcomes. Overall, this
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49 study offers important theoretical and practical implications for CSR and organizational
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51 behavior. It extends existing theories by highlighting the nuanced roles of ETO, OCB, and OC in
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the CSR-employee outcome relationship and underscores the significance of CSR importance as a moderating factor. These insights contribute to a more comprehensive understanding of how CSR initiatives influence employee attitudes and behaviors in a high risk, regarding ethics, sector.

5.1 Theoretical implications

The study's results validate all proposed hypotheses regarding the mediating effects of employee trust in the organization (ETO). Consistent with a limited body of research that adopts a multi-dimensional approach to CSR—considering both internal (e.g., employees) and external (e.g., social, non-social, customers, and government) stakeholders (De Roeck *et al.*, 2014; Farooq *et al.*, 2014)—our findings underscore that ETO significantly facilitates the translation of employee CSR perceptions into attitudinal outcomes, specifically OCB and OC. Our results indicate that ETO mediates the relationship between employee perceptions of CSR and their attitudinal responses. This implies that employees working in pharmaceutical organizations that demonstrate genuine socially responsible activities are more likely to exhibit higher levels of OCB and OC due to the development of ETO. This contributes to the conceptual understanding that CSR initiatives positively influence employee attitudes when ETO is present. The evidence extends previous research by Farooq *et al.* (2014), which highlighted the importance of ETO, by offering nuanced insights into how both internal and external CSR activities collectively enhance ETO, thereby fostering greater OCB and OC within the pharmaceutical sector.

The study further extends the understanding of CSR's impact on behavioral outcomes by demonstrating that the effects of employee CSR perceptions on IL are mediated sequentially through OCB and OC. Specifically, the findings reveal that when pharmaceutical organizations engage in meaningful CSR activities, employees perceive these actions as benevolent and fair,

which fosters positive organizational attitudes and behaviors. This mediating pathway highlights that CSR actions build trust among employees, which translates into increased OCB and OC. Consequently, this process contributes to a reduction in IL. This finding is significant as it integrates multiple mediators into the analysis, addressing a gap in previous micro-level CSR research. Previous studies have examined these mediators in isolation—such as the role of ETO (Hansen *et al.*, 2011; Farooq *et al.*, 2014), job satisfaction, and person-organization fit (Donia *et al.*, 2019)—but did not explore the combined effects of these variables. Our research illustrates how CSR activities can serve as a dynamic tool for enhancing ETO, leading to higher OCB and OC, and ultimately reducing IL among employees. This comprehensive approach provides valuable insights into how CSR can be leveraged to achieve positive employee outcomes.

The examination of CSR importance as a moderator sheds light on its role in influencing the relationships between employee CSR perceptions and ETO, as well as between ETO and both OCB and OC. This aspect of the study contributes significantly to the literature by addressing the noted deficiency in research on the micro-level effects of CSR and the understanding of boundary conditions that affect employee outcomes (Aguinis and Glavas, 2019). Our findings reveal that CSR importance moderates the relationship between ETO and OCB (H3b), indicating that the impact of ETO on OCB is more pronounced when CSR importance is low. Conversely, the moderation effect of CSR importance on the relationship between ETO and OC (H3c) is partial, showing that while CSR importance influences OC, its effect is less pronounced compared to its impact on OCB. This contrasts with earlier findings by Turker (2009), which did not support a significant moderated role for CSR importance in the CSR-OC relationship. Our study clarifies these discrepancies by providing a more nuanced understanding of how CSR importance influences employee perceptions and outcomes.

By exploring these moderating effects, our research elucidates the mechanisms through which CSR activities benefit employees. The results indicate that CSR importance plays a crucial role in shaping how employees perceive and respond to CSR initiatives, thereby influencing their ETO, OCB, and OC. This comprehensive analysis contributes to a deeper understanding of the boundary conditions under which CSR initiatives can be most effective in enhancing employee-related outcomes.

An interesting finding was that the moderating role of CSR importance was found significant for the indirect effect to OCB through ETO. It appears that for those employees in pharmaceuticals who score lower in CSR importance, the reduction in ETO causes comparably more severe reduction of their OCB. This evidence suggests that the impact of CSR activities through trust is different for those employees who believe strongly in the social and ethical role of CSR when compared with those that do not support these values. Moreover, the findings show that employees who value low the importance of CSR actions of their organization, react with reduced ETO which consequently translates stronger into lower level of commitment. This means, the more the attitude of ETO increases among the employees, the weaker the role of CSR importance as driver of OC. Interestingly, the moderating role of CSR importance was found not important for the linkage between CSR actions through ETO. These results clarify further prior conflicting results into the literature on the role of CSR importance evidence (Donia *et al*, 2019) supporting the moderating role of CSR importance in CSR related attitudes (i.e., identification, trust) by adding to the relevant discussion the attitudes of OCB and OC.

5.2 *Practical implications*

In light of the findings from our study and the broader context of evolving business practices, several practical implications emerge for organizations, particularly in high-risk industries

beyond the pharmaceutical sector. Our study underscores the importance of aligning corporate social responsibility (CSR) goals with strategic planning. As noted by Mischke et al. (2021), companies must adapt to safeguard their interests by prioritizing the well-being of others. This alignment is crucial not only for maintaining stakeholder trust but also for achieving sustainable profitability. For industries such as pharmaceuticals, which are inherently high-risk due to their critical role in public health, and similar sectors like IT, energy or chemicals, aligning CSR with strategic objectives can enhance both employee and public trust. Strategic alignment ensures that CSR initiatives are not perceived as superficial but as integral to the company's mission and values (Galbreath, 2010).

One of the significant findings of this study is the pathway through which CSR actions can be transformed into positive employee attitudes and behaviors. This is particularly relevant for high-risk industries, where CSR can play a pivotal role in enhancing organizational legitimacy. For example, in the energy sector, which faces intense scrutiny over environmental impacts, demonstrating genuine commitment to CSR can improve employee morale and engagement. As Kim and Lee (2022) suggest, if employees view external CSR efforts as insincere, their emotional commitment to the company will likely be compromised. Therefore, companies must ensure that their CSR initiatives are perceived as genuine and substantial, rather than symbolic. The pharmaceutical sector has been at the centre of the pandemic turmoil, but the industry will continue to face its own disruptions due to new product modalities, and HR managers will need the workforce for the future (Dukart *et al.*, 2020).

One of the significant findings of this study is the pathway through which CSR actions can be transformed into positive employee attitudes and behaviors. This insight is particularly crucial for high-risk industries, where CSR initiatives can significantly impact organizational legitimacy

and employee engagement. For instance, in the energy sector, which faces rigorous scrutiny over its environmental footprint, demonstrating a genuine commitment to CSR can substantially enhance employee morale and commitment. Kim and Lee (2022) emphasize that employees' emotional attachment to the company is jeopardized when CSR efforts are perceived as insincere. Consequently, it is imperative for companies to ensure their CSR initiatives are perceived as authentic and impactful, rather than merely symbolic.

The pharmaceutical sector, having been at the forefront of the pandemic response, exemplifies this need. As the industry navigates ongoing disruptions due to evolving product modalities and regulatory changes, the importance of meaningful CSR becomes even more pronounced. HR managers in the pharmaceutical sector must recognize that cultivating a genuine CSR strategy is not only vital for enhancing employee engagement but also for sustaining the workforce in the face of future challenges (Dukart *et al.*, 2020). By aligning CSR efforts with substantive organizational goals and effectively communicating their impact, pharmaceutical companies can build stronger employee trust and commitment, ultimately supporting their long-term resilience and success.

Effective communication of CSR initiatives is crucial for leveraging these activities internally. As highlighted by Donia *et al.* (2019), the success of CSR activities in improving employee perceptions hinges on the effectiveness of their communication and the clarity with which these initiatives are perceived. In high-risk industries, such as pharmaceuticals, banking and energy, managers must invest in robust communication strategies to ensure that employees are well-informed about the company's CSR efforts and their impact. This can be achieved through regular updates, transparent reporting, and active involvement of employees in CSR projects. Such practices help foster a clear understanding of the company's CSR objectives and

accomplishments, thereby strengthening trust and commitment among employees (Aguinis and Glavas, 2019).

The tested model in this study highlights the importance of CSR significance and suggests that employee participation in CSR activities can enhance their perceptions and attitudes towards CSR, as well as elevate the social profile of Human Resource policies and practices. This finding is particularly relevant for the pharmaceutical sector, which must navigate the dual challenges of aligning economic outcomes with social and environmental objectives, especially in the wake of a global pandemic. Effective communication of CSR efforts can play a pivotal role in achieving this alignment.

One of the key findings of this study is the mediating role of ETO, OCB, and OC in the mechanism through which CSR actions influence employee attitudes and behaviors. As noted by Thomas et al. (2009), trust in CSR actions is contingent upon employees' beliefs about the company's genuine intentions. This study demonstrates that ETO, OCB, and OC mediate the relationship between CSR initiatives and positive employee outcomes. For industries like pharmaceuticals, where trust is critical due to the sensitive nature of their products and services, maintaining and building trust through authentic CSR practices is essential. Managers should focus on creating meaningful CSR activities that resonate with employee values and demonstrate a genuine concern for societal well-being. Such an approach not only enhances employee engagement but also fortifies the company's reputation as a responsible corporate citizen, reinforcing its commitment to both internal and external stakeholders.

Beyond the pharmaceutical sector, the findings of this study are highly relevant for other high-risk industries such as energy, banking, chemicals, and mining. These sectors often face significant public scrutiny and regulatory challenges related to their environmental and social

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3 impacts. In such contexts, effective CSR practices can mitigate reputational risks and foster
4 positive employee attitudes. For example, in the energy sector, CSR initiatives aimed at
5 environmental sustainability and community development can enhance employee commitment
6 and reduce turnover intentions. Similarly, in the chemicals industry, transparent CSR efforts
7 focused on safety and environmental stewardship can build trust and improve organizational
8 outcomes.
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18 **6. Limitations and future research**

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20 Despite the contributions this research makes to the literature on employee-based CSR, a few
21 limitations warrant consideration and offer opportunities for future research. A significant
22 limitation is the reliance on a mono-methodological approach, specifically self-reported data
23 from a single source. While previous studies advocate that employees can be a reliable source of
24 data for organizational attitudes such as OCB, a multi-method approach would enrich the
25 understanding of how CSR perceptions influence employee outcomes. Future research should
26 integrate qualitative data or multiple information sources, and a longitudinal study could
27 examine how CSR perceptions evolve over time and impact workplace attitudes and behaviors.
28 Another limitation is the study's focus on the pharmaceutical sector within Greece, which may
29 limit the generalizability of the findings to other sectors or cultural contexts. Replicating the
30 study across different industries and countries, particularly in Europe, would provide valuable
31 insights. Additionally, the study did not consider employee values and involvement in CSR
32 activities, which can influence the importance of CSR to employees. Previous findings suggest
33 that employees involved in CSR activities report increased affective commitment, and if they
34 value CSR activities highly, this may positively impact their workplace attitudes (Newman *et al.*,
35 2016). Given the lack of studies including these control variables in the same models, further
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research in this direction is welcome. Additionally, exploring the present model while accounting for employee values and participation may elucidate the differentiated benefits that accrue to organizations engaging in symbolic versus substantive CSR (Donia *et al.*, 2019). Addressing these limitations will enhance the robustness of the findings and provide a more comprehensive understanding of how CSR activities impact employee attitudes and behaviors across different contexts.

Statements and declarations

Conflict of interest: No potential conflict of interest was reported by the authors.

Financial or proprietary interests: The authors have no financial or proprietary interests in any material discussed in this article.

Funding: No funds, grants, or other support was received.

Ethics approval: The project involves human participants and adheres to the code of ethics of the Code of Ethics and Good Practice of the University of the Aegean and the principles of the 1964 Declaration of Helsinki and its later amendments.

Consent to participate: All participants provided informed consent prior to completing the survey.

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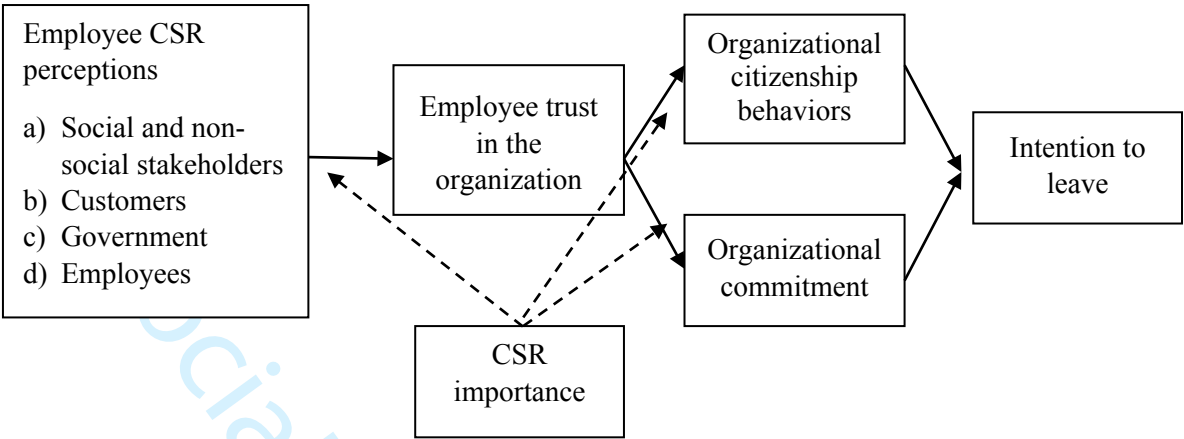


Figure 1: A conceptual model of the relationship between employee CSR perceptions, CSR importance and employee attitudinal and behavioral organizational outcomes

Note: The dotted lines refer to moderation effects

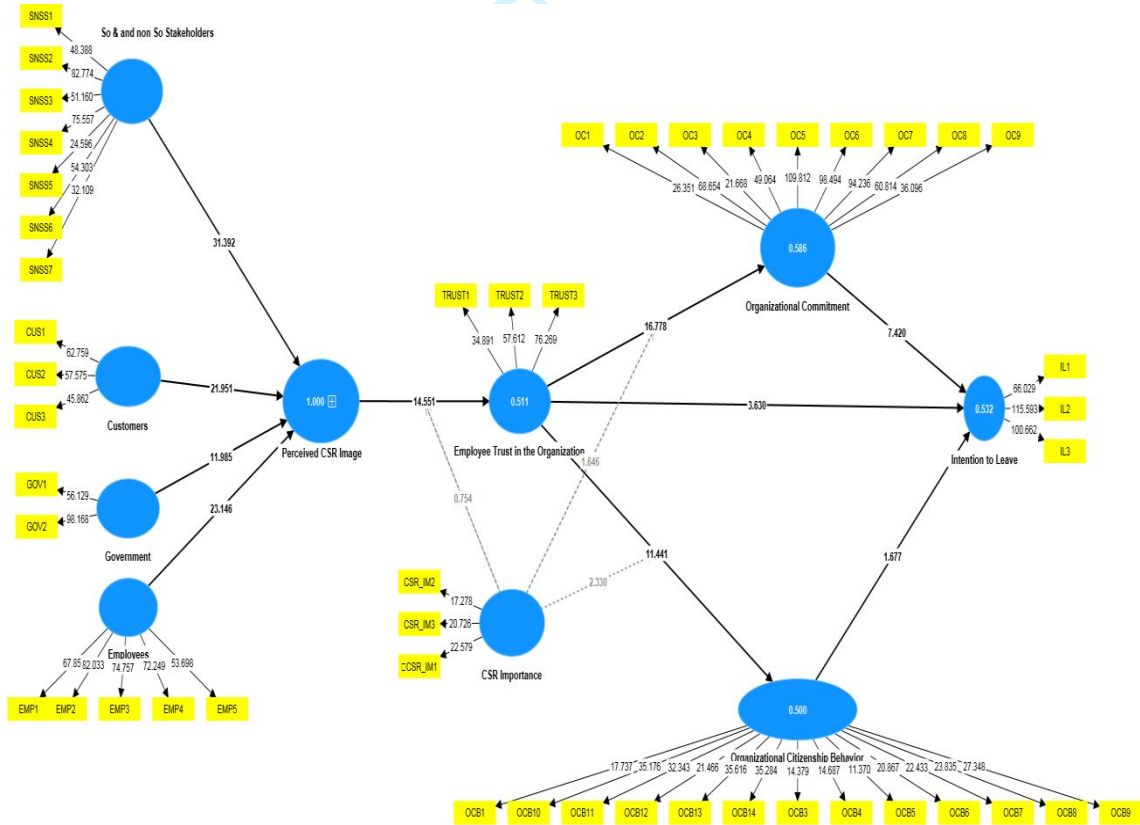


Figure 2: Higher order constructs for the study model

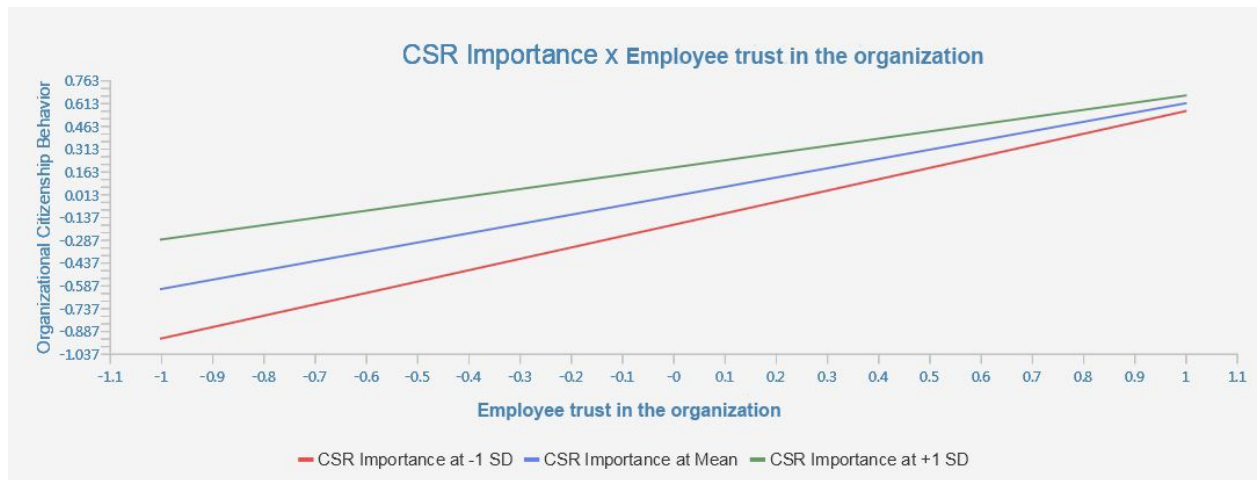


Figure 3 : Moderation influence of CSR importance based on simple slop analysis for employee trust in the organization and organizational citizenship behaviour (H3b)

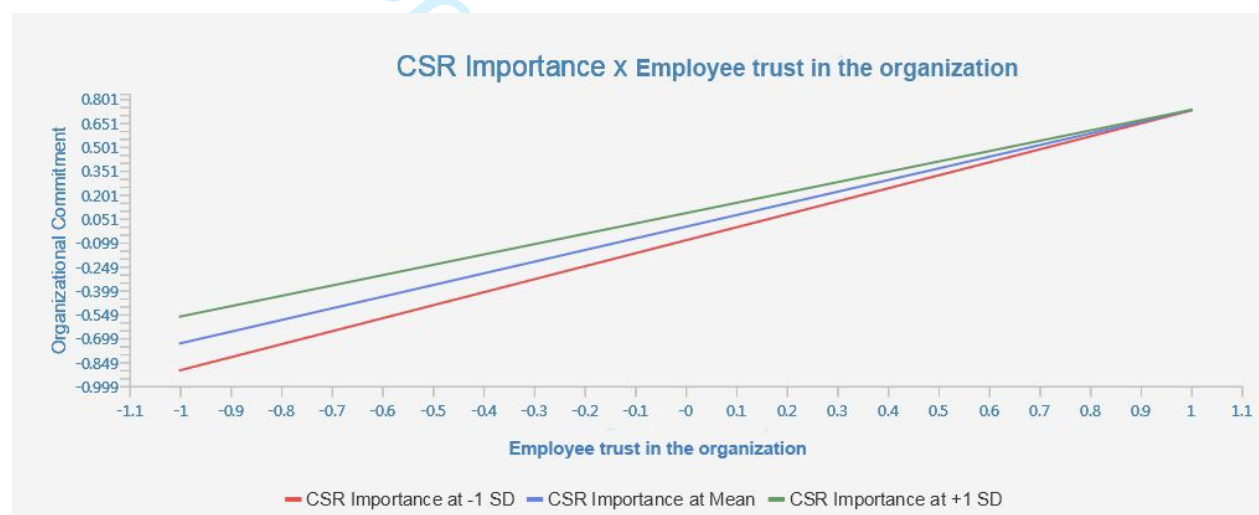


Figure 4: Moderation influence of CSR importance based on simple slop analysis for employee trust in the organization to organizational commitment (H3c)

Table 1: Factor loadings

Variables/factors	Loadings
Employee CSR perceptions	
• Social and non-social stakeholders	0.839
SNSS1	0.876
SNSS2	0.745
SNSS3	0.877
SNSS4	0.718
SNSS 5	0.832
SNSS 6	0.828
SNSS 7	
• Customers	0.806
CUS1	0.750
CUS2	0.781
CUS3	
• Government	0.833
GOV1	0.623
GOV2	
• Employees	0.837
EMP1	0.888
EMP2	0.798
EMP3	0.866
EMP4	0.784
EMP5	
Employee trust in the organization	
TRUST1	0.848
TRUST2.	0.810
TRUST3	0.869
Organizational citizenship behaviors	
OCB	0.743
OCB2 *	0.325
OCB3	0.729
OCB4	0.546
OCB5	0.530
OCB6	0.731
OCB7	0.876
OCB8	0.796
OCB9	0.775
OCB10	0.761
OCB11	0.763
OCB12	0.764
OCB13	0.769
OCB14	0.758

Organizational Commitment

OC1	0.808
OC2	0.893
OC4	0.680
OC5	0.867
OC6	0.949
OC7	0.902
OC8	0.928
OC8	0.905
OC9	0.811

Intention to leave

IL1	0.851
IL2	0.952
IL3	0.917

CSR importance

CSR_IM1	0.896
CSR_IM2	0.502
CSR_IM3	0.789

**Item dropped after factor analysis*

Table 2: AVE, CR and R² values

Constructs	AVE	CR	R ²
CSR social & non-social stakeholders	0.738	0.952	-
CSR customers	0.785	0.916	-
CSR government	0.884	0.939	-
CSR employees	0.804	0.953	-
Employee trust in the organization	0.808	0.926	0.509
Organizational citizenship behaviours	0.583	0.947	0.440
Organizational commitment	0.773	0.968	0.569
Intention to leave	0.881	0.957	0.499
CSR importance	0.560	0.784	-

Table 3: Discriminant validity (Fornell and Larcker criterion) of the measurement model and correlations

	1	2	3	4	5	6	7	8
1. CSR social & non-social stakeholders	0.859							
2. CSR customers	0.571	0.886						
3. CSR government	0.407	0.635	0.940					
4. CSR employees	0.724	0.715	0.445	0.896				
5. Employee trust in the organization	0.535	0.709	0.508	0.682	0.899			
6. Organizational citizenship behaviors	0.572	0.739	0.639	0.590	0.664	0.764		
7. Organizational commitment	0.718	0.787	0.539	0.816	0.754	0.739	0.879	
8. Intention to leave	-0.491	-0.588	-0.365	-0.650	-0.644	-0.499	-0.706	0.939

Note: The bold values on the diagonal represent the square root of AVE of the construct
Other values: indicate correlations between constructs

Table 4: Assessment of multicollinearity for employee CSR perceptions as a second-order formative construct

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Social and non-social stakeholders	0.470	2.130
	Customers	0.363	2.757
	Government	0.599	1.668
	Employees	0.339	2.950

a. Dependent Variable: Employee CSR perceptions

Table 5: Total effects between the study variables (mediation results)

Relationships	Beta-value	t-value	P-value	Standard Error
CSR social & non-social stakeholders -> Employee CSR perceptions	0.468	36.065	*****	0.013
CSR customers -> Employee CSR perceptions	0.251	11.442	*****	0.022
CSR government -> Employee CSR perceptions	0.100	7.001	*****	0.013
CSR employees -> Employee CSR perceptions	0.360	20.754	*****	0.017
Employee CSR perceptions -> Employee trust in the organization	0.789	14.729	*****	0.054
Employee trust in the organization -> Organisational citizenship behaviors	0.665	11.054	*****	0.060
Employee trust in the organization -> Organisational commitment	0.794	16.120	*****	0.049
Organizational citizenship behaviors -> Intention to leave	0.186	2.266	0.024	0.082
Organisational commitment -> Intention to leave	-0.585	5.190	*****	0.113
Employee trust in the organization -> Intention to leave	-0.367	2.878	0.000	0.075

Table 6: Moderation effects (CSR importance)

	Path	t-value	P-value	Standard Error	Hypothesis support
CSR importance x Employee CSR perceptions-> Employee trust in the organization (H3a)	-0.070	0.789	0.430	0.089	Not supported
CSR importance x Employee trust in the organization > Organizational citizenship behaviors (H3b)	-0.155	2.049	0.040	0.076	Supported
CSR importance x Employee trust in the organization -> Organizational commitment (H3c)	-0.093	1.445	0.148	0.065	Partially supported