

Effects of corporate social responsibility on employee commitment and corporate reputation: Evidence from a transitional economy

Thurasamy Ramayah¹ | Mohammad Falahat² | Pedro Soto-Acosta³

¹School of Management, Universiti Sains Malaysia (USM), Penang, Malaysia

²Department of International Business, Universiti Tunku Abdul Rahman (UTAR), Kajang, Selangor, Malaysia

³Department of Management & Finance, University of Murcia, Murcia, Spain

Correspondence

Pedro Soto-Acosta, Department of Management & Finance, University of Murcia, Campus de Espinardo, 30100 Espinardo, Murcia, Spain.
Email: psoto@um.es

Abstract

Some may argue that corporate social responsibility (CSR) leads companies to shift from a profit-maximising objective to a more social one, while others argue that CSR enhances value and profitability by attracting, motivating and retaining personnel which, in return, improve customer relations and boost company reputation. The benefits from CSR may be interlinked, if not mutually reinforcing. This paper intends to empirically explore the impact of CSR practices on corporate reputation by analysing the mediation effect of employee commitment in that relationship. A total of 406 questionnaires were collected from 169 corporations in Malaysia. The proposed research model and its associated hypotheses were tested by using partial least squares (PLS) structural equation modelling (SEM). Results revealed that CSR has a positive effect on organisational reputation and that employee commitment mediates the relationship between CSR activities and corporate reputation. The main conclusions of this study can be valuable to organisations that intend to explore or exploit opportunities regarding the implementation of CSR.

KEYWORDS

corporate reputation, corporate social responsibility, corporations, employee commitment

1 | INTRODUCTION

Today the sustainability and sustainable growth of corporations have become a paramount concern, especially in the era of pandemic and global economic recession (Popa et al., 2021; Soto-Acosta, 2020). Research on Corporate Social Responsibility (CSR) has emphasised that companies need to allocate significant resources for the welfare of society (Ali et al., 2010). Perceived CSR actions could be the eventual goal for an organisation to become an active agent of sustainable growth (Wilkinson et al., 2001).

Organisations require giving full attention to CSR to achieve long-term goals (Martinez-Conesa et al., 2017; Nasieku et al., 2014). As a result, a growing number of organisations have started to develop and implement strategies for CSR around the globe (KPMG, 2008). Literature shows a significant relationship between CSR and organisation success (Heslin & Achoa, 2008), such as improvement in reputation

and profitability (Choi & Yu, 2014). Therefore, organisations should consider CSR as a strategic choice to achieve sustainable growth in the long run (Martinez-Conesa et al., 2017).

The trend of CSR has essentially been related to large corporations, since these organisations typically own more resources to develop and carry out CSR practices in a constant manner and have more visibility of their CSR actions in the media. Employees are a vital stakeholder-group for an organisation because their performance and their overall behaviour directly contribute to firm performance, efficiency and survival (Clarkson, 1995; Donaldson & Preston, 1995; Falahat et al., 2021; Soto-Acosta & Meroño-Cerdan, 2009). Extant research suggests that CSR activities affect employees' job attitudes (Huang & Hsiao, 2007; Singhapakdi & Vitell, 2007). Besides, specified CSR practices may increase the motivation of employees as they feel satisfied to work in companies which concern about the community as a whole (Peterson, 2004). However, most of the CSR studies focus