Relationship between Employees' Perceptions of External CSR and Organizational Identity

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Abstract: *The purpose of this study was to evaluate correlation between external corporate social responsibility (external CSR for community, environment and customers) and organizational identity. The data were collected from 288 respondents (employees) from five commercial banks of Nepal through cross sectional survey questionnaires. The results show that there is significant and positive correlation between external CSR and organizational identity.*

Keywords: Employees' Perception, External CSR, Organizational Identity

Introduction

Understanding how corporate social responsibility (CSR) policies affect various stakeholders, including employees, consumers, investors, suppliers, and the government, is crucial given the widespread proliferation of these practices (Bista & Modi, 2022). Employees are among these people who are crucial to any consideration of the causes and effects of CSR. However, employees are often overlooked as a crucial and important stakeholder group in favor of micro CSR research that focuses on external stakeholders like investors and consumers. However, most of these studies have concentrated on the direct relationship between the two rather than the underlying mechanisms and boundary conditions through CSR and Employees' Organizational Identification through which CSR influences employee outcomes (Bhattarai, 2016). Although some recent studies evaluate the impact of firms' CSR activities on employees' attitudes and behaviors, this study makes an attempt to address this gap.

Identity refers to the perception of who we are or who I am and is a psychological term. Understanding the distinction between individual identity and organizational identity is necessary before moving on to organizational identity. Individual identification is concerned

with how others perceive him, whereas organizational identity is how others perceive his organization (Balmer, Fukukawa, & Gray, 2007). It has been examined using nearly identical concepts. Although it has a long history, a formal definition is still missing (Fu, Li, & Duan, 2014). The organizational identity is a complex phenomenon that includes the shared commitment to organizational objectives of people inside and outside the organization. It is sometimes referred to as a feeling of loyalty to the organization. It is described as the simultaneous existence of employees' cognitive and emotional feelings for their organization. Organizational identification has been referred to as commitment in certain research (Supanti & Butcher, 2019), whilst Balmer, Fukukawa, and Gray (2007) defined it as an employee's affiliation with either their department or the organization as a whole.

Identity has been increasingly important with the emergence of the global concept and the phenomenal expansion of the service sector, where employees play a crucial role in terms of their connection with the firm. According to research on the evolution of organizational identity, there are three main categories of approaches to organizational identification: 1. A sense of belonging to an organization based on a mutually beneficial relationship; when an organization shows interest in its employees, the latter begin to act in the organization's best interests. 2. The growth of one's social identity with the employees in his organization based on ethnicity, common objectives, degree of education, training, and expertise, etc. (Allameh & Alinajimi, 2012). Typically, people with this form of identification work in low prestige jobs. 3. How employees' identities relate to business culture.

The A pioneer of the term "Organizational Identification" is Philip Tompkin. The organizational identity hypothesis is given to The Simon (1947). These ideas were then connected as organizational practices and organizational process by Chenny & Tompkin (1987). Organizational identity is regarded as a factor in determining how people behave, and it refers to a person's predisposition to identify with their origin. Strongly identified workers choose the organizational standards over their own preferences as standards. Additionally, it relies on how employees view him, how prestigious he is, and how much support he receives from the leadership.

Organizational identity may be strengthened by stronger organizational strategy and leadership since Ashforth & Mael (1992) described it as a "feeling of oneness with or belongingness to a group, involving direct or vicarious experience of its accomplishments and setbacks". The enhanced organizational strategy may result in staff retention and a reduction in employee absenteeism and turnover. Employees generally act in a way that reciprocates what they are given as part of their company identity. Organizational identity is mostly created by cooperative behavior, which has an impact on the organization's reputation and image. Employee association with the organization is fostered by organizational communication. It is a relationship between people and organizational ideals, employee belonging to the company, and the result of a feeling of prestige. Or to put it another way, corporate identity promotes success and lowers personnel turnover. According to studies, organizational identity and commitment are associated (Appiah, Bahizire, & Fanglin, 2021).

A high level of organizational identification decreases absenteeism and raises job satisfaction. Job satisfaction is observed with organizational identity. While in Pratt's study, values and

culture were seen in conjunction with organizational identity (Appiah, Bahizire, & Fanglin, 2021). It has also been discovered that perceived organizational support is a precursor to organizational identity. The way that management is perceived by the workforce shapes company identity. The inclination of employees' organizational identification is boosted by the organization's greater care for employee welfare. In the study by Edwards & Peccei, organizational identity acts as a mediator between perceived external prestige and organizational involvement (Balmer, Fukukawa, & Gray, 2007).

Numerous studies have linked organizational identity to organizational communication, which is important for shaping organizational identity. The horizontal communication of employees among peers and other departments and the vertical communication from top to bottom by sharing organizational goals with employees are key players in the development of organizational identity, though vertical communication is found to be stronger than other types (Van Knippenberg & Sleebos, 2006). Along with the power, respect, and self-fulfillment they receive, people form identities with the organizations based on what meets their needs and fulfills their desires. Where personal and organizational goals are correlated, organizational identity is strengthened. Organizational identity has a strong social identity component as well. People tend to feel most at home with those they enjoy.

According to Brown (2017) there is no crystal-clear, widely accepted definition of corporate identity. However, he claims that a widely accepted definition of the term "organizational identification" is when a member of an organization feels like a part of that organization. Additionally, he contends that this might manifest itself when workers define and refer to themselves as members of their company and observe their ideals being upheld (Brown, 2017). As a result, organizational identification emphasizes the active identifying process of the employee.

There are two basic methods for an organization to become identified: either through the recognition that the organization resembles oneself, or through modifications made to the individual in accordance with the organizational identity (Pratt, Schultz, Ashforth, B.E., & Ravasi, 2016). Additionally, he adduces that a certain level of value congruence between the individual and the organization is necessary for most identification to take place. Additionally, it's critical to understand the difference between organizational identification and organizational internalization. The latter is concerned with ingraining corporate ideals or beliefs, whilst the former is more concerned with a sense of togetherness (Aguinis & Glavas, 2012; Allameh & Alinajimi, 2012; Glavas & Kelley, 2014) .

Internalization, however, can occasionally result from identification as a side consequence. The gap between organizational commitment and organizational identity is further highlighted. The former could be construed in a manner akin to the work satisfaction criterion. It may also serve as a reflection of how satisfied or dissatisfied someone is with their company (Pratt, Schultz, Ashforth, B.E., & Ravasi, 2016). Additionally, he contends that organizational commitment is not always related to the self-relational aspect between a person and an organization.

External CSR encompasses social responsibility initiatives aimed towards the local community, the natural environment, and customers (Farooq, Rupp, & Farooq, 2017).

Community CSR encompasses charity donations in support of humanitarian causes, community development investment, and collaboration with non-governmental organizations. Investments in environmental protection, such as pollution reduction, environmental initiatives, and practices that focus on sustainable development for future generations are all examples of CSR related to the environment (Bista, 2022). Consumer-focused CSR comprises offering high-quality goods or services, customer care obligations, and protecting consumers' rights beyond the legal requirements (Jia, Yan, Liu, & Huang, 2019).

The degree of identification a worker can attain is determined on the organization's reputation. In order for employees to identify with a company, organizations promote their corporate image (Youn & Kim, 2022). An employee will undoubtedly form a deep connection to his or her organization if it has a good reputation. It is hypothesized that there is a positive correlation between CSR and organizational identification because Social Identity Theory shows that employees will feel honored to be a part of an organization with outstanding prestige (Ashforth & Mael, 1992).

Objectives

The main objectives of the present study are as follows:
  i)   To explore bank employees' perception of External CSR for Community towards Organizational Identity.
  ii)   To explore bank employees' perception of External CSR for Environment towards Organizational Identity.
  iii)   To explore bank employees' perception of External CSR for Customers towards Organizational Identity.

Based on the above-mentioned objectives, the following hypotheses.
  H1:   There is positive relationship between External CSR for Community and Organizational Identity.
  H2:   There is positive relationship between External CSR for Environment and Organizational Identity.
  H3:   There is positive relationship between External CSR for Customers and Organizational Identity.

Methods and Materials

Using a quantitative research design, this study was conducted. In social science, quantitative research is thought to be a more academic and suitable method (Richard, 2009; Bista & Modi, Employees' Perceptions of Perceived External CSR towards Perceived External Prestige, 2022). Quantitative approaches are extensively employed because of their capacity to make a right prediction and their attractiveness for theory formulation and evaluation in a variety of contexts (Bhattarai, 2016).

The external CSR was measured through Turker's (2009) instrument scale. The measurement scale has been found well established, valid, andreliable. Organizational identity is defined as the individual's sense of belonging and connection withthe organization where they work

(Ashforth & Mael, 1992). Organizational identification has been measured by using five items (e.g. When someone criticizes my company, itfeels like a personal insult) adopted from Mael and Ashforth (1992). The measurement scale is considered as well established, valid and reliable as coefficient Cronbach's alpha value was 0.81.

Validity and reliability are two variables that should be considered while designing a study, interpreting the data, and judging the study's quality. The trustworthiness of the primary data is confirmed by the use of the SPSS program to calculate the Cronbach's Alfa (.91).

The data were collected from 5 different commercial banks. The following chart and table explore it in detail.
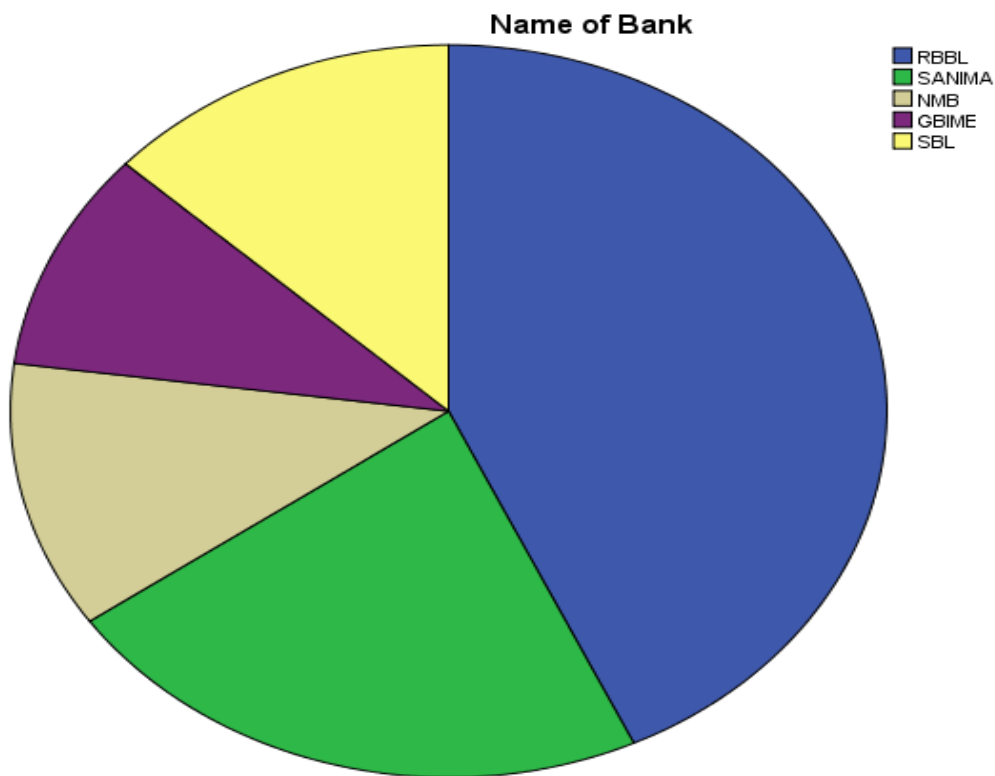
Figure 1: Name of Banks

Table 1: Name of Banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	RBBL	124	43.1	43.1	43.1
	SANIMA	64	22.2	22.2	65.3
	NMB	34	11.8	11.8	77.1
	GBIME	28	9.7	9.7	86.8
	SBL	38	13.2	13.2	100.0
	Total	288	100.0	100.0	

The following table shows other demographic information.

Table 2 Demographic Information

		Count	Layer Column Total N %
Gender	Male	169	58.7%
	Female	119	41.3%
Marital Status	Married	238	82.6%
	Unmarried	50	17.4%
Age	Less than 20 years	1	0.3%
	21 to 25 years	26	9.0%
	26-30 years	9	3.1%
	31 to 35 years	155	53.8%
	36-40 years	77	26.7%
	Above 40 years	20	6.9%
Years of service	Below 5 years	66	22.9%
	5 to 10 years	115	39.9%
	10 to 15 years	83	28.8%
	15 to 20 years	22	7.6%
	Over 20 years	2	0.7%
Name of Bank	RBBL	124	43.1%
	SANIMA	64	22.2%
	NMB	34	11.8%
	GBIME	28	9.7%
	SBL	38	13.2%
	12	1	0.3%
Education	Bachelor	111	38.5%
	Master's	176	61.1%

All the collected data were entered into SPSS 20 and analyzed. To explore relationship between the variables, correlation was tested.

Results and Discussion

Newcomers will surely be drawn to a company that works hard to promote excellent CSR efforts. Employees will build a sense of trust and self-worth working for a company that shows interest in the health of its clients, community, environment, and all stakeholders in general. Knowing that their organization works to benefit its stakeholders fosters a sense of pride in belonging to such an organization. The importance of employees in a company cannot be overstated. They participate in any debate relating to CSR initiatives because they are one of the many stakeholders that a firm (Balmer, Fukukawa, & Gray, 2007). Researchers have confirmed that when an organization is perceived as socially responsible, employees feel motivated, supportive, and attracted to the. Employees have the right to suggest, assist with, take part in, and command CSR initiatives (Pratt, Schultz, Ashforth, B.E., & Ravasi, 2016). Researchers have also shown that CSR affects employees' behavior and performance, which is another way of identifying an organization.

CSR efforts have been shown to be a crucial metric by which staff members evaluate the distinctiveness and allure of their company (Bista & Modi, Employees' Perceptions of Perceived External CSR towards Perceived External Prestige, 2022). CSR is an ongoing strategy that consists of impromptu acts for the prosperity and profit of many stakeholders. Organizations anticipate that stakeholders will value and regard these actions and functions as a result of their implementation. Employees who believe their company is socially responsible are probably going to hold it in high regard (Bista & Modi, 2022).

Additionally, they will view their business as exceptional, deserving, and appealing. Employees will make an effort to identify with a company that has a solid reputation for being socially responsible in order to boost their self-esteem and self-improvement. It is well known that CSR is crucial in identifying employees for this reason. Employees' personal identity will become deeply ingrained in their organizational identification when there is a strong identification with the organization (Shah, 2012). Employees will feel proud to work for the company.

Table 3: Correlation between External CSR for Community and Organizational Identity

			PECSR_COMM UNITY	OrgIdentity_TOT
PECSR_COMMUNITY	Pearson Correlation		1	.696**
	Sig. (2-tailed)			.000
	N		288	288
	Bootstrap[b]	Bias	0	.002
		Std. Error	0	.031

		95% Confidence Interval	Lower	1	.635
			Upper	1	.758
OrgIdentity_TOT		Pearson Correlation		.696**	1
		Sig. (2-tailed)		.000	
		N		288	288
	Bootstrapᵇ	Bias		.002	0
		Std. Error		.031	0
		95% Confidence Interval	Lower	.635	1
			Upper	.758	1

**. Correlation is significant at the 0.01 level (2-tailed).

b. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples

Table 3 shows that there is significant correlation between perceived external corporate social responsibility for community and organizational identity. Thus, hypothesis one is accepted.

Table 4: Correlation between External CSR for Environment and Organizational Identity

				OrgIdentity_TOT	PECSR_ENV
OrgIdentity_TOT	Pearson Correlation			1	.460**
	Sig. (2-tailed)				.000
	N			288	288
	Bootstrapᵇ	Bias		0	.005
		Std. Error		0	.084
		95% Confidence Interval	Lower	1	.301
			Upper	1	.614
PECSR_ENV	Pearson Correlation			.460**	1
	Sig. (2-tailed)			.000	
	N			288	288
	Bootstrapᵇ	Bias		.005	0
		Std. Error		.084	0
		95% Confidence Interval	Lower	.301	1
			Upper	.614	1

**. Correlation is significant at the 0.01 level (2-tailed).

b. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples

Table 4 shows the correlation between external corporate social responsibility for environment and organizational identity. This result shows that there is significant correlation between External CSR and Organizational Identity. Thus, hypothesis two is accepted.

Table 5: Correlation between External CSR for Customers and Organizational Identity

				OrgIdentity_TOT	PECSR_CONSUMER
OrgIdentity_TOT	Pearson Correlation			1	.560**
	Sig. (2-tailed)				.000
	N			288	288
	Bootstrap[b]	Bias		0	-.001
		Std. Error		0	.043
		95% Confidence Interval	Lower	1	.466
			Upper	1	.640
PECSR_CONSUMER	Pearson Correlation			.560**	1
	Sig. (2-tailed)			.000	
	N			288	288
	Bootstrap[b]	Bias		-.001	0
		Std. Error		.043	0
		95% Confidence Interval	Lower	.466	1
			Upper	.640	1

**. Correlation is significant at the 0.01 level (2-tailed).

b. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples

Table 5 shows the correlation between external corporate social responsibility for customers and organizational identity. This result shows that there is significant correlation between External CSR and Organizational Identity. Thus, hypothesis two is accepted.

Conclusion and Limitation

The study supports the existence of a strong and favorable association between perceived corporate social responsibility and organizational identification (OI). When striving to have a superior awareness of the numerous behaviors and responses of employees to the many CSR activities, organizational identification is essential. An organization can benefit much from trustworthy CSR initiatives since they will foster a culture of corporate trust, which in turn will encourage employee identification. The findings showed that there is a direct, positive, and substantial association between perceived CSR and organizational identification.

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