

# CSR-Driven Sustainable Development Initiatives and Employees' Organisational Citizenship Behaviour

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## ABSTRACT

The Study examines the relationship between Corporate Social Responsibility (CSR) activities and their effects on employee outcomes, such as Organisational Citizenship Behaviour (OCB), among CSR-mandated and non-mandated companies in Kerala. The study uses Pearson correlation, Confirmatory Factor Analysis (CFA), and Structural Equation Modelling (SEM) to explain relationships among sustainable CSR activities and the dimensions of consequent employee behaviours, OCB. The study concludes by establishing a strong positive relationship between CSR activities and OCB. Structural Equation Modelling results reassert that CSR significantly and positively influence OCB ( $\beta = 0.812$ ,  $p < 0.001$ ). Above all, the five dimensions of OCB, namely Sportsmanship, Altruism, Civic Virtue, Courtesy, and Conscientiousness, have significant direct effects on overall OCB. The overall OCB among employees is significant, with a mean score of 67.49%. These details, however, depict the strategic role of CSR in contributing to positive employee behaviours that enhance organisational effectiveness.

**Keywords:** Sustainability, Employees' Perception of CSR, Organisational Citizenship Behaviour

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## 1. Introduction

Corporate Social Responsibility (CSR) has now become an effective strategic tool that can accelerate corporate reputation, employee commitment, and responsible employee behaviour. The implementation of Section 135 of the Companies Act, 2013, has mandated companies that meet certain criteria to contribute 2% of their Profit After Tax to socially committed activities. The impact of such activities on society is very evident and has been very well described. However, such activities also have indirect effects. The employees are influenced by the selfless, socially committed activities of the employers, which can also influence the mindset of the employees, and that can be reflected in their behaviour. (A.A. Al-Bdour, 2010) within their organisation, particularly Organisational Citizenship Behaviour (OCB)—requires deeper empirical exploration in the Indian context.

OCB refers to voluntary, discretionary commitment and morale that employees exhibit to support the smooth functioning (Blake E Ashforth, 1989) of their organisation, such as promoting a cordial, positive work environment by helping colleagues (Ante Glavas, 2013) and adhering to

organisational rules and frameworks. Employees' morale and commitment can be influenced and enhanced by the employer's socially committed behaviour. The study aims to examine how employees' perceptions of their employer's CSR can enhance OCB and workplace positive behaviour.

### Significance of the Study

In the modern corporate world, Corporate Social Responsibility (CSR) has emerged as a strategic tool not only to enhance (Peterson, 2004) societal sustainability but also to make the work environment more dynamic and sustainable. The study focused on the unexpected internal benefits to the corporation rather than its external societal benefits. The study examines how employees' perceptions of the corporation's sustainable CSR (Blau, 1964) initiatives can influence their work behaviour. Thus, it contributes to a deeper understanding of how corporations can use CSR as a leverage tool to enhance workforce effectiveness.

The Indian context of CSR has identified certain earmarked areas for investment to qualify as CSR activities by companies. The main aim is to distribute funds across all sectors to achieve collective development and impact across all aspects that require

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consideration. The areas are included in Schedule VII of the Act, which covers education, healthcare, water supply, and social development, among others. This study proves that CSR not only fulfils legal and ethical responsibilities but also seeds positive workplace behaviours such as (Bandura, 1976) altruism, courtesy, and conscientiousness.

Furthermore, this research study provides policymakers with a practical understanding by showing that the immediate effects of CSR initiatives can improve employees' positive attitudes (Azim, 2016) and enrich the work culture (Jon Welty Peachey, 2014) beyond their stipulated work. The paper also aims to identify the most impactful areas of CSR to foster a positive perception of CSR among employees, thereby promoting positive workplace behaviour. The study fills the gap between sustainable CSR practices and human behavioural outcomes, reaffirming CSR as a tool for organisational effectiveness.

## Statement of the Problem

Despite the growing emphasis on Corporate Social Responsibility (CSR) in India, particularly after the enforcement of Section 135 of the Companies Act, 2013, most organisations continue to evaluate CSR primarily in terms of financial expenditure and social impact. However, the internal organisational consequences of CSR, especially its influence on employee behaviour, remain insufficiently explored.

Organisational Citizenship Behaviour (OCB), which includes voluntary and discretionary actions that contribute to organisational effectiveness, plays a crucial role in enhancing productivity, cooperation, and workplace harmony. While previous studies suggest a potential link between CSR and positive employee outcomes, there is a lack of comprehensive empirical evidence on how different CSR dimensions influence OCB, particularly in companies in Kerala.

The existing research faculty never treats CSR as a multidimensional construct, overlooking its differential impact on ethical conduct, education, healthcare, and social development. Therefore, the main aim is to get a better understanding of how CSR-driven sustainable development initiatives influence employees' perception and, subsequently, their Organisational Citizenship Behaviour (OCB).

## Methodology and Scope

Primary data are the source for adequate information about the relationships. Stratified random sampling is used. 380 samples are used, with an equal number of respondents from CSR-mandated and non-mandated companies. The study's geographical scope is limited to Kerala state.

## CSR and OCB Relationship

Corporate Social Responsibility (CSR) has been widely recognised as a strategic tool that enhances not only societal welfare but also internal organisational outcomes. Prior studies suggest that CSR initiatives strengthen employees' identification with the organisation, leading to positive behavioural outcomes (Ante Glavas, 2013) such as increased commitment, engagement, and discretionary effort. Social identity theory posits that employees derive pride and self-esteem from being associated with socially responsible organisations, which in turn promotes extra-role behaviours (Madeline Onga, 2018).

Organisational Citizenship Behaviour (OCB), defined as voluntary and selfless behaviour that contributes to organisational effectiveness, has been extensively linked with ethical and positive climate (Abraham Carmeli, 2007) and organisational effectiveness. The organisational positive atmosphere contributed by employee attitude promotes altruism, courtesy, civic virtue, conscientiousness, and sportsmanship etc (Sandra Castro-Gonzalez, 2018).

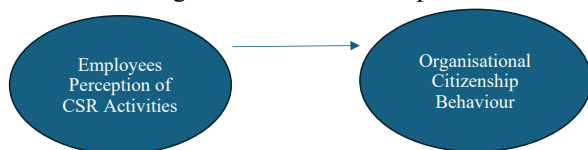
Empirical evidence provides strong support for a strong positive relationship between CSR and OCB (Cheema, 2019). The reason is that the organisation is working for a cause which is beyond its immediate benefit, so employees naturally think that it is their responsibility to be selfless and should go an extra mile to serve the society which is reflected in their behaviour in immediate environment CSR practices such as ethical functioning, employee welfare, community development, and environmental sustainability which has been examined in the study have been found to influence the employees willingness (Carolina Serrano Archimi, 2018) to perform beyond what is expected from them. Similarly, socially focused CSR initiatives, such as education, healthcare, and community development, play a significant role in shaping employees' behavioural outcomes (W.Organ, 1988).

Furthermore, the study links the above relationship constructs within a structural framework to analyse the relationship between CSR activities and OCB (Henri, 1978). The inclusion of reliability- and validity-tested constructs reasserts the model's authenticity, while Structural Equation Modelling establishes the causal relationships among variables. Overall, the selected factors provide a holistic understanding of how CSR initiatives influence

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employee attitudes and foster positive organisational behaviours.

H12: Employees' Perception of Corporate Social Responsibility activities have a significant positive influence on Organisational Citizenship Behaviour.



## Results and Discussion

The questionnaire's reliability was assessed using Cronbach's alpha, with a threshold of 0.70 considered acceptable. The reliability results show that all the constructs demonstrated satisfactory to excellent values. Ethical Functioning has a Cronbach's alpha of 0.927 across four items, indicating excellent internal consistency. The Education factor had an alpha of 0.845 with seven items, while Water Supply Facilities showed an alpha of 0.802 based on five items. Health Care gave a Cronbach's alpha of 0.892 based on six items, and Social Development also showed an excellent reliability value of 0.927 across seven items. Sports and Culture demonstrated a reliability of 0.746 across about 5 items. Among the organisational behaviour variables, Altruism (0.936), Courtesy (0.945), and Conscientiousness (0.890) exhibited strong reliability. However, Sportsmanship (0.619) and Civic Virtue (0.567) showed comparatively lower values, indicating potential measurement concerns. However, a strong theoretical background justifies their inclusion for further analysis.

Structural Equation Modelling (SEM) was conducted to examine the influence of CSR dimensions on employees' perception of CSR. The structural model demonstrated excellent fit, with  $\chi^2 = 2.222$ ,  $df = 3$ ,  $p = 0.528$ , and a normed chi-square value of 0.741. The goodness-of-fit indices were highly satisfactory:  $GFI = 0.998$ ,  $AGFI = 0.986$ ,  $NFI = 0.999$ ,  $TLI = 1.002$ , and  $CFI = 1.000$ , while  $RMSEA = 0.000$ , indicating an excellent model fit. The hypothesised relationships were statistically significant at  $p < 0.001$ . Ethical Functioning had a standardised path coefficient of 0.873, accounting for 76.3% of the variance in employees' perceptions. Education showed a coefficient of 0.823, explaining 67.8% of the variance. Water Supply Facilities demonstrated a strong effect with a coefficient of 0.920, explaining 84.6% of the variance. Health Care recorded a coefficient of 0.853, explaining 72.7% of the variance. Social Development had the strongest influence with a coefficient of 0.981,

explaining 96.3% of the variance, while Sports and Culture also showed a significant positive influence with a coefficient of 0.865, explaining 74.9% of the variance. Thus, all six hypotheses (H1–H6) were supported, with Social Development emerging as the most influential determinant of employees' perception toward CSR.

The perception level of employees towards CSR practices was examined and assessed using the Mean Percentage Score (MPS). The mean score was 85.97 with a standard deviation of 29.39 from 380 employees. The Mean Percentage Score was 57.31%, indicating a good-to-medium level of perception. The coefficient of variation was 34.18%. It shows a moderate variability in responses. The calculated Z-test value was 7.276, and the p-value was  $>0.001$ ; hence, it is statistically significant. It was concluded that employees' perception of CSR practices is very good.

Structural Equation Modelling was further employed to evaluate Organisational Citizenship Behaviour by incorporating Sportsmanship, Altruism, Civic Virtue, Courtesy, and Conscientiousness. The structural model demonstrated good fit with  $\chi^2 = 3.108$ ,  $df = 2$ ,  $p = 0.211$ , and a normed chi-square value of 1.554. The goodness-of-fit indices were satisfactory, with  $GFI = 0.997$ ,  $AGFI = 0.975$ ,  $NFI = 0.999$ ,  $TLI = 0.998$ , and  $CFI = 1.000$ , while  $RMSEA = 0.038$ . All hypothesised paths were positive and statistically significant ( $p < 0.001$ ). Sportsmanship had a standardised coefficient of 0.895, explaining 80.1% of the variance. Altruism showed a strong effect, with a coefficient of 0.971, accounting for 94.2% of the variance. Civic Virtue had a coefficient of 0.918, explaining 84.4% of the variance. Courtesy emerged as the strongest predictor with a coefficient of 0.990, explaining 97.9% of the variance, while Conscientiousness recorded a coefficient of 0.885, explaining 78.3% of the variance. Thus, all hypotheses (H1–H5) were supported.

The level of Organisational Citizenship Behaviour was assessed with a mean score of 99.21 and a standard deviation of 36.19. The Mean Percentage Score was calculated as 67.49%, indicating a good level of OCB. The coefficient of variation was 36.48%, suggesting moderate variability. The one-sample Z-test yielded a Z-score of 13.847 and a p-value of  $<0.001$ , indicating statistical significance and rejecting the null hypothesis.

To examine the relationship between Corporate Social Responsibility (CSR) activities and Organisational Citizenship Behaviour, Pearson's correlation analysis was conducted. The correlation

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coefficient was 0.762, with lower and upper bounds of 0.747 and 0.777, respectively. The Z value was 22.878, and the p-value was less than 0.001, indicating a strong and statistically significant positive relationship between CSR activities and OCB. Further analysis using Structural Equation Modelling revealed that the model had  $\chi^2 = 115.895$  with 19 degrees of freedom and a p-value of 0.000, with a normed chi-square value of 6.100. The fit indices included GFI = 0.946, AGFI = 0.813, NFI = 0.985, TLI = 0.964, and CFI = 0.987, while RMR = 0.823 and RMSEA = 0.117 indicated a reasonable fit. All attributes loaded significantly on the latent constructs.

The regression analysis showed that the path coefficient from CSR activities to OCB was 0.812, with a critical ratio of 22.229 and a p-value of 0.001 or less, explaining 66.0% of the variance in OCB. Among CSR components, Ethical Functioning had a coefficient of 0.883, explaining 77.9% variance, Education had 0.799, explaining 63.8%, Water Supply Facilities had 0.873, explaining 76.3%, Health Care had 0.842, explaining 70.9%, Social Development had 0.909, explaining 82.6%, and Sports and Culture had 0.875, explaining 76.5%. Among OCB dimensions, Sportsmanship had a coefficient of 0.885, explaining 78.4%, Altruism had 0.979, explaining 95.8%, Civic Virtue had 0.914, explaining 83.6%, Courtesy had 0.933, explaining 87.1%, and Conscientiousness had 0.915, explaining 83.6%.

The analysis using Structural Equation Modelling and Confirmatory Factor Analysis explained that the measurement model shows an overall acceptable fit. Crucial indices such as NFI (0.985), TLI (0.964), and CFI (0.987) indicate a commendable model fit, while GFI (0.946) also supports the theoretical concepts. Although some indices, such as RMSEA (0.117) and RMR (0.823), suggest moderate deviations, most fit indices and significant factor loadings indicate that the model reasonably represents the data and supports the hypothesised relationship. The structural equation indicated that Organisational Citizenship Behaviour equals 0.812 times CSR activities, implying that a one-unit increase in CSR activities leads to a 0.812-unit increase in OCB.

The CSR and consequent positive attitude of the employee's relationship do not evoke notions of reciprocity and mutual obligations (Azim, 2016). But they are needed to frame how attitudes consequent on perception contribute to constructive and desirable employee behaviour within the organisation. This is explained clearly using Social Exchange Theory

(SET), which provides a theoretical understanding of this kind of relationship. SET explains social behaviour (Blau, 1964) as a consequence of an exchange process. The exchange explains a reciprocal behaviour (Mary A. Konovsky, 1994). To be specific, if employees are satisfied with the employer's attitude, they would definitely support their organisation in return (Organ, 1990). Many times, an employee engages in voluntary behaviour to reciprocate the culture and treatment they receive from their own organisation.

The social identity theory (Henri, 1978) explained the tendency of the employees to identify themselves with their socially committed employer. The consequent obligation to be more committed to the employer is made clearer by the description of the social exchange theory (Blau, 1964). The social learning theory (Bandura, 1976) explains the refinement of their behaviour through learning from their noble employer, and the social impact theory (Bibb Lotane, 1981), which explains how the socially committed employer's actions affect employees' behaviour. The affective events theory can also explain the impact of the employer's noble deeds on their employees. Hence, the behavioural consequences of employees, in the form of organisational citizenship behaviour, are well explained in this context, supported by facts and figures.

### Conclusion.

The findings of the study provide a firm conclusion that CSR activities have a strong and significant positive influence on Organisational Citizenship Behaviour, and that effective CSR initiatives undertaken by the corporates actually making the employees to behave more socially and morally ethical and refined which can create a positive attitude in them not only making the work culture and environment positive but also can radiate its positive rays to the entire society as well.

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