

Causal Factors of CSR Influencing to Organizational Citizenship Behavior and Effectiveness of Listed Companies in the Stock Exchange of Thailand

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The Asian Conference on Psychology & the Behavioral Sciences 2017
Official Conference Proceedings

Abstract

This research study the relationship and effect among corporate social responsibility (CSR), organizational citizenship behavior (OCB), and organizational effectiveness (OE) of the listed companies in the Stock Exchange of Thailand. Data were collected via questionnaires from employees in 217 listed companies. Multi-stage sampling was used. Data were analyzed using standard statistical method and structural equation modeling (SEM).

The finding found that all factors and each variable were at high level with values between 4.39 – 4.78. The relationships among latent variables were statistically significant with correlation coefficients between 0.619-0.873. The confirmatory factor analysis revealed that the measurement model was consistent with empirical data with standardized factor loading values between 0.501-0.898. All factor loading indicators were statistically significant and R^2 were between 0.251-0.807. Latent variables had CR = 0.798-0.879 and AVE = 0.507-0.708. From SEM result found that the hypothesized model consistent with empirical data with fit indices were as follows: $\chi^2/df = 2.40$, RMSEA = 0.077, GFI = 0.936, CFI = 0.980 and NNFI = 0.972. From the effect result found that CSR had positive direct effect toward OCB and OE significantly, OCB had positive direct effect toward OE significantly, and CSR had positive indirect effect toward OE via OCB significantly.

The listed companies in the Stock Exchange of Thailand should operate their business with the concept of CSR by taking account on economic, legal, ethical and philanthropic responsibility. When employees perceive CSR, it will effect on employee extra role behavior or OCB by behave altruism, sportsmanship, courtesy and civic virtue behavior. Finally, organizational effectiveness in aspect of entrepreneurial viability and profitability and growth will increase.

Keywords: Corporate social responsibility, Organizational citizenship behavior, Organizational effectiveness

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Introduction

Under globalization, business continues its mission to move forward by changing business model to be socially responsible corporation. This concept is called corporate social responsibility (CSR). CSR focus on profit, society and environment simultaneously and involves several stakeholders. Carroll and Buchholtz recommended that employee should be focused primarily on CSR study. (Carroll and Buchholtz, 2006). However, most of the studies are concerning about CSR that impact only on employee attitudes such as organizational commitment (Husted, 2000). There are a few research that study the effect of CSR on employee behavior especially organizational citizenship behavior (OCB) (Swanson and Niehoff, 2001). The importance of the study CSR is to consider the impact on organizational effectiveness (OE) (Boswell, 1976).

Due to above reasons and also there are just only a few empirical research that study the relationship between CSR and employee (Hansen et al., 2011). It is interesting to study a causal relationship between CSR, OCB and OE.

Research Objectives

1. To study the relationship between CSR, OCB and OE.
2. To study the effect between CSR, OCB and OE

Corporate social responsibility

Corporate social responsibility (CSR) is the concept of doing business that related to corporate profit and also taking into account the impact on the environment and social issues simultaneously. It is the concept that involves responsibilities towards all stakeholders. CSR contributes to sustainability. Carroll (1991) proposed a pyramid of CSR which includes economic, legal, ethical and philanthropic responsibility. Many scholars found csr affect organizational effectiveness (OE). (Maignan and Ferrell 2001; Cochran and Wood, 1984) and organizational citizenship behavior (OCB) (Hansen et al., 2011; Lin et al., 2010). This concept results hypotheses H1 and H2.

Organizational citizenship behavior

Organizational citizenship behavior (OCB) is an extra role behavior. Employees are willing to do willingly. It is the behavior that encourages organizations operating smoothly (Podsakoff and Mackenzie, 1997) and contributes to organizational effectiveness (Ahmadi, 2011; Organ, 1988). This concept result hypotheses H3.

Organizational effectiveness

Organizational effectiveness (OE) is the concept that related to the ultimate goal of the business. It is an assessment tool for evaluate successful of the organization. Organizational effectiveness comprises of various dimensions to measure (Steers, 1977b) that effect measuring tools unstable (Steers, 1977a). Consistent with Zahra and

LaTour (1987) who indicated that this concept has not yet crystallized or there are several approaches to measure organizational effectiveness. (Daft, 1986)

Conceptual Framework

After reviewing the concept, theory and related research, the conceptual framework is shown in the figure 1 below:

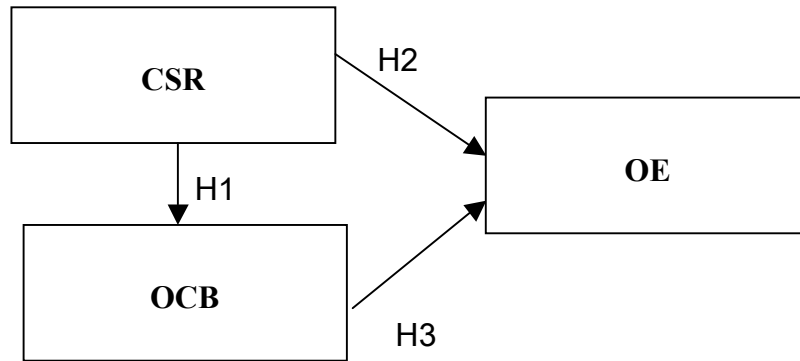


Fig. 1: Conceptual Framework

Research Method

Population and sample: The populations were 458 companies listed on the Stock Exchange of Thailand. The sample were at least 200 companies which enough to analyze by using structural equation modeling statistic. (Schumacker and Lomax, 2004) It were multi-stage random sampling. Every random sampling step was a convenient sampling. Target group were six employees per company. Convert data from individual level to organization level by mean.

Collection data: Sending questionnaires to 458 companies via mail (6 sets per company). Questionnaires returned 234 companies (1,076 sets) and can be used to analyze 217 companies (791 sets). Data collecting period was during January to June, 2014

Measurement tool: Six-rating scale questionnaires were developed. There are four parts in the questionnaires as follows; 1) Demographic characteristics include gender, age, education and position, 2) CSR questionnaire which is a measure of Maignan and Ferrell (2001), 3) OCB questionnaire which is a measure of Lin et al. (2010) and 4) OE questionnaire which is a measure of Zahra and LaTour (1987)

Content validity and reliability: Three experts had examined IOC. The IOC values were between 0.67-1.00 (> 0.50) which mean content validity. Conbach's alpha coefficients were between 0.782-0.983 (> 0.70) which mean reliability (Nunnaly, 1978). Conbrach alpha coefficient were presented in table 1

Normality distribution: Check by skewness and kurtosis (Tabachnick and Fidell, 2007) within ± 3.00 (Kline, 2005). The Data found to be normal distribution with skewness value were between -1.157 to -0.243 and kurtoses were between 0.104 to 2.803.

Data analyze: For descriptive statistic: frequency, percentage, mean and standard deviation were used. For inferential statistic: structural equation modeling technique was used. CFA was used to test measurement model whether consistent with empirical data or not. Convergent validity were tested by t-value at significant level 0.05 (t-value > 1.96) (Holmes-Smith, 2001). Composite reliability were tested by calculation CR and AVE (CR > 0.6 and AVE > 0.5 (Fornell and Larcker. 1981). For structural model, fit indices for testing model fit are as follows; $\chi^2 / df \leq 5.00$, RMSEA ≤ 0.08 , GFI ≥ 0.90 , CFI ≥ 0.90 and NNFI ≥ 0.90 (Hooper et al., 2008). Testing hypotheses and finding effect between each variable and R².

Result

Demographic Data

| | Variables | Amount | Percentage |
|-----------|-------------------------|--------|------------|
| Gender | Female | 482 | 60.9 |
| | Male | 309 | 39.1 |
| Age | Below 31 | 259 | 32.7 |
| | 31 - 40 | 320 | 40.5 |
| | 41 – 50 | 163 | 20.6 |
| | Higher than 51 | 49 | 6.0 |
| Education | Below Bachelor Degree | 60 | 7.6 |
| | Bachelor Degree | 503 | 63.6 |
| | Master Degree | 271 | 28.7 |
| | Doctoral Degree | 1 | 0.1 |
| Position | Staff | 447 | 56.5 |
| | Low-level Management | 219 | 27.7 |
| | Middle-level Management | 96 | 12.1 |
| | Top-level Management | 29 | 3.7 |

Table 1: Description of the samples

From table 1, majorities gender were female (60.9 percent), age 31 to 40 years (40.5 percent), bachelor degree (63.6 percent) and working in staff level positions (56.5 percent)

Mean, SD, Level and Conbach's Alpha Coefficient.

| Abbreviation | Component / Variable | Mean (N = 217) | SD | Level | α (N = 40) |
|--------------|-------------------------------------|-------------------|------|-------|----------------------|
| CSRE | Economic Responsibility | 4.64 | 0.62 | High | 0.897 |
| CSRL | Legal Responsibility | 4.71 | 0.65 | High | 0.947 |
| CSRET | Ethical Responsibility | 4.70 | 0.67 | High | 0.929 |
| CSRD | Discretionary Responsibility | 4.56 | 0.76 | High | 0.969 |
| PCSR | Corporate Social Responsibility | 4.65 | 0.58 | High | 0.981 |
| OCBA | Altruism | 4.66 | 0.62 | High | 0.919 |
| OCBCON | Conscientiousness | 4.39 | 0.58 | High | 0.921 |
| OCBS | Sportsmanship | 4.61 | 0.70 | High | 0.782 |
| OCBCOU | Courtesy | 4.75 | 0.63 | High | 0.874 |
| OCBCIV | Civic Virtue | 4.71 | 0.59 | High | 0.960 |
| OCB | Organizational Citizenship Behavior | 4.63 | 0.48 | High | 0.958 |
| OEE | Entrepreneurial Viability | 4.75 | 0.63 | High | 0.983 |
| OES | Satisfying the Needs of Publics | 4.58 | 0.73 | High | 0.859 |
| OEP | Profitability and Growth | 4.78 | 0.73 | High | 0.959 |
| OE | Organizational Effectiveness | 4.70 | 0.62 | High | 0.961 |

Table 2: Mean, SD, Level and Conbach's Alpha Coefficient

Remark: 1.00 – 2.67 = Low, 2.68 – 4.35 = Medium, 4.36 – 6.00 = High

From table 2, all components and variables score are in high level.

Correlation between Observe Variable

| | CSRE | CSRL | CSRET | CSRD | OCBA | OCBS | OCBCOU | OCBCIV | OEE | OEP |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|
| CSRE | 1 | | | | | | | | | |
| CSRL | .645** | 1 | | | | | | | | |
| CSRET | .656** | .693** | 1 | | | | | | | |
| CSRD | .636** | .555** | .697** | 1 | | | | | | |
| OCBA | .306** | .444** | .357** | .215** | 1 | | | | | |
| OCBS | .236** | .386** | .298** | .173* | .268** | 1 | | | | |
| OCBCOU | .353** | .530** | .412** | .293** | .532** | .454** | 1 | | | |
| OCBCIV | .339** | .500** | .486** | .376** | .478** | .396** | .706** | 1 | | |
| OEE | .645** | .592** | .698** | .546** | .464** | .295** | .486** | .527** | 1 | |
| OEP | .587** | .532** | .611** | .506** | .350** | .210** | .381** | .409** | .702** | 1 |

Table 3: Correlation Coefficients Metric between Observe Variable

Remark: ** = $p < 0.01$ (Significant at 0.01 level)

0.10-0.35 = Low, 0.36-0.50 = Medium, 0.51-0.69 = High and 0.70+ = Very High

From table 3, all observed variables correlate significantly in high level. (After remove OCBCON and OES due to insignificantly correlation)

Correlation between Latent Variable

| Latent Variable | PCSR | OCB | OE |
|-----------------|---------|---------|-------|
| PCSR | 1.000 | | |
| OCB | 0.619** | 1.000 | |
| OE | 0.873** | 0.667** | 1.000 |

Table 4: Correlation Coefficients Metric between Latent Variable

Remark: ** = $p < 0.01$ (Significant at 0.01 level)

0.10-0.35 = Low, 0.36-0.50 = Medium, 0.51-0.69 = High and 0.70+ = Very High

From table 4, all latent variables correlate significantly in high to very high level

Measurement Model

From the result of CFA found that hypothesized model consistent with empirical data. Fit indices are as follows: $\chi^2/df = 2.40$ (< 5.00) RMSEA = 0.077 (< 0.08) GFI = 0.936 (> 0.90) CFI = 0.980 (> 0.90) and NNFI = 0.972 (> 0.90). It demonstrates the construct validity. Standardized factor loading of each item should greater than 0.3 (Hair et al., 1998) and also significant at 0.05 level. Convergent validity consider from t-value at significant 0.05 level (t-value > 1.96) (Holmes-Smith, 2001). Composite validity consider from CR > 0.6 and AVE > 0.5 (Fornell and Larcker, 1981). R² should greater than 0.2 (Hopper et al., 2008)

Each item found significant at 0.01 level. All standardized factor loading were between 0.501-0.898 (> 0.3 that mean convergent validity). All latent variables have CR between 0.798-0.879 (> 0.6) and AVE between 0.507-0.708 (> 0.5) that mean composite reliability. R² were between 0.251-0.807 (> 0.2) as shown in table 5.

| Latent Validity | Composite Item | Standardized Factor Loading | t-value | R ² | CR | AVE |
|-----------------|----------------|-----------------------------|----------|----------------|-------|-------|
| CSR | CSRE | 0.792 | 13.546** | 0.627 | 0.879 | 0.647 |
| | CSRL | 0.789 | 13.465** | 0.622 | | |
| | CSRET | 0.877 | 15.859** | 0.770 | | |
| | CSRD | 0.756 | 12.666** | 0.571 | | |
| OCB | OCBA | 0.615 | 9.373** | 0.378 | 0.798 | 0.507 |
| | OCBS | 0.501 | 7.355** | 0.251 | | |
| | OCBCOU | 0.850 | 14.332** | 0.723 | | |
| | OCBCIV | 0.824 | 13.720** | 0.678 | | |
| OE | OEE | 0.898 | 15.813** | 0.807 | 0.828 | 0.708 |
| | OEP | 0.781 | 13.079** | 0.610 | | |

Table 5: Convergent Validity and Composite Validity

Remark ** = $p < 0.01$, CR = Composite Reliability, AVE = Average Variance Extract

Standardized Factor Loading 0.10-0.35 = Low, 0.36-0.50, = Medium,

0.51-0.69 = High and 0.70+ = Very High

R² 0.01-0.12 = Low, 0.13-0.25 = Medium, 0.26-0.48 = High, 0.49+ = Very High

Structural Model

From the result of SEM found that hypothesized model consistent with empirical data. Fit indices are as follows: $\chi^2/df = 2.40$ (< 5.00) RMSEA = 0.077 (< 0.08) GFI = 0.936 (> 0.90) CFI = 0.980 (> 0.90) and NNFI = 0.972 (> 0.90) as shown in figure2.

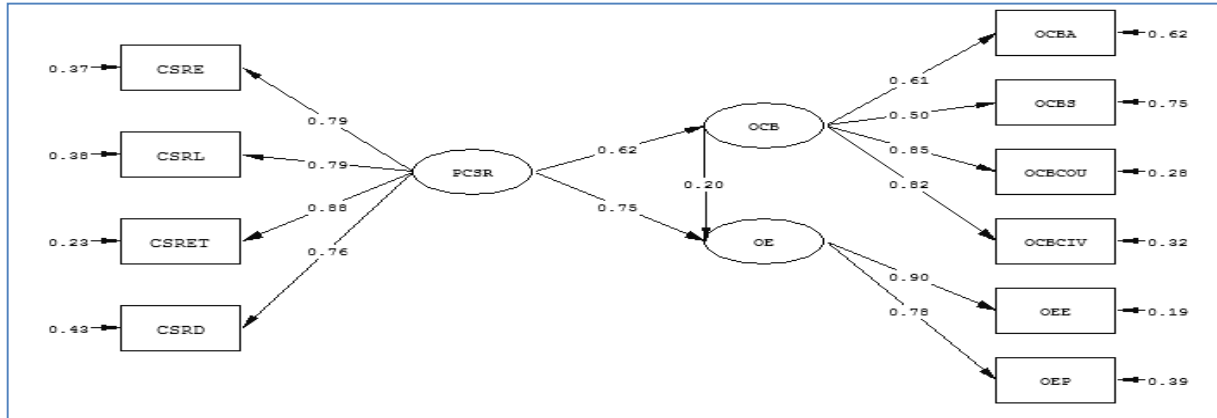


Figure 2: Structural Equation Modeling

For hypothesis testing result, all hypotheses are accepted as shown in table 6.

| hypothesis | Path | Standardized Regression Coefficient | Interpretation | t-value | Result |
|------------|------------|-------------------------------------|----------------|---------|--------|
| H1 | PCSR → OCB | 0.621 | Medium | 7.245** | Accept |
| H2 | PCSR → OE | 0.748 | Very High | 5.931** | Accept |
| H3 | OCB → OE | 0.202 | Low | 2.730** | Accept |

Table 6: Hypothesis Testing Result

Remark: ** p < 0.001

Std. Regression Coefficient 0.10-0.35 = Low, 0.36-0.50, = Medium, 0.51-0.69 = High and 0.70+ = Very High

For direct, indirect and total effect are shown in table 7

| Cause Variables | PCSR | | | OCB | | | R ² |
|-----------------|---------|---------|---------|---------|----|---------|----------------|
| | DE | IE | TE | DE | IE | TE | |
| OCB | 0.621** | - | 0.621** | | | | 0.386 |
| OE | 0.748** | 0.125** | 0.873** | 0.202** | - | 0.202** | 0.787 |

Table 7: Direct Effect (DE), Indirect Effect (IE) and Total Effect (TE)

Remark: ** p < 0.001

Standardized Regression Coefficient 0.10-0.35 = Low, 0.36-0.50, = Medium, 0.51-0.69 = High and 0.70+ = Very High
R² 0.01-0.12 = Low, 0.13-0.25 = Medium, 0.26-0.48 = High, 0.49+ = Very High

Discussion

According to the social exchange theory, CSR (economic, legal, ethical and philanthropic responsibility) has a direct positive influence on OE (entrepreneurial viability and profitability and growth). Because when employee perceives corporate social responsibility, organization can easily recruit and select potential employee to join and work with the organization (Turban and Greening, 1997). Employees who are satisfied at work, they will be encouraged and motivated to work and take pride in working with the organization and return back by dedicated higher levels of productivity. The cost of hiring and training new staff will be reduced due to employee will not resign. Consistent with the findings of Maignan and Ferrell (2001) who found that CSR has a direct positive impact on business performance, ROI, ROA and ability to make profits and growth.

According to the mechanism between social exchange theory and social identification in term of reciprocal exchange, CSR (economic, legal, ethical and philanthropic responsibility) has a direct positive influence on OCB (altruism, sportsmanship, courtesy and civic virtue) because when employee perceives social responsibility from the organization, employee will evaluate the things that they receive from the organization and pay back on common satisfaction (Gouldner, 1960) in term of acting OCB (Gond et al. 2010). Consistent with the findings of Hansen et al. (2011) and Evans (2006) who found that CSR has a direct effect on OCB.

OCB (altruism, sportsmanship, courtesy and civic virtue) has a direct positive influence on OE (entrepreneurial viability and profitability and growth). Because such OCB contributes to the effective use of resources to benefit the creativity and reduce the need to use scarce resource in maintenance work in the organization (Organ, 1988). OCB resulted supervisors can devote their time to participate in activities that are useful for planning, setting work schedule, analyzing and problem-solving organization problems more. OCB also helped colleagues with a powerful performance and enhance the efficiency and performance (Podsakoff et al, 1997). Consistent with the findings of Ahmadi (2011) who found a positive correlation between OCB and the ability of the organization.

OCB was influenced directly by CSR significantly. The variance was predicted with 38.6% in high level. OE were influenced directly by CSR and OCB and also influenced indirectly by CSR via OCB significantly. The variance was predicted with 78.37% in very high level.

Conclusion

The research results showed that CSR has positive direct impact on OCB and OE. OCB has positive direct impact on OE. Meanwhile, CSR has indirect impact on OE via OCB.

The listed companies on the Stock Exchange of Thailand should do business with CSR concept by taking account on economic, legal, ethical and philanthropic responsibility. Then CSR will effect on employee extra role behavior or OCB by behave altruism, sportsmanship, courtesy and civic virtue. Consequently, organizational effectiveness in term of entrepreneurial viability and profitability and growth will be increased.

Suggestions for further Studies

It is advisable to study this model for each industry or organization in Thailand.

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