

## The Mediating Effect of CSR on the Relationship between Authentic Leadership and Organization Citizenship Behavior

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### Abstract

*The current research investigated authentic leadership and organization citizenship behavior relationship in the presence of mediator corporate social responsibility in services organizations of Pakistan. Data from the respondents were gathered through structured questionnaire. The instrument validity and reliability were ensured. A total of 220 respondents participate in the study. Participants were informed about the aim of the study. Based on regression and mediation analysis, it was found that authentic leadership was significantly related with organization citizenship behavior. We also found that corporate social responsibility partially mediates authentic leadership and organization citizenship behavior. It was concluded that managers should treat their employees fairly as a result their citizenship behavior towards organization will increase which lead to overall organization performance.*

### Key Words

Authentic Leadership,  
Corporate Social  
Responsibility,  
Organization Citizenship  
Behavior

### Introduction

From the last few decades authentic leadership (AL) earn immense importance in the view of both academicians and managers as AL deal with positive organizational behavior (Walumbwa et al., 2008). Walumbwa et al., (2008) defined AL as “a person who knows their strengths and weaknesses, participate actively, not imposing their view on others, encourage others to participate, and acts based on his/her beliefs, feelings and values”. AL get attention of managers and researchers as it positively effects organizational and individual performance (Walumbwa et al., 2008; Walumbwa et al., 2011) and need empirical testing to further explored it (Avolio & Walumbwa, 2014; Alilyyani, Wang & Cummings, 2018).

Organizational success in today's complex organizational setting will depends on employee's voluntary behavior to work more with his/her stated duty schedule. Organizational citizenship behavior (OCB) is the individual voluntary behavior to work for the betterment of organization and thus enhance organizational performance (Organ et al., 2005). In such situation employees not only performing those tasks and assignments that was assigned to them but also attain those tasks that is beyond to their recognized job (Humphery, 2012). Previous studies also found a significant relation among OCB with leader attitude and behavior and role performance (Podsakoff et al., 2009).

Khalili (2017) argued that leadership play an important role to boost and nourish their followers' attitudes and behaviors in organizational setting. Walumbwa et al., (2008) concluded that AL enhance employee's OCB, and empirical studies also found a positive and significant association of AL and OCB (Walumbwa et al., 2017; Wdu Valsania et al., 2012), but this phenomenon is not clearly explained. The current research explores the relationship between AL and OCB through CSR in services organizations to batter investigate the phenomenon as previous studies also found a positive association of CSR with employee's attitudes and behaviors (Aguinis, & Glavas, 2012; Wang et al., 2017). Although, Iqbal et al., (2018) conducted the same study by taking cross-sectional research design, however, we applied longitudinal research design approach to better understand cause and effect relationship among the study variables.

Researchers from psychology and management focusing on individual level CSR and believed that CSR can be transforms in to valuable organizational outcomes due to employee's attitudes and

behaviors (Rupp et al., 2012; Kim et al., 2010; Valentine & Fleischman, 2008). Waddock and Parallel (2004) argued that CSR is the organizations' voluntary relationships with society and community for their welfare. Previous literature highlights that CSR is positively related with job outcomes like job satisfaction (Valentine & Fleischman, 2008), OCB (Ko et al., 2017), organization commitment (Rupp et al., 2006), work engagement (Goa et al., 2017), and organizational identification (Kim et al., 2010). Furthermore, Mazutis (2014) argued that leadership and CSR have positive association. Previous studies investigate the link between different leadership styles including transformational leadership and ethical leadership with CSR (Du et al., 2013; Kim & Thapa, 2018), however, literature related to AL and CSR relationship is limited and need attention to be investigated.

The current research contributes to the existing body of knowledge in few ways. First, this study highlights AL and OCB relationship in services organizations. Second, we identify the possible mediator CSR on AL and OCB relation. Lastly, we explored AL, CSR and OCB relationship in developing country where people have little knowledge and practice CSR at minimal level. Thus, exploring such relationship will help to researchers, management and general public to know and practice CSR in their respective organizations.

## **Literature Review and Hypothesis Development**

The most accepted and practiced theory to explain employee's behavior at work place is social exchange theory. The basic notion of this theory as that "the basic form of human interactions is the mutual reciprocation" (Lin et al., 2010). In a normal work setting, this theory predicts interpersonal behaviors of employees, co-workers, supervisors and organization in terms of exchange relationship (costs and rewards), e.g. if employee feel that their boss is fair, in return, he/she also behave more co-operatively (Blue, 1964). Moreover, Organ (1988) also argued that OCB is the product of this exchange relationship. Thus, if an employee perceives that their leader's behavior is fair and participate in CSR activities, in return, he/she will exhibit to perform their duty beyond the formal duty frame and work for the welfare of organization, thus, enhancing individual OCB.

Corporate scandals and ethical misconducts in corporate sector compel researchers and corporate management to develop a new value-based leadership called authentic leadership (Gardner et al., 2011; Luthans & Avolio, 2003; Avolio et al., 2004). The theoretical foundation of AL is initiated from ethical perspective-taking, transformational leadership and positive organizational behavior (Luthans, 2002, Kegan, 1982). There are four dimensions including relational transparency, balance processing, self-awareness and internalized moral perspectives. Relational transparency refers to the leader his/her true self to their subordinates by openly sharing their motives and feelings which lead to build cooperation, trust building and team work (Gardner et al., 2005). Balance processing is the leader ability to take decision after collecting relevant and unbiased information. Such leader listens everyone, appreciate and valued their views and do not implement their views on their followers without their consent. Self-awareness is the one's ability to know his/her strengths and weaknesses cognitions and desires (Zamahani et al., 2011). Internalized moral perspectives is the leader ability to understand a moral dilemma and response as per their own moral values and beliefs (May et al., 2003; Gardner et al., 2005).

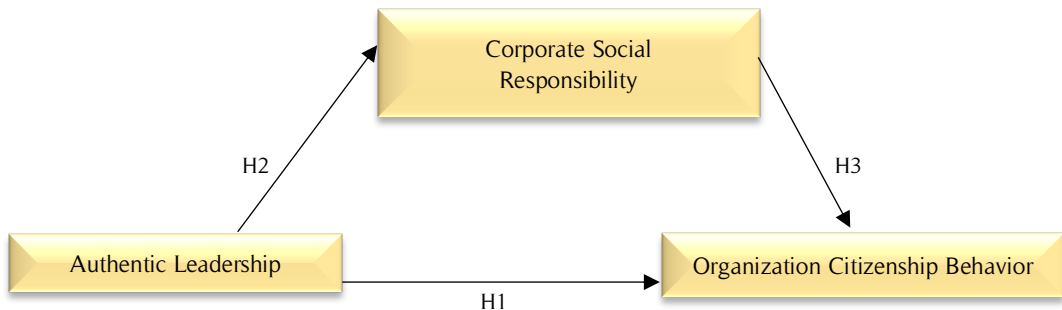
Organizational citizenship behavior (OCB) as previously defined as the individual voluntary behavior to work for the betterment of the organization without any financial reward and thus enhance overall organizational performance. This type of behavior from employees affect organizational effectiveness (Podsakoff et al., 2011). In the start, scholars shown their interest to explore psychological antecedents of OCB e.g. contextual, effectual and cognitive factors. Later, researchers explored OCB is the employee's identification and loyalty towards their organization (Podsakoff et al., 2000). Furthermore, organizational goals and achievements is also assisted by OCB. As researchers highlighted that leader molds work environment and overall organizational structure and culture, thus, subordinates act as their leaders stresses their behavior (Bohn, 2002). Factors like attitude, inspiration and personality traits may lead to develop OCB related behaviors (Luthans et al., 2007).

A greater development of practices of CSR enable us to find out how these practices affect different stakeholders i.e. consumers, investors, governments and employees. The outcomes of CSR and CSR related discussion at any level the most important factor of stakeholder is employees (Aguilera et al., 2007). Previously the focus of researchers was external stakeholders i.e. consumers and investors (Lichtenstein et al., 2004; Sen et al., 2006). Although, nowadays researchers highlight greater attention to investigate CSR impact on employees' attitudes and behaviors (Mueller et al., 2012). Furthermore, researchers also believed that shaping employees' behaviors the role of CSR is important (Bridoux et al., 2016). Previous studies also found a positive and significant relation of CSR practices and job outcomes like, OCB (Fu et al., 2014); organization commitment (Aguilera et al., 2007); work engagement (Gao et al., 2017); job satisfaction (Valentine & Fleischman, 2008); and organizational identification (Wang et al., 2017).

Similarly, previous research also found a positive association of leadership and CSR (Kim & Thapa, 2018; Mazutis, 2014). Previous researches highlight various leadership styles like transformational, ethical, transactional

and laissez-faire with CSR. Although, literature related to link AL with CSR is limited except Iqbal et al., (2018) as they link AL with CSR.

Previous research also highlights the link of CSR with OCB (Fu et al., 2014; Abdullah & Rashid, 2012). Employees show better OCB in the workplace in case where organization work for the welfare of their employees (Bozkurt & Bal, 2012). Previous studies also found a positive link between CSR and OCB (Abdullah & Rashid, 2012; Rupp et al., 2013; Zhang et al., 2014). As discussed earlier, literature explore the positive link between leadership and CSR activities, thus, we expect that in the presence of authentic leadership employees will be more engaged in CSR. Furthermore, employees OCB level will be increased when they feel that their leader is authentic (Gardner et al., 2005). Literature also found that AL is positively and significantly related with OCB (Edu Valsania et al., 2014; Walumbwa et al., 2010), however, the psychological mechanisms regarding this relationship need further clarity. Thus, we assume that CSR as a possible mediator between AL and OCB relation.



**Conceptual Framework of the Current Study**

### Study Hypotheses

- H<sub>1</sub>: Authentic leadership is significantly related with OCB
- H<sub>2</sub>: Authentic leadership is significantly related with CSR
- H<sub>3</sub>: CSR is significantly related with OCB
- H<sub>4</sub>: The significant relation between AL and OCB is mediated by CSR

### Method

#### Research Design

The current research was conducted in services organizations of Pakistan. The population of the current research was all services organizations that participate in CSR related activities. Through convenient sampling technique we select 350 employees to participate in the study. Employees were informed about the nature of the study. A total 220 usable questionnaires were received back from the respondents. The nature of the current research is hypothesis testing and cross-sectional.

#### Measures

To measure Authentic Leadership (AL) we adapt a scale developed by Walumbwa et al., (2008). Previous studies e.g. Iqbal et al., (2018) also used the same instrument to measure AL. This scale has 16 items measuring on five-point Likert scale. Corporate social responsibility (CSR) was measured with 16 items scale developed by Lin, (2010). To measure organizational citizenship behavior (OCB) a of Lee and Allen (2002) was used. This scale has 8 items measured on five-point Likert scale. All these scales have good reliability.

### Results

#### Descriptive Statistics, Reliability and Correlation

Table highlighted below report mean, standard deviation and correlation of the study variables. As depicted, AL has positive and significant association with OCB ( $r = .543, p < .01$ ). CSR has also positive and significant association with OCB ( $r = .620, p < .01$ ). Similarly, AL has positive and significant association with CSR ( $r = .639, p < .01$ ).

**Table 1.** Mean, SD, Reliability and Correlation

Variable	Mean	Std. Deviation	Alpha	1	2	3
OCB	3.18	1.137	0.853	1		
AL	3.32	1.003	0.874	0.543**	1	
CSR	3.20	1.250	0.887	0.620**	0.639*	1

N=220, \*\*P = .01, \*P = .05

**Regression Analysis**

The following table highlights regression analysis of the study variables. As shown, the value of R<sup>2</sup> is .295 which means that predictor variable AL explain 29.5% variation in the predicted variable OCB. Durbin-Watson value is 2.19 which fall in the acceptance range. It is evident from the regression results that AL is positively and significantly related with OCB (t = 9.55, p < .05). unstandardized regression coefficient is .616 indicating that a unit change in AL will bring .616 units change in OCB in the same direction.

**Table 2.** Regression Coefficients

R <sup>2</sup>	0.295
Adj. R <sup>2</sup>	0.292
AL	0.616*
t/p	9.55/0.000
DW	2.19

**Mediation Analysis**

The table reported below represents the mediation analysis. As we used CSR is a mediator between AL and OCB relationship. The direct, indirect and total effect are highlighted in the table. For mediation we follow Hayes and Preacher, (2013) procedure through PROCESS. As shown, all variables are significantly associated with each other, furthermore, Sobel test is also significant indicating that our mediator CSR mediate the relationship between AL and OCB.

**Table 3.** Mediation Analysis

Path	Unstandardized Coefficient	Coefficient std. error	t	p	Bootstrapping	
AL → CSR	1.17	0.029	40.39	0.000	1.11	1.22
AL → OCB	0.616	0.064	9.55	0.000	0.489	0.743
CSR → OCB	0.847	0.139	6.06	0.000	0.572	1.12
Sobel Test	0.992	0.165	5.99	0.000		

**Discussion**

The present study was an attempt to investigate AL relationship with OCB through mediator CSR in services organizations of Pakistan. Data was gathered through adapted questionnaire. Instrument validity and reliability was ensured. It was found that AL has positive and significant relation with OCB. It is also found that CSR mediate the relationship between AL and OCB.

The current research enhances our understanding and contribute to the existing literature related to AL and OCB in two ways. First, it was ensured that AL has positive and significant effect on employee as well as organizational performance as previous studies also concluded the same (Walumbwa et al., 2008; Walumbwa et al., 2011) and suggested to further investigate the relationship in different culture and setting. Thus, the focus was to bridge the gap by investigating AL and OCB relation in services organizations of Pakistan. Our results regarding AL and OCB relationship was in line with previous studies (i.e. Walumbwa et al., 2008; Walumbwa et al., 2010; Shapira-Lishchinsky & Tsemach, 2014; Edu Valsania et al., 2012). Furthermore, previous researchers also found that CSR and OCB are positively related (Rupp et al., 2013; Zhang et al., 2014). Based on Blau, (1964) social exchange theory we argued that employees exceed his/her formal duties when they feel that their leader is fair thus, the overall performance of the organization will increase. Second, previous studies explore CSR as a mediator on

the relationship between ethical leadership and OCB (Kim & Thapa, 2018) and CSR on the relationship between AL and OCB (Iqbal et al., 2018). Both studies suggest further examination of the stated relationship. Thus, this study further explores the phenomena in greater detail and found that CSR mediates AL and OCB relation in services organizations of Pakistan.

### **Managerial Implications**

The current research has several implications. First, as it was found that AL is positively related with OCB directing that leadership play an important role to shape the behavior of their employees and boost their creative and innovative skills through their fair treatment with their employees. Thus, managers should treat their employees fairly to motivate and encourage them to perform their best for the welfare of organization. Furthermore, the important stakeholder of any organization is their employees, so organizations should invest in CSR activities that positively effect employee's behavior. To achieve sustainable competitive advantage, managers should practice fair leadership practices.

### **Limitations and Future Directions**

Although, this research contributes to the literature in many ways, but this study was limited in several ways. First, the current research use AL as a composite variable and did not check the effect of AL dimensions on OCB. Future researchers may check the effect of each AL dimension on OCB to further clear the dilemma. Second, we only select services organizations for analysis. It will be batter to explore the same phenomena in other organizational setting to further clear the relationship. Third, we tested the relationship in Pakistan. Future researchers may check the relationship in other cultures to further generalize the results. Lastly, we use CSR as a mediator on AL and OCB relation. Researchers may also used other possible mediators like psychological wellbeing and work ethic on AL and OCB relation.

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