

The relationship between corporate social responsibility and employee engagement - A social exchange perspective

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Abstract

The purpose of this article is to investigate the impact of internal CSR on Employee Engagement through a mediation-moderation mechanism in a developing country, using social exchange theory. In this empirical study, 300 self-reported questionnaires were randomly distributed among the employees of 25 companies, from the FMCG and Telecom sectors of Pakistan. Data collected from these employees were further analyzed through confirmatory factor analysis using the structural equation modeling technique, using the latest available version of software Smart PLS 3. The results of confirmatory factor analysis prove the hypothesized direct effects of corporate social responsibility on employee engagement. The findings also indicate the positive mediating role of trust in the relationship between internal corporate social responsibility and employee engagement. However, the moderator Leader-Member exchange did not demonstrate any effect. The study encourages practitioners to focus on building trust in employees for improved participation in the firm's processes, use new ways of conveying the concerns to employees through various human resource interventions and leader-member exchange mechanisms. However, since the research has been conducted in a single country, i.e. Pakistan, with a limited number of respondents, therefore, it cannot be generalized, whereas research in different countries with a larger sample may bring interesting/contrasting results.

Keywords: corporate social responsibility, employee engagement, trust, social exchange theory, leader-member-exchange

1. INTRODUCTION

The acronym "CSR", i.e. corporate social responsibility, is a relatively new concept (Skudiene & Auruskeviciene, 2012). Even the world's third-richest country (after the USA and China), Japan, only adopted the term formally in 2003. It existed earlier in Japan's corporate principles and policies, as described by one of the managers during an interview "to put the utmost priority on respecting human dignity, safety, and legal compliance," and by another manager from a manufacturing company, "to contribute to society via our business or *mono zukuri* [making things]." (Fukukawa & Teramoto, 2009).

Nevertheless, corporate social responsibility has now become a widely spread term and has gained global importance for organizations, especially during the last few years. In a survey conducted in the Middle East, 86% of the companies rated corporate social responsibility as a vital component of business strategy, and this percentage was 83% worldwide (Azim et al., 2014; Tebini et al, 2014). CSR has become a demand of various stakeholders, both internal (top management, executive boards) and external (shareholders, third party agencies), since it leads the organizations to operate in ways that are considered to be socially and environmentally responsible (Zulfiqar et al, 2019; Ilkhanizadeh & Karatepe, 2017; Aguilera et al, 2007; Appelbaum et al, 2007; Cramer, 2005; Welford & Frost, 2006). Today's modern organizations are known not only because of their financial performance but also for "doing good".

Recently some studies have been conducted to measure the effect of CSR on employee attitudes and behaviors, such as employee knowledge sharing behavior (M. Farooq et al, 2014), affective organizational commitment (O. Farooq et al, 2013), OCB (Azim et al, 2014; Shiun & Ho, 2012; Wenbin et al, 2012), and employee motivation (Skudiene & Auruskeviciene, 2012), yet scholars need to explore the behavioral impacts of CSR activities in-depth, to extend the social exchange relationships among various organizational stakeholders (Mallory & Rupp, 2014; Zulfiqar et al, 2019). For instance, Rupp et al (2006) discussed the role of corporate social responsibility as a process of developing organizational culture and social consciousness. They considered employees as the most imperative stakeholders of the organization, especially those employees who are not offering corporate social responsibility activities but are instead affected by them, and such employees can react to as well as evaluate the corporate social responsibility initiatives of their respective organizations (Rupp et al, 2006). Their study opens a horizon for evaluating corporate social responsibility activities and their impact on the individual psychological needs of employees. However, this work is only limited to analyzing the employees' views/reactions to corporate social responsibility initiatives through the perspective of organizational justice, and the authors do not examine the impact of employees' personality traits, they also largely ignore the underlying mediation mechanisms through which corporate social responsibility can affect employee outcomes. Also, there is a need to examine the possible mediators and moderators in the said relationship. Therefore, our research specifically investigates the relationship between the perceptions of CSR from employees' perspectives and their influence on employees' engagement, which has still not been discussed in the literature (Zulfiqar et al, 2019).

The term employee engagement (EE) was first defined and known as personnel engagement and personnel disengagement (Kahn, 1990). Since then, it has always been a major concern for organizations, especially because organizations are meant for profitability and gaining a competitive advantage over other firms. In this regard, engaged employees play a vital role in achieving the organizational mission and goals (Rich et al, 2010; Vance, 2006), leading towards organizational success and financial performance (Azim et al, 2014). Organizations are now looking for those engaged employees who can work with full passion, commitment, and dedication while having a clear understanding of organizational goals and mission. Moreover, they strive for the fulfillment of organizational goals with a sense of ownership while considering every single tiny matter as their own and resolving it to the best of their ability for the maximum satisfaction of customers and building a positive organizational image (Bhattacharjee & Sengupta, 2011; Jose & Mampilly, 2015; Lockwood, 2007). They are less likely to leave their organization as well (Batista-Taran et al, 2009) and they are deeply involved in their work, with a high level of energy and enthusiasm (Xanthopoulou et al, 2009; Memon et al, 2018) These employees turn out to be the organization's asset, they add value effectively and efficiently and increase organizational profitability as well as paving the way to gaining competitive advantage (Rich et al, 2010; Vance, 2006; Memon 2014a).

Previous research suggested that perceptions regarding the workplace environment and situations play a vital role in shaping the behaviors and it is proposed that unfavorable perceptions lead towards deviant behaviors. However, the reaction to such events may be affected due to personality variables (Colbert et al., 2004). Conversely, the perceived internal CSR may alter the negative perceptions to the positive ones and develop feelings of care, concern, and safety (Zulfiqar et al, 2019), transforming

employees into engaged employees. Considering the importance of humans, being treated as capital now (Knezović et al, 2020; Memon, 2014b), organizations have changed the way they used to treat their employees (Dash, 2012), customers, and other stakeholders. Firms are now looking for something that is beyond the narrow economic, technical, and legal framework (Carroll, 1999; O. Farooq et al, 2014; Fukukawa & Teramoto, 2009). Thus, CSR could be one of the ways through which organizations can get their employees engaged and convey a sense of personal care and value.

The review of the literature shows that the demographic factors, motivating traits and attitudes that trigger and enhance employee engagement in corporate social responsibility are not fully researched and still require groundbreaking research directions (Aguinis & Glavas, 2012; Zulfiqar et al, 2019) and thus our study will open a new avenue for researchers who have an interest in social psychology (O. Farooq et al, 2013; Keat el, 2019), especially in a developing country like Pakistan, since it has very typical demographics and attitudes of employees. In most Pakistani work environments, the prevalent demeanor to employment has been expressed as poor (Shah et al, 2010). Pakistani employees appear to be careless about their organizations and are inclined towards their gains. Further, they take interest in those activities which are directly performed for them, for instance, internal CSR activities (O. Farooq et al, 2013; M. Farooq et al, 2014)

Unlike the previous studies, which have been carried out through either the stakeholder's perspective or social identity theory, this study is based upon social exchange theory (SET) (Blau, 1964) proposed and tested a new model exhibiting the relationship between corporate social responsibility and employee engagement. We test the above-mentioned relationships mediated through employee trust in the organization as well as a leader since trust is made up of both elements. We further explore whether the leader-member exchange (LMX) of sampled firms moderates the relationship of corporate social responsibility with employee trust (trust in organization and leader) since LMX is one of the key elements of social exchange theory and plays a vital role in boosting employees' trust.

2. LITERATURE REVIEW

2.1 Corporate Social Responsibility (CSR)

The origin of corporate social responsibility can be traced back in the 1940s (post World War II), through the decision of the supreme court of New Jersey. This is when for the first time Standard Oil Company could donate money as philanthropic action to Princeton University. However, at that time the general perception was that it would reduce shareholder wealth, and thus, a suit was filed against this donation by one of the shareholders of Standard oil company (Ali et al, 2010; Carroll & Shabana, 2010). Nevertheless, despite a huge amount of work on the concept of corporate social responsibility, it is not easy to define it (Matten & Moon, 2008) because corporate social responsibility has several dimensions, levels of analysis and several issues at stake (Aguinis & Glavas, 2012; Campbell, 2007; Carroll & Shabana, 2010; Dahlsrud, 2006; M. Farooq et al., 2014). Accordingly, it can be defined with both external as well as internal aspects e.g. organizations that take care of local communities are engaged in external corporate social responsibility, and those taking care of their employees by paying them adequate salaries as well as benefits to meet their local costs of living as determined by the United Nations are participating in internal corporate social responsibility (Campbell, 2007; Manika et al, 2017). Thus, corporate social responsibility is a wide and dynamic term due to growing concerns regarding stakeholder relations, firm performance, and its implications for business ethics and corporate citizenship (Matten & Moon, 2008; Ilkhanizadeh & Karatepe (2017). It even has variations in its understanding and implications with regards to geographical locations as well as across continents or cultures (Wei et al., 2009). Yet, it communicates clearly articulated policies, practices and programs affirmed for the good of society i.e. external stakeholders as well as its internal stakeholders.

This article focuses on internal stakeholders and corporate social responsibility activities, where internal corporate social responsibility means an internal code of conduct, health and safety programs and policies, working time and environmental policies, fair pay and benefits, redundancy and lack of unfair dismissals, etc. (Basil & Erlandson, 2008; Campbell, 2007; Matten & Moon, 2008; Skudiene & Auruskeviciene, 2012).

2.2 Employee Engagement

Employee Engagement, being one of the most discussed and popular topics in the academic arena during the last decade (Saks, 2006), surprisingly still lacks any single definition (Shuck & Wollard, 2009) due to different as well as inconsistent opinions presented by academicians and practitioners at the earlier stages of defining the concept (Macey & Schneider, 2008). However, these controversies are good in the evolutionary stages of concepts; nevertheless, employee engagement has become the need of time since employees are getting disengaged even in America (U.S), the annual cost of this

phenomenon is \$300 billion (Rizwan et al, 2011). The concept of engagement is operationalized here as it is defined by Schaufeli, et al (2002) as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption. Rather than a momentary and specific state, engagement refers to a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior. Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties. Dedication refers to being strongly involved in one's work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge. Absorption is characterized by being fully concentrated and happily engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work (p. 74).

Further literature indicates that getting engaged is an individual's personal decision (Rich et al., 2010) thus, our focus of research will be on the huge construct of employee engagement (Castellano, 2012) and its relationship with corporate social responsibility. Such types of relationships developed at work are characterized as exchange relationships (Moideenkutty, 2006) based on the social exchange process/ theory (Blau, 1964).

2.3 Social exchange theory

The social exchange theory presented by Blau (1964) is based on the "reciprocity" concept, considering that if an organization is fair, caring, and kind with its employees, then employees, in turn, will reciprocate the same generous behavior towards firm (Cropanzano & Mitchell, 2005). Over time, this relationship shapes itself into trust, loyalty, and commitment (O. Farooq et al., 2013). While operationalizing this social exchange relationship, the concepts of perceived leader-member exchange and trust have been discussed (O. Farooq et al., 2013). Leader-member exchange explains the exchange relationship between the employee and supervisor/leader. Trust explains the exchange relationship of employees with an employer and immediate supervisor (Cropanzano & Mitchell, 2005).

2.4 Corporate social responsibility and employee engagement: mediating role of employee trust

Whitener, et al (1998) consider trust as one of the most important and fundamental elements of social exchange relationships that form the basis of cooperation. Further, this interpersonal trust has a significant relationship with various organizational constructs, for instance, performance, quality communication, citizenship behavior, etc. (Dirks & Ferrin, 2001) and its definition has the following three facets:

"First, trust in another party reflects an expectation or belief that the other party will act benevolently. Second, one cannot control or force the other party to fulfill this expectation—that is, trust involves a willingness to be vulnerable and risk that the other party may not fulfill that expectation. Third, trust involves some level of dependency on the other party so that the outcomes of one individual are influenced by the actions of another" (Whitener et al., 1998).

Whitener et al. (1998) explain that there are two elements of this definition, which are the "trustor", the one who develops trust over the other is the "trustee". Research has focused on 'trustor' beliefs, perceptions, and attribution regarding the trustee based on how he sees trustees' behavior. Further, the authors Whitener et al (1998) have explained this relationship of trust by taking into consideration the "agency theory" and "social exchange theory". The authors consider the manager-employee as the principal-agent, where there is an economic exchange relationship between the two parties for protecting self-interests and both parties try to maximize benefits as well as minimize the risks associated with the said relationship. Both the employer and employee face risk; agents face it in the form of outcome, which may not be controllable, but compensation is based on this outcome. The principal faces risk regarding the incompetence of agents and opportunism (i.e. unavailability of information regarding the agent's actions). This risk may be minimized through social exchange relationships where economic incentives may not be involved as they are voluntary actions from one party e.g. the manager, which in return is reciprocated by the employee (the agent) considering it as an obligation. However, the risk of not reciprocating is there, especially during the early phases of this relationship, but as this relationship grows over time from a low to a higher level, it gives fruitful results in the form of employee trust in an organization and the immediate supervisor. Further, social exchange creates much better relationships because of extrinsic benefits (through economic value) and intrinsic benefits through social support, where expressions of support and friendship are extrinsic benefits having intrinsic value as well. Thus, the agency relationship tries to impose greater controls due to the risks involved, whereas social exchange relationships minimize the risks through the gradual development of trust (Whitener et al., 1998).

Therefore, the greater the social exchange, the stronger will be the relationship between the employee-organization and the employee-leader. Organizations try to strengthen this relationship through internal corporate social responsibility and firms take risks and work for the betterment and welfare of employees through such activities. This is why it has been demonstrated that perceived corporate social responsibility is positively related to outcomes (M. Farooq et al., 2014). Further, in high exchange relationships between the leader and employee, an employee would feel obligated to engage in job roles especially those which directly benefit the leader but are beyond his job role. In such instances, a leader would support the employee through rewards and other benefits (Wayne et al, 1997), resulting in employee engagement. Thus, we postulate the following:

Hypothesis 1: Corporate social responsibility has a significant relationship with employee engagement.

Hypothesis 2: Employees' trust mediates the relationship between corporate social responsibility and employee engagement.

2.5 Corporate social responsibility and trust: moderation of leader-member exchange

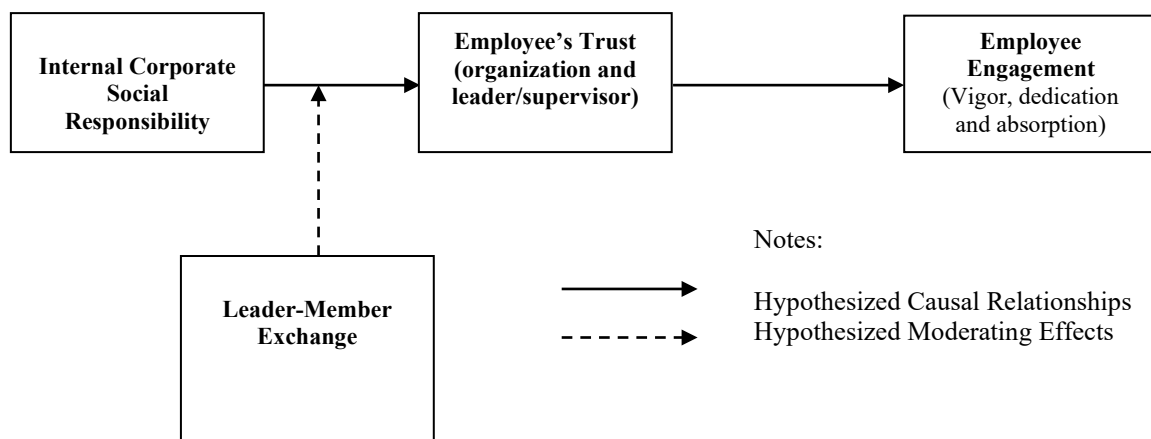
While explaining social exchange relationships, the authors O. Farooq et al. (2013) convey that there are two forms of exchange relationships with regards to their structures, i.e. restricted (direct) and generalized (in-direct) reciprocity. Restricted exchange is categorized as one to one (employer and employee) and generalized exchange represents group-based reciprocity (organization, environment, community, and consumers). We are here covering the internal corporate social responsibility aspect, which is why we posit that as corporate social responsibility invokes restricted exchange, it will further create organizational trust in employees; thus, in our model trust is a primary outcome of internal corporate social responsibility initiatives leading towards employee engagement (O. Farooq et al., 2013; Hansen et al, 2011). Similarly, the leader-member exchange is expected to have positive effects on employee outcomes such as trust in the leader/supervisor, due to internal corporate social responsibility activities. Consistency of policies and the communication strategy, appraisals, as well as rewards and recognition, result in the reciprocation of performance results of employees beyond expectations (employee engagement) through the development of trust in the leader/supervisor (Wayne et al., 1997). Trust is the most significant outcome of favorable exchanges for a firm's employee-friendly initiatives (Blau, 1964; O. Farooq et al., 2013; Hansen et al., 2011). In this regard, human resource policies and programs also enhance an employee's trust in his/her organization, being the major contributor to the conception of organizational support and are considered to be an integral part of internal corporate social responsibility, which is nothing without human resource policies and programs (Wayne et al., 1997). Therefore, the third hypothesis of this research is:

Hypothesis 3: The relationship between corporate social responsibility and employee's trust is moderated by leader-member exchange (LMX) such that the higher the LMX, the higher will be the employee's trust in the leader/supervisor.

2.6 Conceptual Framework

Figure 1 depicts the relationship between corporate social responsibility and employee engagement. Further, it shows the mediation of employee trust in the organization and the leader in the relationship of corporate social responsibility and employee engagement. Also, the model specifies the paths showing the moderation of leader-member exchange in the relationship of corporate social responsibility and employee trust.

Figure 1: Moderated-mediated relationship of CSR and employee engagement



3. METHODOLOGY

3.1 Sample and Procedure

This research is based on a cross-sectional survey administered through a self-reported questionnaire. We have focused on the employees of 25 manufacturing units in the Telecom and FMCG Sectors. These include both multinational and national level companies. FMCGs have products like mineral water and food items whereas the others provide mobile phones and mobile network services. These companies are operating almost all over the country except for a few national companies, and these firms have large sales volumes since Pakistan has a population of approximately 200 million inhabitants.

Table 1: Demographic characteristics of the Respondents

Demographics		Frequency
Age	18-28	193
	29-40	81
	41-55	26
Gender	Male	252
	Female	48
Service Tenure (years)	1	48
	2	39
	3	78
	4	51
	5	63
	6	21
Qualification	Below Bachelors	126
	Bachelors	141
	Masters	27
	MS/Mphil	6
Management Level	Middle / Lower Management	93
	Supervisor	87
	Non-Management Lower Level Staff	120

The sampled firms were selected based on their corporate social responsibility information available through secondary data sources, especially websites, implying that they are involved in corporate social responsibility activities and their employees are well aware of the related concepts and activities (M. Farooq et al., 2014; O. Farooq et al., 2013).

We used the convenience sampling method for the collection of data with the help of our field survey team; questionnaires were handed over to employees of the relevant organizations working in Pakistan. The questionnaire was accompanied by a cover letter explaining the purpose of the study and asking for consent of the employee to participate in the study; employees were not asked their names to ensure anonymity. Through this procedure, we collected the data from 300 employees, in line with the definition of employees as described by (Rupp et al., 2006), those who are not involved in formulating policies and conducting corporate social responsibility activities themselves and thus do not defend their corporate social responsibility activities. The demographic characteristics of the sampled employees are given in Table 1. This shows that the sample comprised 252 males and 48 female respondents with an educational qualification of bachelors for 141 informants, 126 participants were less educated than bachelors, 27 had masters and others had MS/MPhils (18 years education). Employees hold various service tenures i.e. 78 participants had 3-year service, and 51 employees had 4-year experience, 63 respondents had 5-year employment tenure, 21 had 6 or more years of service, whereas the remainder had less than 3-year service time. 93 of them were functional managers/lower management, whereas the others were supervisors and operational level staff members.

3.2 Measurements

Various tools have been adapted to test the model, whose validity and reliability have already been established. For instance, internal corporate social responsibility was measured through the instrument originally developed by Turker (2009) but adapted from (M. Farooq et al., 2014; O. Farooq et al., 2013) for the Pakistani context. This tool included 6 items measuring internal corporate social responsibility towards employees. Employee's Trust was measured through a 7-item instrument developed by Tyler

(2003) as it measures the trust in the leader as well in top management i.e. the organization. Further, employee engagement was measured through a 17-item instrument developed by Salanova et al (2005); this measures employee engagement as vigor, dedication, and absorption, which is according to our operational definition of employee engagement. The moderator leader-member exchange was measured through a scale presented by Liden and Maslyn (1998). Measurement items are presented in Annexure-1.

We adapted the instrument and translated it into Urdu (the national language of Pakistan). We also pre-tested the instrument through 20 MBA students to identify any potential problems associated with adaptation and translation. Further, as per the suggestions of two field experts at the University of Lahore, Pakistan, we found some minor problems regarding translation, which were corrected at once. However, no such problem was found with its structure and flow. Thus, we used five-point Likert scales (1= strongly disagree to 5= strongly agree) to collect the data.

3.3 Data Analysis

Data was analyzed in depth through Smart PLS 3 by using confirmatory factor analysis (CFA) using the Structure Equation Modeling (SEM) technique. The aims were to conduct a detailed analysis of the relationship between corporate social responsibility and employee engagement through the mediation of employee trust; and to test the moderating effect of leader-member exchange between corporate social responsibility and trust. Because of the violation of data normality (e.g. studies using employee engagement, leader-member exchange, etc. tend to have non-normal data) and while the correct model specification cannot be ensured, it leads us to the application of Smart PLS (Wong, 2013).

It is important to mention here that there are two sub-models in a structural equation model: the inner model and the outer model. The inner model specifies the relationships between the independent and dependent latent variables, whereas the outer model specifies the relationships between the latent variables and their observed indicators (items). Accordingly, a variable may be called exogenous or endogenous. An exogenous variable (independent variable) has path arrows pointing outwards and none leading to it, whereas an endogenous variable (dependent variable) has at least one path leading to it representing the effects of other variables.

4. RESULTS

4.1 Reliability and validity tests

Table 3 presents the validity and reliability of all the constructs included in our study i.e. the outer model. It shows the values of construct reliability and average variance extracted (AVE), which represent the convergent validity of our constructs. Values indicate that the construct reliability of all the variables is greater than 0.7, which is the acceptable standard in terms of internal consistency. Moreover, the average variance extracted values are greater than 0.5 for each construct, thus indicating that data is convergent valid. (Hair et al, 2017).

Table 3: Construct Reliability and Convergent Validity through AVE

Constructs	# of Items	Mean	Std. Deviation	Construct Reliability	Average Variance Extracted (AVE)
1. CSR	4	3.54	0.53	0.834	0.562
2. EE	5	3.38	0.69	0.839	0.511
3. LMX	4	3.55	0.58	0.824	0.549
4. Trust	6	3.55	0.58	0.882	0.559

In addition to this, Table 4 presents the discriminant validity of the data through the method given by Fornell and Larker (1981). The values in the diagonal represent the square root of average variance extracted values, whereas the remaining values represent the correlations between the variables. All diagonal average variance extracted values are greater than the correlations, which indicates the existence of discriminant validity of the data. Moreover, to prove discriminant validity, we also checked the cross-loadings of all the items. The cross-loadings were appropriate and above 0.7 for each relevant item of a specific variable. Cross-loadings are reported in Table 5.

Table 4: Discriminant Validity

	CSR	EE	LMX	Trust
CSR	0.75			
EE	-0.134	0.715		
LMX	0.253	0.075	0.741	
Trust	0.422	0.177	0.502	0.748

Furthermore, after checking the reliability and validity of the outer model, we examined whether any multicollinearity issue exists in the data. It was examined for both inner and outer models through the variance inflation factor (VIF) values. The rule states that variance inflation factor values must be below 5, indicating no issue of multicollinearity; values for our model lie between 1.0 and 3.5, which are less than the threshold of 5 (Cohen, 2003).

Table 5: Cross Loadings

	CSR	EE	HRP	LMX	Trust
CSR_Emp1	0.648				
CSR_Emp2	0.826				
CSR_Emp3	0.865				
CSR_Emp4	0.631				
EE1		0.67			
EE2		0.764			
EE3		0.749			
EE 4		0.678			
EE 5		0.71			
LMX1				0.629	
LMX 2				0.874	
LMX 3				0.861	
LMX 4				0.545	
Trust-sup1					0.735
Trust-sup2					0.642
Trust-sup3					0.8
Trust-org1					0.624
Trust-org2					0.862
Trust-org3					0.794

Thus, the risk of any problem related to multicollinearity is not present. After that, we conducted regression tests for the inner model. Results indicate that the overall model fitness is 31%, which is represented through the value of R squared and depicts a good model fit. In addition to the above test, another test was performed for calculating the F^2 (F squared values, which represent the contribution of individual variables to R squared. The F squared values for each variable should be at least 0.02 for a minimum contribution, greater than 0.15 for a moderate contribution, and greater than 0.35 for a high contribution. Our data results showed that F squared values for all variables were above the threshold value, which means that all variables contributed to R squared.

4.2 Common Method Variance Assessment

Harman's single-factor test has been used to identify the presence of common method variance issues. From the analysis, the result indicated that the first and the largest factor only account for 39.50% of the variance, which is below the threshold of 50%. Therefore, no one single factor that is apparent accounts for the majority of the variance. In this case, we can be assured that the issue of common method variance is not substantial (Podsakoff et al., 2003).

4.3 Path Coefficients

Table 6 presented below summarizes the acceptance of the hypotheses and our overall regression results. The bootstrapping method was used with 5000 re-samples and a t-test was employed. Also, the Q Squared (Geisser Criterion value) is 0.14 i.e. greater than 0 (zero) being its minimum value, which implies that the latent variables in the model have a high predictive ability (Yi, et al, 2011).

Table 6: PLS Structural Model Results

	Coefficients	Standard Deviation (STDEV)	T Statistics	P Values	2.50%	97.50 %
CSR -> EE	-0.219	0.051	4.317	0.00	-0.307	-0.119
CSR -> Trust	0.251	0.041	6.096	0.00	0.168	0.327
CSR LMX Trust -> Trust	-0.116	0.089	1.3	0.19	-0.238	0.201
Trust -> EE	0.118	0.051	2.309	0.02	0.021	0.214

Table 6 clearly shows all the regression (direct and indirect) paths, their significance levels, and the standard deviation values of all the variables. The first path as per our first hypothesis is from corporate social responsibility to employee engagement, i.e. a direct relationship, which has been proved to be positive and significant at $p < 0.001$ (H1 accepted). Likewise, to prove the mediation of employee trust between corporate social responsibility and employee engagement, we should see two paths (one from CSR to Trust, and the other from Trust to EE).

Table 6 indicates that the relationship between CSR and Trust is positive, significant at $p < .001$, and the relationship between Trust and EE is also significant, positive at $p < 0.05$. This supports our second hypothesis that there exists a mediation of employee trust. Moreover, we tested the moderating effect of leader-member exchange on the direct path (from CSR and Trust). Results show that none of the moderation is proved, with $p = 0.00$ (H3 rejected).

5. DISCUSSION

This study explores the impact of corporate social responsibility on the engagement of employees working in the FMCG and Telecom sectors of Pakistan. Further, we explored whether employees' trust in their organization and immediate supervisor/leader plays any role in getting these employees engaged based upon their firm's corporate social responsibility towards them. In addition to this, the moderating effect of leader-member exchange was tested to identify whether they aid in affecting employee trust through corporate social responsibility.

The outcome of our study highlights that CSR activities intended for employees are just like organizational investments that ultimately result in amplification of constructive work-related behaviors, i.e. work engagement, and organizational trust. The internal CSR is an imperative gauge of management's sensitivity about the comfort and safety of employees. Employees smell these clues and extend their support in gratitude for the well-being activities carried out in their interest. This in-turn leads employees to reciprocatory behavior of thankfulness in the form of dedicated, committed, and high-performance work at the organization.

Our results from, for instance, hypothesis 1 and hypothesis 2 are consistent with other studies on corporate social responsibility, conducted in a Pakistani context (M. Farooq et al., 2014; O. Farooq et al., 2013) showing that taking corporate social responsibility initiatives, showing care and concern for employees lead towards the development of trust and then getting employees engaged. It has been found, however, that due to a lack of support for employees, the moderating effect is not as desired and the same has not played its role in moderating employees' behavior towards the development of organizational or leader trust. This shows that employees in the Pakistani environment are more concerned about activities that are performed directly for them instead of other employees or external stakeholders, probably due to having low economic status and Pakistan being a developing nation.

Research has shown the great impact of organizational support in the form of organizational trust and social relationships between supervisor and subordinates for the perception of having a safe environment and the development of psychological empowerment, enabling an employee to display extra-role behaviors like work engagement and voice behavior (Raub & Robert, 2012). It is very unfortunate that in countries like Pakistan, where we have an authoritarian and bureaucratic style of dealing, employees do not trust their supervisor/leaders and this has a lesser effect on their overall work behavior.

6. THEORETICAL IMPLICATIONS

The domino effect of our research advances the underlying theories on the relationship between CSR, organizational trust, LMX, and employee engagement. Our study finds support in the existing literature that employee oriented activities of care and concern performed through internal CSR at the place of work influences organizational trust (Cropanzano & Mitchell, 2005; Mount et al, 2006;

Colbert et al, 2004; Liu et al, 2010; Yu & Choi, 2014; Fischer et al, 2020), leading towards work engagement and extra-role behaviors ((Antonaki & Trivellas, 2014; Seibert et al, 2011; Morrisson, 2011; Liu et al, 2010). Similarly, we found support for CSR oriented organizational trust (Zulfiqar et al, 2019; M. Farooq et al., 2014; O. Farooq et al., 2013; Yu & Choi, 2014; Mallory & Rupp, 2014).

Therefore, we argue that being a socially responsible organization, whether internally or externally, develops in employees the sense of trust in an organization that the organization is reliable and will not deceive people on personnel issues too. This in turn advances the feeling of personal care, concern, and safety through perceived organizational support, resulting in the development of a higher level of feelings of it being obligatory to perform reciprocatory actions. Due to this feeling, the employee in exchange performs the acts of discretionary job behaviors, displaying a high level of performance and greater loyalty to the organization through work engagement.

Unlike previous studies that incorporated social identity theory (Zulfiqar et al, 2019; O. Farooq et al, 2013; M. Farooq et al, 2014), our study employed social exchange theory to test the above-discussed relationships. Results revealed numerous important findings and thus contributed to the theory in multiple ways. Most of the previous studies have measured the performance as compared to the employee's engagement behavior through individual personality traits and have declared emotional stability and conscientiousness as the predictor of performance criteria in almost all trades (Barrick & Mount, 2005; Colbert et al., 2004; Mount et al, 2006; Rothmann & Coetzer, 2003).

Contrary to previous studies which have focused on other constructs for measuring the effect of corporate social responsibility, for instance affective organizational commitment (O. Farooq et al., 2013), organizational identification and knowledge sharing behavior (M. Farooq et al., 2014), our study has focused on the broader construct of employee engagement. Also, the construct of trust has been measured as trust in the organization and trust in the leader/supervisor, whereas, previous studies have mostly not conducted empirical studies by taking both dimensions of this construct into account since this kind of trust enhances employees' motivation towards extra-role behaviors and work engagement (Tyler, 2003)

The findings of our proposed model offer insights into the value of internal CSR activities, which can develop understanding among researchers and practitioners as to how the internal dimension of CSR can be a prime gauge of helpful employee behavior. The study provides adequate support for the application of social exchange theory as an academic archetype in accepting the probable mechanism between the internal dimension of CSR and employee behavior. Further, social exchange theory is a significant motivational frame for the elucidation of the specific engagement of employees in discretionary behaviors, since these behaviors are neither obligatory nor recognized by the firm's prescribed reward systems. For such behaviors, social exchange is analogous and can refer to the common interactions that are continuously evolving with no time limit and are based on social benefits. (Zulfiqar et al, 2019)

7. MANAGERIAL IMPLICATIONS

This study proposes a model based on the significantly important construct of employees' trust, developed as a result of perceived organizational support (through internal CSR activities) and leader-member exchange, being the fundamental element of the relationship between corporate social responsibility and employee engagement. This empirically tested model within the context of Pakistan provides important implications for researchers as well as practitioners. Through this study, the emphasis has been on the relationship between corporate social responsibility and employee engagement through the social exchange perspective and considering "trust" as the critical element, and it has been proposed that corporate social responsibility plays a major part in gaining employees' trust in organizations as well as leaders. Further, it is proposed that employees may perceive corporate social responsibility as good for identification purposes, but for their personal interest and engagement employees need internal support and care through internal corporate social responsibility. However, concepts such as leader-member exchange may not be of much importance in deriving trust, especially in Pakistani culture.

The internal CSR is all about dealing with employees in a socially responsible way and it can find out the method employees will perform in the organization. Employees are very much adaptive; they examine and read the indications in the work environment and build up attitudes. This means that when employees perceive that the organization has an attitude of care and concern for them, employees will reciprocate with the same helpful behavior and will be inclined by heart to perform their responsibilities for the achievement and growth of their organization. Similarly, an organization with a high CSR reputation and high ethical principles and practices is considered a trustworthy business collaborator and a highly regarded member of the business community. CSR conveys a heartening signal and suggests to its employees that the organization is considerate about them. Internal CSR

amplifies employees' self-esteem, sanguinity and a sense of positive reception, resulting in elevated work engagement (Zulfiqar et al, 2019).

This study encourages practitioners to experience new methodologies of conveying the feelings of concern, care, and protection through various human resource interventions, supervisor/ leader mentoring behaviors, and communication system are the most effective drivers of employee engagement leading towards employee performance as well as gaining the trust of employees (Bedarkar & Pandita, 2014). Further, employees may be involved in the goal-setting process and suggestions can be offered for improvement, if required, during review sessions. Similarly, training and development activities like on the job training, rotations, educational opportunities, and involvement in the decision-making process will surely develop a sense of shared ownership (Vlachos, 2009; Knezović et al, 2020; Ghani & Memon, 2020). Accordingly, employees will perform reciprocally and will go beyond their work obligations, provided they receive a sense of meaningfulness, safety, and availability as proposed by Kahn (1990).

8. LIMITATIONS AND FUTURE RESEARCH

As this particular study is only within the context of Pakistan (a developing country), with a limited number of respondents, the study cannot be generalized to developed country settings and the results may vary with different contexts and countries, especially the moderating effect of leader-member-exchange. The same may be extended to the other Asian countries, especially developing south Asian countries with a similar infrastructure and economic conditions and geographical settings to compare and further authenticate the results of the said study.

The authors propose that surveys or interviews with co-workers may be carried out to know the exact reaction and dealing in a practical situation for testing how individuals with different personality traits behave under those circumstances and control the situation. Accordingly, the validity of these personality traits and the expected performance can be measured; weak and strong relations can be found as well. Similarly, a survey regarding employees' engagement can be filled in through their peers and supervisors instead of self-reported questionnaires to compare both results and differences in reporting certain behavior.

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ANNEXURE 1:

Questionnaire items used in the study

(To be measured through Likert scale ranging from 1-5, 1 strongly disagree to 5 strongly agree)

Internal CSR

1. My company encourages its employees to participate in the voluntary activities
2. My company policies encourage the employees to develop their skills and careers
3. The management of my company is primarily concerned with employees' needs and wants
4. My company implements flexible policies to provide a good work and life balance for its employees
5. The managerial decisions related with the employees are usually fair
6. My company supports employees who want to acquire additional education

Leader Member Exchange

1. I like my supervisor very much as a person.
2. My supervisor is the kind of person one would like to have as a friend
3. My supervisor is a lot of fun to work with.
4. My supervisor defends my work actions to a superior, even without complete knowledge of the issue in question.
5. My supervisor would come to my defense if I were attacked by others.
6. My supervisor would defend me to the others in the organization, if I made an honest mistake.
7. I do work for my supervisor that goes beyond what is specified in my job description.
8. I am willing to apply extra efforts, beyond those normally required, to meet my supervisor's work goals.
9. I do not mind working my hardest for my supervisor.
10. I am impressed with my supervisor's knowledge of his/her job.
11. I respect my supervisor's knowledge and competence on the job.
12. I admire my supervisor's professional skills

Employee's trust (Trust in organization and leader)

1. I am usually given an honest explanation for decisions
2. My views are considered when decisions are made
3. My needs are taken into account when decisions are made
4. The authorities try hard to be fair to their employees
5. My supervisor gives me honest explanations for decisions
6. My supervisor considers my views when decisions are made
7. My supervisor takes account of my needs

Employee Engagement

1. At work, I feel full of energy.
2. In my job, I feel strong and vigorous.
3. When I get up in the morning, I feel like going to work.
4. I can continue working for very long periods at a time.
5. In my job, I am mentally very resilient.
6. At work, I always persevere, even when things do not go well.
7. I find the work that I do full of meaning and purpose.
8. I am enthusiastic about my job.
9. My job inspires me.
10. I am proud of the work I do.
11. I find my job challenging.
12. Time flies when I'm working.
13. When I am working, I forget everything else around me.
14. I feel happy when I am working intensely.
15. I am immersed in my work.
16. I get carried away when I'm working.
17. It is difficult to detach myself from my job.