

Employees' perception of corporate social responsibility and performance: the mediating roles of job satisfaction, organizational commitment and organizational trust

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Abstract

Purpose – Corporate social responsibility (CSR) is an evolving concept which is increasingly being adopted by companies with the purpose of creating sustained organizational growth. However, while the impact of CSR practices on employees' behaviors and attitudes has been recognized over the years, the relationship between CSR practices and employee performance remains underexplored.

Design/methodology/approach – Drawing on social identity theory and using the partial least squares structural equation method, this research examines the impact of CSR practices on employees' performance in a sample of 171 employees belonging to the construction industry.

Findings – The findings do not support the existence of a direct relationship between employees' perception of CSR and their performance; instead, they indicate that this relationship is mediated by job satisfaction and organizational trust.

Research limitations/implications – The data concerns employees' self-reported measures on their perceived CSR and the study was conducted in a single industry.

Practical implications – Adopting CSR initiatives in company strategies is worthy as the perceptions of employees and their performance is positively influenced by their organization's CSR activities. Managers should properly communicate and involve internal stakeholders in socially responsible practices to increase their awareness.

Originality/value – This article analyzes the impact of employees' perception of CSR on employees' performance through the roles of employee organizational trust and job satisfaction as mediating variables in a highly socially pressured industry such as construction.

Keywords Corporate social responsibility, Job satisfaction, Employee performance, Social, Construction industry, PLS-SEM

Paper type Research paper



Introduction

The concept of corporate social responsibility (CSR) has been receiving increased attention from scholars recently (Story and Castanheira, 2019; Ali *et al.*, 2020a; Chaudhary, 2020). As Carroll (1991) noted early on, this can be attributed to an increasing attention to ethical, social, moral and environmental issues, with impact on corporate sustainability. Moreover, most organizations nowadays have accepted CSR as a regular corporate practice (Ali *et al.*, 2020a).

An adequate CSR management can contribute to a better corporate image (Ali *et al.*, 2020b), reputation (Hur *et al.*, 2014; Javed *et al.*, 2020), return on investment (Asongu, 2007) and financial performance (Orlitzky *et al.*, 2003; Margolis *et al.*, 2009).

The concept of CSR has been defined as “*voluntary activities taken by corporations to enhance economic, social, and environmental performance voluntarily*” (Lai *et al.*, 2010, p. 458). Later, the European Commission (EC) put forward a definition of CSR as “*the responsibility of enterprises for their impacts on society*” (European Commission, 2011, p. 6). Since then, Europe’s member states undertook reforms for large listed companies to disclose information on their environmental, labor and human rights impacts, shifting CSR from being voluntary to mandatory.

An integral part of the CSR concept is stakeholder theory (Freeman, 1984) as CSR can be conceptualized in how companies interact with their key stakeholders and address value creation actions as part of their strategy. Literature reviews on CSR demonstrate that external stakeholders have been more researched than internal (Sen and Bhattacharya, 2001; Aguinis and Glavas, 2012). The importance of conducting research on internal stakeholders such as employees stems from their role in a company’s overall performance (and success). Therefore, it is important to extend knowledge on the relationship between employees’ perceptions of CSR and CSR practices (Lee *et al.*, 2012). However, although CSR has been positively related to many positive employee outcomes, its impact on performance has not been extensively explored (Story and Castanheira, 2019). A recent review on the topic of CSR also concluded that only 9% of the available studies focused on an individual level of analysis (Jamali and Karam, 2018).

Based on this background, the objective of this research is to explore the link between CSR and employee performance. In this study we rely on social identity theory – i.e. the ways in which social identities affect employees’ attitudes and behaviors toward groups – to investigate if, and how external employees’ perception of CSR are related to employees’ performance in a highly pressured (construction) industry, and how multiple factors – job satisfaction, organizational commitment and organizational trust – can simultaneously mediate this relationship.

The rationale guiding this study is that individuals identify with organizations when they perceive organizational and individual attitudes as overlapping. In this sense, employees’ social identity should improve within a legitimate organization, which in turn should have a positive impact on job outcomes as CSR increases corporate prestige (Chatzopoulou *et al.*, 2021). This should be particularly important in a stigmatized industry. The construction industry is among the major driving forces for several leading economies, such as the Chinese (Chang *et al.*, 2011), but is also one of the main sources of environmental pollution when compared with other industries (Enshassi *et al.*, 2015). This industry is among the largest exploiters of materials from renewable and non-renewable sources, and it is important to take more action to make it more sustainable (Morel *et al.*, 2001). Many companies in the construction industry struggle to integrate social, ethical and environmental concerns, and research shows that companies operating in this industry only adopt CSR practices because of economic motivations (Duman *et al.*, 2016).

This paper complements previous important results. Story and Castanheira (2019) examined the relationship between internal and external CSR and employee performance through the roles of job satisfaction and affective commitment in the banking industry using

employees' supervisors' perceptions. Our paper differs from [Story and Castanheira's \(2019\)](#) as we deal with the construction industry and use organizational commitment as a mediating variable. Contrary to [Ali et al. \(2020a\)](#), who analyzed the relationship between CSR and performance through the role of employee engagement in manufacturing companies, we use organizational trust and job satisfaction as mediating variables.

The results from this study contribute to the literature by developing a theoretical model of the impact that external CSR practices have on employees' performance, examining previously unexplored mediation mechanisms in this relationship, and unveiling advantages (other than purely economic ones) of adopting CSR in highly pressured industries, as is the case of the construction industry. It also contributes to social identity theory by demonstrating how externally targeted organizational practices influence internal stakeholders in identifying more strongly with the organization they work for, generating positive behavioral outcomes.

The article is structured as follows. After this introduction, the next section presents the literature on the topic followed by the development of the research hypotheses. Then, the methodology is described, and the results presented. The article concludes with a discussion, research limitations and future research avenues.

Background

Corporate social responsibility

Companies are increasingly aware about the strategic importance of CSR to improve the quality of their practices and business decisions ([Newman et al., 2015](#)). Before the EC's definition of CSR, there were other approaches to the concept. In one of the first, [Carroll \(1979\)](#) proposed CSR as including not only the notion that companies had economic and legal obligations, but also ethical and discretionary (philanthropic) responsibilities. According to the [World Business Council for Sustainable Development \(2000\)](#), CSR should contribute to economic development and to improve the quality of life of employees, their families, local communities and society at large. [McWilliams and Siegel \(2001\)](#) note that CSR is about promoting social good beyond the interest of the company or what is required by law. Two main conclusions can be drawn from these approaches. The first is that CSR is a form of self-regulating mechanism that encourages companies to be responsible toward their stakeholders. The second is that CSR goes well beyond merely complying with legislation and should be understood as an ongoing commitment to the welfare of society. This means CSR practices not only influence profit seeking stakeholders like shareholders but also others such as customers, the community and employees. CSR initiatives can be internal, when they concern to organizational practices related to the improvement of working conditions (e.g. career opportunities, betterment of the workplace environment) or external, when they are aimed at the protection of the environment, attaining sustainability and developing the community ([Turker, 2009b](#)). The literature has documented that CSR strategies can greatly contribute to building a positive corporate image and reputation ([Hur et al., 2014](#); [Ali et al., 2020b](#); [Javed et al., 2020](#)), mitigating the negative impacts that some business activities have on the environment and on society ([Newman et al., 2015](#)). It seems clear that companies that are engaged in CSR programs are seen more favorably by stakeholders than organizations with less visible CSR activities ([Bhattacharya et al., 2008](#)).

Job satisfaction

Job satisfaction is one of the most researched constructs in the field of organizational behavior ([Lee et al., 2012](#)). Job satisfaction was defined early on as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" ([Locke, 1976](#), p. 1300). Job

satisfaction is a positive emotional state as a result of one's work experience (Evans, 2001) or, in a broader manner, the extent to which employees like or dislike their jobs (Furnham *et al.*, 2009). Eliyana and Muzakki (2019) claim that individuals are satisfied in the workplace when there are factors and/or conditions that motivate them. Personal needs such as the choice of the work, the job itself, its location, the physical conditions, the level of knowledge required, the salary, the relationships between workers and personal safety have been considered important variables that affect satisfaction (Tanriverdi, 2008). Prior research has shown that some of the benefits of keeping employees satisfied with their jobs include lower levels of absenteeism, higher job performance, customer satisfaction and employee retention (Lee *et al.*, 2012).

Organizational commitment

The concept of organizational commitment has been widely researched in the fields of industrial and organizational psychology. Organizational commitment indicates an employee's relation with an organization and has implications for their decision to maintain membership (Meyer and Allen, 1997). Organizational commitment includes an emotional link to the organization, the acknowledgement of the costs associated with abandoning it and the sense of responsibility toward the organization (Allen and Meyer, 1990). For that reason, organizational commitment is related to the affiliation and involvement that employees have with their organization (Asrar-ul-Haq *et al.*, 2017). Meyer and Allen (1997) argue that employees who are committed to their organizations believe in the organizations' vision and values and desire to stay and contribute to them. Because of this link, employees are less likely to voluntarily abandon the organization due to a feeling of wanting to remain in the relationship and are more willing to make personal sacrifices to stay in it (Rettab *et al.*, 2009).

Organizational trust

Organizational trust is considered an important factor for fruitful and long-term employee–employer relationships (George *et al.*, 2020). This study assumes trust as “one's willingness to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor irrespective of the ability to monitor or control that other party” (Mayer *et al.*, 1995, p. 712). Kramer (1999) understands trust as a form of social capital, arguing that some of its benefits include decreasing transaction costs within the organization and increasing sociability among employees. Employees who are treated fairly and have a positive relationship with the organization exhibit higher levels of trust and commitment (Chiang *et al.*, 2011). In addition, trust reduces supervisory costs, decreases opportunistic behaviors, supports organizational innovation and provides inimitable competitiveness for the organization (Li *et al.*, 2007). Moorman *et al.* (1992) note that trust influences not only the outcomes but also the processes of the relationships such as the quality of the interactions.

Employee performance

Reaching higher levels of performance is one of the most important objectives of an organization. Framed within that objective, human capital constitutes a key source of a company's competitive advantage (Campbell *et al.*, 2012). According to Qureshi *et al.* (2011), employee performance is the ability to effectively perform a certain job compared to what they were expected to do. More recently, Diamantidis and Chatzoglou (2019) defined employee performance as the degree to which the level of productivity meets a company's standard of performance. This implies that employees fully understand the functions of the job, the performance requirements and the standards that must be met. Employees tend to

enjoy their work more and produce better results when they know what is expected of them and have the tools and knowledge to get the job done. [Mishra et al. \(2020\)](#) note that employee performance is the way in which employees behave in their work and how well they accomplish their duties, constituting a central pillar that supports organizations toward success.

Development of the hypotheses

The effect of employee's perception of CSR on employee performance, job satisfaction, organizational commitment and organizational trust

Undertaking CSR activities is important for the organization's external stakeholders and for society, but also for internal ones, such as employees. Organizations that engage in CSR activities seek to improve their image, but others also consider it an increasingly important strategy to attract and retain talented employees ([Bhattacharya et al., 2009](#)). These organizations understand employees as internal customers and believe that organizational success relies on the motivation and retention of their best employees ([Asrar-ul-Haq et al., 2017](#)). Employees are crucial to companies because they determine the quality of the products and because their well-being is related to job performance ([Lee et al., 2012](#)).

Social identity theory explains that individuals identify with a social entity they feel a connection with ([Tajfel and Turner, 1986](#)). Thus, every membership in the various social categories is a social identity that describes one's attributes as a member of that group, i.e. how one should think, feel and behave ([Hogg et al., 1995](#)). Considering the social identity includes all aspects of an individual's self-image from the categories individuals perceive themselves as belonging to, enhancing employees' social identity as the result of belonging to a reputable organization, which will affect the attitudes toward work ([Turker, 2009a](#)).

As a result of how the organization behaves regarding its environment and the community, employees may identify with their organizations in such a way that they develop a strong positive identity with it ([Story and Castanheira, 2019](#)). Because CSR allows organizations to work for the welfare of all stakeholders, if the organization's actions match the employees' own beliefs and values, and if employees feel the organization's CSR initiatives contribute to the well-being of society, they may engage in extra efforts to ensure the organizational success of the company and perform better ([Story and Castanheira, 2019](#); [Ali et al., 2020a](#)). Therefore, it is hypothesized that:

H1. Employee perception of CSR has a direct and positive impact on employee performance.

To ensure the prevalence of CSR, organizations should guarantee even relationships with their employees. Organizations that are not responsible to their employees will not be responsible to their customers and to the environment in which they operate ([Asrar-ul-Haq et al., 2017](#)). [Deshpande \(1996\)](#) suggests that an ethical organizational climate positively influences employees' job satisfaction. [Asrar-ul-Haq et al. \(2017\)](#) argue that employees are more satisfied with their jobs when their organization is recognized in society and that the perception of an organization's values, ethics and social responsiveness influences its attractiveness in the eyes of potential future employees. [Lee et al. \(2012\)](#) claim that employees have certain expectations about the organizations they work for regarding legal and ethical behaviors, and if the organization violates those ethical codes or legal standards, employees will feel bad because of their association with that organization, and because of the feeling of working in a corrupt work environment. Employees working for ethical and value-driven organizations are viewed more positively by others, helping them improve their social identity and feel more fulfilled in their jobs ([Chatzopoulou et al., 2021](#)). It is then proposed that:

H2. Employee perception of CSR has a positive impact on job satisfaction.

Existing research suggests the existence of a relationship between CSR and organizational commitment. Employees' perception of an organization increases when the company they work for is engaged in socially responsible activities that enhance the social identity of the employees as part of that organization; thus, being a member of a highly reputed organization influences their affective component (Turker, 2009a). Organizational commitment is related to an attitude or orientation that links an individual's identity with the organization, making the goals of the organization and the individual congruent (Cohen, 2007). Organizations that participate in socially responsible activities enhance the social identity of employees as part of the organization (Turker, 2009a). Employees of ethically and socially responsible organizations also tend to exhibit higher value and recognition of the relationship with the organization (Asrar-ul-Haq *et al.*, 2017). Reputation studies support the fact that an organization's prestige and attractiveness enhance employees' commitment because employees' identification and membership with the organization reinforce their self-concept and worth (Chatzopoulou *et al.*, 2021). Therefore, it is hypothesized that:

H3. Employee perception of CSR has a positive impact on organizational commitment.

Employees make different judgments about their organization's social responsibility efforts. Employees react not only to the way they are treated by their organization but also to the way people outside the organization are treated. Trust is related to thinking the organization will act in the best interest of both parties. If an employee perceives that the organization he/she works for behaves in a socially responsible way, even with people outside the organization, he/she will likely show positive attitudes toward the company, work more productively and be less likely to search for work relationships elsewhere (Hansen *et al.*, 2011). Therefore, CSR initiatives instill organizational trust in employees as it send signals that induce expectations that the organization will treat them with high levels of care and benevolence (George *et al.*, 2020). Employees' perceptions of CSR promote trust as CSR provides benefits to various stakeholders, including internal ones such as employees, and is positively related to the trustworthiness of the company (Zhao *et al.*, 2022). Therefore, we propose that:

H4. Employee perception of CSR has a positive impact on organizational trust.

The effect of job satisfaction on organizational commitment and employee performance

The relationship between job satisfaction and organizational commitment is well studied in the fields of management and organizational behavior, with results suggesting that satisfaction is an important antecedent of relationship commitment (Chatzopoulou *et al.*, 2021). Commitment is a psychological state and a bond to an organization (Allen and Meyer, 1990), while job satisfaction can be the outcome of meeting employees' expectations (Lee *et al.*, 2012). Employees develop a sense of organizational commitment toward the organization when they feel a sense of fairness and support in their job. Qureshi *et al.* (2011) claims that satisfied and supported employees are more likely to show greater organizational commitment. Satisfied employees become locked into their organization because of the cross-situational costs of leaving (Chatzopoulou *et al.*, 2021). The following hypothesis is proposed:

H5. Job satisfaction has a positive impact on organizational commitment.

Job satisfaction happens when needs are met, but the recognition of the resulting performance may also constitute a factor for employees to be more productive. Job satisfaction is positively associated with employees' productivity and performance, and negatively related with the intention to leave the organization, turnover and absenteeism (Lee *et al.*, 2012). When employees feel fulfilled in their working conditions, they are more likely to

make their best efforts to successfully perform their duties and, in turn, organizations will be happier with employees that perform better. Employee satisfaction is also important as it is associated with the overall performance of the organization (Lee *et al.*, 2012; Qureshi *et al.*, 2011). Job satisfaction has a theoretical relationship with the performance of the work as more satisfied employees tend to be more effective and productive (Eliyana and Muzakki, 2019). Thus, it is proposed that:

H6. Job satisfaction has a positive impact on employee performance.

The effect of organizational commitment on employee performance

Much of the interest in the concept of organizational commitment is due to the fact that it often has a significant effect on employee performance (Qureshi *et al.*, 2011). Committed employees are characterized as loyal and productive members of organizations who identify with organizational goals and values (Somers and Birnbaum, 1998). Existing research provides empirical evidence for the positive effect that organizational commitment has on performance (Hettiarachchi and Jayarathna, 2014). Thus, the following hypothesis is proposed:

H7. Organizational commitment has a positive impact on employee performance.

The effect of organizational trust on organizational commitment and employee performance

Trusting in the organization leads to a greater willingness to remain in the organization and to greater employee dedication. Employees with a high level of trust will present a reciprocal relationship, a relational identity and an emotional bond with the organization, which contributes to an increase in organizational commitment (Chiang *et al.*, 2011). Dirks and Ferrin (2001) argue that trust increases positive attitudes, collaboration and other positive forms of organizational behavior. Trust results from an accumulation of positive experiences with the organization and influences not only the quality of interaction but also the commitment toward interacting (Lee *et al.*, 2012). Employees that are treated fairly and have a quality relationship with the organization will have a high degree of trust and organizational commitment (Chiang *et al.*, 2011). Trust contributes to employees feeling more secure and familiar with the organization, increasing their responsibility, affection and commitment with the organization. The following hypothesis is proposed:

H8. Organizational trust has a positive impact on organizational commitment.

Trust is one of the indispensable conditions in an organizational environment and contributes to employees' well-being and to building a competitive edge. When there is a high level of trust between the members of the organization, individuals will communicate ideas and share experiences more efficiently, which results in benefits for themselves and the organization. Developing feelings of trust between and within groups is important for the execution of certain tasks and for performance (Cook and Wall, 1980). Trust is related to positive psychological conditions, which in turn motivate employees to make greater efforts and develop personal resources leading to superior task performance (Li *et al.*, 2007). Existing research has supported the link between trust and performance, especially if the employees feel psychological security (Ning and Jin, 2009). The following hypothesis is then proposed:

H9. Organizational trust has a positive impact on employee performance.

Based on the literature reviewed, Figure 1 presents the full theoretical model and the expected sign of the research hypotheses.

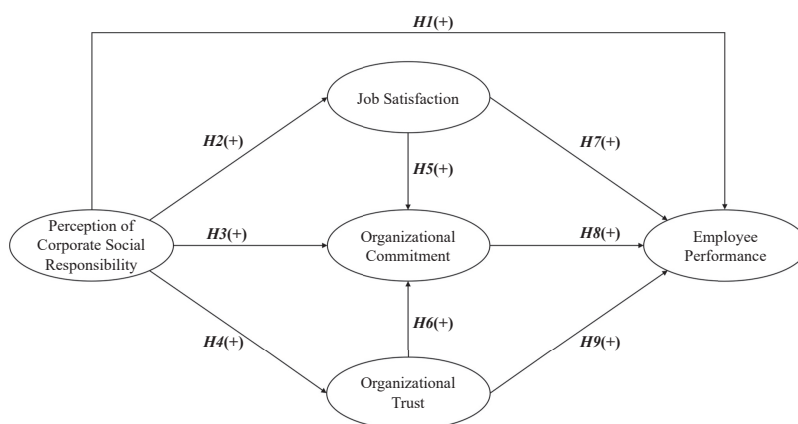


Figure 1. Research model

Methodology

Data and sample

This study uses a quantitative approach to test the research model. To collect the data, an online questionnaire survey was developed. The construction industry was chosen because it is responsible for a massive exploitation of natural resources. Companies operating in this industry have to tackle several CSR problems such as nature and status of employment, and it has been subjected to very few studies (Duman *et al.*, 2016). Moreover, several economies rely heavily in this industry, including the Portuguese in which the construction industry has a weight of 3.6% in the country's GDP, accounts for 6.1% of the total of employment and of 9.3% of the number of companies in 2018 (Costa *et al.*, 2020).

Only companies belonging to AICCOPN (Associação dos Industriais da Construção Civil e Obras Públicas) were considered in this research, as most of the construction industry companies in Portugal belong to this trade association. As AICCOPN is composed mostly by micro- and small- and medium-sized companies (SMEs), it facilitated contact with the companies. We conducted a screening process of all companies belonging to AICCOPN, analyzing CSR concerns, policy releases, reports and news both on their websites and on the Internet. This screening process led to identification of 40 companies considered the most engaged with CSR activities, which were the target of this study. All 40 companies were contacted but only eight agreed to participate in the study and disclose the questionnaire to their employees. The remaining companies chose to drop out of the study as they considered CSR a sensitive topic, or simply did not want to take part in the research. In line with the industry composition, most of the participating companies can be categorized as SMEs.

The questionnaire began with a summary on the objectives of the study and respondents were informed that their participation was voluntary, there were no right or wrong answers, they should answer honestly, and that their anonymity was guaranteed to reduce potential evaluation apprehension and method biases (Podsakoff *et al.*, 2003). The questionnaire was released to 423 employees and 240 responses were obtained. Since some questionnaires were incomplete, they were not considered and a final sample of 171 questionnaires were considered, meaning a useable response rate of 40.4%. Table 1 presents the characteristics of the respondents. Considering most respondents belong to the Alpha company, statistical tests were run to search for a possible response bias between Alpha and non-Alpha participants. Overall, the results did not show statistically significant differences for the majority of the items, which suggests that company bias responses should not be of major concern.

Table 1.
Demographics of the
respondents

Variables	Percentage	Variables	Percentage
<i>Company</i>		<i>Education</i>	
Alpha	67.3	Secondary education	32.7
Beta	7.6	Bachelor's degree	46.2
Charlie	4.1	Master's degree/postgraduation	21.1
Delta	6.4	<i>Position</i>	
Echo	2.9	Director and/or manager	8.9
Foxtrot	3.5	Head of department	19.5
Golf	5.8	Supervisor/coordinator	4.7
Hotel	2.3	Technic/Engineer	24.3
<i>Gender</i>		Administrative	37.9
Female	50.9	Operational	1.8
Male	49.1	Other	3.0
<i>Age</i>		<i>Time at the company</i>	
≤25 years	8.2	<2 years	8.8
26–30 years	25.9	Between 2 and 5 years	39.8
31–35 years	25.3	Between 6 and 10 years	26.9
36–40 years	20.6	Between 11 and 15	12.9
41–45 years	9.4	Between 16 and 20	5.8
46–50 years	7.1	>20	5.8
>50 years	3.5		

Measures

Since the proposed model embeds complex relationships regarding CSR practices, we followed [Lee et al.'s \(2018\)](#) procedure and collected self-reported perceptions of employees' using a questionnaire. The featured constructs were measured using multiple items adapted from previous studies and five-point Likert-type scales with "strongly disagree" and "strongly agree" as anchors. CSR was measured using items taken from [Turker \(2009b\)](#) and [Lee et al. \(2012\)](#). Job satisfaction was measured using items from the Minnesota Satisfaction Questionnaire ([Weiss et al., 1967](#)). Organizational commitment was assessed adapting items from [Cook and Wall \(1980\)](#), [Rego and Souto \(2004\)](#) and [Turker \(2009a\)](#). To measure organizational trust, items from [Cook and Wall \(1980\)](#) and [Lee et al. \(2012\)](#) were used. Finally, employee performance was assessed using items adapted from [Podsakoff et al. \(1982\)](#).

Initially, the items were translated into Portuguese by two scholars and then back translated to English to ensure translation equivalence ([Brislin, 1970](#)). Two phases of pretests were conducted. In the first phase, the questionnaire was pretested involving six specialists, three of them with research experience. In the second phase, the questionnaire was delivered to 17 employees of a civil construction company to assess their understanding of the featured questions. Suggestions were made and changes implemented based on the feedback received. [Table A1](#) presents the items used.

Data analysis

We used PLS-SEM to analyze the data and test the hypotheses. PLS is a composite-based approach to structural equation modeling (SEM). It emphasizes prediction when estimating complex models whose structures are intended to provide causal explanations ([Hair et al., 2019](#)). All analyses were performed using the SmartPLS 3.0 software. The use of PLS-SEM in favor of covariance-based SEM was because it estimates solutions when the sample is relatively small ([Silva et al., 2018](#); [Hair et al., 2019](#)) and because it exhibits robustness when data is non-normally distributed ([Hair et al., 2017](#)). Also, in the last decade, PLS-SEM has been widely disseminated in social sciences and business research ([Sarstedt et al., 2022](#)).

Initially, we carried out a preliminary analysis of data collected (skewness, kurtosis and outliers) in order to assess if there were any severe non-normal data (Curran *et al.*, 1996); there were none. The measurement model was evaluated in terms of reliability, convergent validity and discriminant validity (Hair *et al.*, 2006). Table 2 presents the results of the items loadings, reliability and convergent validity. *T*-values were obtained by bootstrapping with 5,000 iterations, indicating that all loadings are statistically significant at a level of 1% ($|t\text{-values}| \geq 3.291$). With the exception of PERF1, all items have higher loadings than the minimum recommended threshold of 0.7 (Götz *et al.*, 2010). We decided not to eliminate the item because PERF1 is very near the cut-off point of 0.7. Results support the reliability of measurement indicators (Bagozzi and Yi, 1988), which reinforces the unidimensionality of the constructs. The internal consistency was assessed through Cronbach's alpha with values ranging between 0.839 and 0.915, which reveals that the consistency of the scales used is very good (Nunnally, 1978). Table 2 also shows the average variance extracted (AVE), the composite reliability (CR) and the R^2 of each latent variable. CR values are higher than the recommended minimum of 0.6 (Götz *et al.*, 2010), indicating that all constructs have adequate internal consistency. Moreover, the AVE of each construct is greater than the expected minimum threshold of 0.5 (Götz *et al.*, 2010), which ensures its convergent validity. Finally, in order to enhance the validity of the model, four control variables were used: gender, education, tenure at the company and level of studies. The results showed that they were not statistically significant and, as such, they do not affect the relationships among the variables of the model.

Variables	Items	Standardized estimate	<i>T</i> statistics	<i>p</i> -values	AVE	CR	Cronbach's alpha	R^2
Perception of CSR	CSR1	0.775	18.799	0.000	0.664	0.932	0.915	–
	CSR2	0.724	12.633	0.000				
	CSR3	0.807	20.715	0.000				
	CSR4	0.858	27.223	0.000				
	CSR5	0.828	20.875	0.000				
	CSR6	0.864	30.996	0.000				
	CSR7	0.840	25.362	0.000				
Job satisfaction	SAT1	0.827	32.860	0.000	0.642	0.915	0.888	0.488
	SAT2	0.791	18.178	0.000				
	SAT3	0.756	13.641	0.000				
	SAT4	0.844	32.860	0.000				
	SAT5	0.764	20.041	0.000				
	SAT6	0.820	27.566	0.000				
Organizational commitment	OC1	0.900	53.230	0.000	0.798	0.922	0.873	0.726
	OC2	0.873	34.927	0.000				
	OC3	0.906	53.327	0.000				
Organizational trust	T1	0.790	18.988	0.000	0.674	0.892	0.839	0.476
	T2	0.790	20.896	0.000				
	T3	0.872	33.019	0.000				
	T4	0.831	21.571	0.000				
Employee performance	PERF1	0.698	14.932	0.000	0.639	0.913	0.885	0.689
	PERF2	0.764	15.166	0.000				
	PERF3	0.773	15.980	0.000				
	PERF4	0.861	31.216	0.000				
	PERF5	0.883	40.576	0.000				
	PERF6	0.802	24.356	0.000				

Table 2. Dimensionality, reliability, and convergent validity statistics

Table 3 also shows the AVEs, the CRs and the correlations of each latent variable. Using the Fornell–Larcker criterion, it is possible to conclude that discriminant validity was obtained for each construct, as the square root of the AVE is greater than the absolute value of all correlations with other constructs (Götz *et al.*, 2010).

Results

The proposed model shown in Figure 1 was evaluated by: (1) the sign, magnitude and statistical significance of the parameters of structural relations; (2) the explained variance (R^2) of the endogenous latent variables; and (3) the size effect (f^2) of each latent exogenous variable’s influence on each latent endogenous variable (Götz *et al.*, 2010). All structural relationships have parameters with a compatible signal (positive) with the assumptions made in the research model, ranging between 0.097 and 0.699. As shown in Table 4, except for the direct relationship between the perception of CSR and employee performance, and organizational commitment and employee performance, all others are statistically significant at a significance level of 1%. As such, it is possible to support all hypotheses except H1 and H8.

Table 3.
Average variance extracted, composite reliability and correlations among latent variables

	AVE	CR	Correlations				
			1	2	3	4	5
1. Perception of CSR	0.664	0.932	0.815				
2. Job satisfaction	0.642	0.915	0.699	0.801			
3. Organizational commitment	0.798	0.922	0.765	0.763	0.839		
4. Organizational trust	0.674	0.892	0.690	0.784	0.779	0.821	
5. Employee performance	0.639	0.913	0.671	0.768	0.734	0.781	0.799

Note(s): Values in the diagonal are the square root of AVE

Table 4.
Hypothesis test results

	Independent variable	Path	Dependent variable	Standardized estimate	p-value	Confidence interval [0.025; 0.975]	Result
H1	Perception of CSR	→	Emp. Performance	0.097	0.194	[−0.054; 0.240]	Rejected
H2	Perception of CSR	→	Job satisfaction	0.699	0.000	[0.581; 0.794]	Supported
H3	Perception of CSR	→	Org. Commitment	0.359	0.000	[0.234; 0.486]	Supported
H4	Perception of CSR	→	Org. Trust	0.690	0.000	[0.564; 0.785]	Supported
H5	Job satisfaction	→	Org. Commitment	0.248	0.001	[0.096; 0.403]	Supported
H6	Org. Trust	→	Org. Commitment	0.336	0.000	[0.198; 0.466]	Supported
H7	Job satisfaction	→	Emp. Performance	0.308	0.001	[0.131; 0.482]	Supported
H8	Org. Commitment	→	Emp. Performance	0.145	0.095	[−0.016; 0.316]	Rejected
H9	Org. Trust	→	Emp. Performance	0.360	0.000	[0.200; 0.514]	Supported

From Table 2, it can be concluded that the 48.8% of the variation in job satisfaction is explained by the variation of CSR. On the other hand, 47.6% of the variation of organizational trust is explained by the variation of CSR, while 72.6% of the variation of organizational commitment is explained by CSR, organizational trust and job satisfaction. Finally, 68.9% of the variation of employee performance is explained by the variation of CSR, organizational trust, job satisfaction and organizational commitment.

Through the effect size (f^2), it is possible to assess the impact that a particular independent latent variable has on a dependent latent variable (Götz *et al.*, 2010). Values of 0.02, 0.15, and 0.35 for f^2 can be viewed as an indicator of a small, medium or large effect of the predictor latent variable on a particular latent endogenous variable (Chin, 2010; Götz *et al.*, 2010). The results presented in Table 5 show that CSR has a large effect on both job satisfaction and organizational trust and a medium effect on organizational commitment. Moreover, organizational trust has a small effect on both organizational commitment and employee performance.

Table 6 shows the direct, indirect and total effects. The first conclusion is that not all direct and indirect effects are statistically significant, which has consequences on the total effects. First, because the direct effect of CSR on employee performance is not statistically significant ($\beta = 0.097$), it is possible to conclude that the indirect effect of job satisfaction ($\beta = 0.173$) and organizational trust ($\beta = 0.248$) on the relationship between CSR and employee performance are very important as shown in Table 6, with organizational trust being more important than job satisfaction.

Organizational commitment is directly influenced by CSR ($\beta = 0.359$), job satisfaction ($\beta = 0.248$) and organizational trust ($\beta = 0.336$), CSR being the most significant of the three. However, when the total effects of CSR on organizational commitment ($\beta = 0.765$) are considered, it can be concluded that the indirect effects ($\beta = 0.405$) are more important than the direct ($\beta = 0.359$).

Employee performance is directly influenced by organizational trust ($\beta = 0.360$) and job satisfaction ($\beta = 0.308$), the former being the most significant. However, employee performance is not statistically directly influenced by organizational commitment or CSR.

As shown in Table 7, this means that the indirect effects such as job satisfaction and organizational trust do not indirectly influence employee performance, CSR being the only variable that indirectly influences employee performance (through job satisfaction and organizational trust). Altogether, CSR is the variable that has the strongest total effect on employee performance ($\beta = 0.671$), followed by organizational trust ($\beta = 0.409$), and job satisfaction ($\beta = 0.344$).

	f^2	t-values	p-values
Perception of CSR → Employee performance	0.012	0.601	0.548
Perception of CSR → Job satisfaction	0.953	3.145	0.002
Perception of CSR → Organizational commitment	0.216	2.515	0.012
Perception of CSR → Organizational trust	0.907	3.055	0.002
Perception of CSR → Organizational commitment	0.076	1.472	0.141
Organizational trust → Organizational commitment	0.143	2.126	0.034
Job satisfaction → Employee performance	0.096	1.452	0.147
Organizational commitment → Employee performance	0.019	0.704	0.482
Organizational trust → Employee performance	0.126	1.897	0.058

Table 5.
Effect size (f^2)

	Direct effects		Indirect effects		Total effects	
	Loadings	<i>t</i> -values (<i>p</i> -values)	Loadings	<i>t</i> -values (<i>p</i> -values)	Loadings	<i>t</i> -values (<i>p</i> -values)
Perception of CSR → Job satisfaction	0.699	12.825 (0.000)			0.699	12.825 (0.000)
Perception of CSR → Org. Trust	0.690	12.094 (0.000)			0.690	12.094 (0.000)
Perception of CSR → Org. Commitment	0.359	5.616 (0.000)	0.405	7.146 (0.000)	0.765	21.392 (0.000)
Perception of CSR → Emp. Performance	0.097	1.300 (0.194)	0.574	9.542 (0.000)	0.671	11.449 (0.000)
Job satisfaction → Org. Commitment	0.248	3.223 (0.001)			0.248	3.223 (0.001)
Job satisfaction → Emp. Performance	0.308	3.326 (0.001)	0.036	1.382 (0.167)	0.344	4.153 (0.000)
Org. Trust → Org. Commitment	0.336	4.869 (0.000)			0.336	4.869 (0.000)
Org. Trust → Emp. Performance	0.360	4.551 (0.000)	0.049	1.553 (0.120)	0.409	5.506 (0.000)
Org. Commitment → Emp. Performance	0.145	1.669 (0.095)			0.145	1.669 (0.095)

Table 6.
Direct, indirect and
total effects

	Loading	<i>t</i> -statistics	<i>p</i> -values
Perception of CSR → Job satisfaction → Emp. Performance	0.215	3.225	0.001
Perception of CSR → Job satisfaction → Org. Commitment → Emp. Performance	0.025	1.354	0.176
Perception of CSR → Org. Commitment → Emp. Performance	0.052	1.617	0.106
Perception of CSR → Org. Trust → Emp. Performance	0.248	4.179	0.000
Perception of CSR → Org. Trust → Org. Commitment → Emp. Performance	0.034	1.572	0.116
Perception of CSR → Job satisfaction → Org. Commitment	0.173	3.010	0.003
Perception of CSR → Org. Trust → Org. Commitment	0.232	4.724	0.000
Job satisfaction → Org. Commitment → Emp. Performance	0.036	1.382	0.167
Org. Trust → Org. Commitment → Emp. Performance	0.049	1.553	0.120

Table 7.
Specific indirect effects

Discussion and implications

This study tested the impact of perceptions of CSR practices on employees' individual performance. The results show that employees' perception of CSR indirectly influences their performance. The results also show that the CSR–performance link is mediated by job satisfaction and organizational trust. However, organizational commitment was not found to mediate the relationship between CSR and employee performance.

Organizations that create value for their stakeholders and that are socially, ethically and environmentally responsible and concerned for the well-being of stakeholders can, therefore, boost their employees' individual performance. This suggests that employees do understand that CSR practices are important and ultimately contribute to the identification with the company they work for. Considering that CSR is related to a company's reputation and image,

employees feel prouder and engage in extra endeavors if their companies are understood as reputable, particularly in a pressured industry, as they may see it as a differentiating and commendable factor.

However, the results did not support the direct impact of perceived CSR on employees' performance. The results are partially similar to those of [Story and Castanheira \(2019\)](#), who did not find a direct statistically significant relationship between CSR and performance either. On a different perspective, [Ali et al. \(2020a\)](#) did find a direct relationship between perceived CSR and employees' performance. However, [Story and Castanheira \(2019\)](#) considered affective commitment and not organizational commitment and [Ali et al. \(2020a\)](#) considered engagement as the single mediator in the relationship. This implies that while CSR practices are valued by employees, they are not sufficient *per se* to trigger employee performance, but instead, they contribute to other important organizational behaviors that are beneficial to both the organization and the employees.

The results indicate that CSR is relevant for workplace aspects such as job satisfaction and organizational trust. This is line with [Lee et al. \(2012\)](#), who found ethical (company's responsibility to be fair and go beyond legal obligations) CSR to be related to job satisfaction, and economic (company's economic responsibilities to its stakeholders) and philanthropic (company's responsibility to promote human welfare) CSR to be related to organizational trust.

Overall, the findings suggest that satisfaction with the job is an important mechanism to explain the relationship between CSR and employee performance. Thus, companies deploying CSR practices contribute to having more satisfied employees who end up being better performers. Moreover, organizational trust also contributes to the relationship between CSR and individual employee performance, which means that CSR practices have a higher impact in cases where companies are trustworthy and are seen as having ethical, social, and environmental values. Trusted companies are well regarded, and employees feel safer, as responsible companies that are concerned with their surrounding environment (and external stakeholders) are likely to be understood as being concerned about internal stakeholders as well. Organizational trust was also found to mediate the relationship between CSR and organizational commitment, which is similar to the results of [George et al. \(2020\)](#), who found that meaningful CSR activities generate organizational trust that leads employees to identify more strongly with their trustworthy organization, enhancing their affective commitment.

Finally, organizational commitment was not found to be correlated to employee performance, meaning that it does not mediate the CSR–performance link. Previous results partially support these results. Evidence from [Story and Castanheira \(2019\)](#) did not validate affective commitment to mediate this relationship either; they only supported the CSR effect on organizational commitment. However, these authors considered affective commitment, whereas this study uses a composite measure of affective and normative commitment items. In general, the results show that CSR contributes to making employees more committed towards the organization.

Some practical implications can be drawn from this study. Firstly, it is important for managers to understand that employees' perception of CSR practices has an impact on an array of stakeholders, particularly internal ones such as employees. This contributes to their satisfaction with their work, their trust on the organization, their commitment and their individual performance.

Secondly, it highlights the importance of properly communicating CSR practices to both external and internal stakeholders. One possible strategy to increase awareness in internal stakeholders is to involve them in these socially responsible practices. Since research has also shown how CSR influences image and reputation ([Hur et al., 2014](#); [Ali et al., 2020b](#); [Javed et al., 2020](#)), positive marketing activities are important. Companies should nevertheless be sincere about their practices and avoid being hypocritical about their CSR activities and impacts. For example, research shows how greenwashing decreases intentions to invest more than

environmental misbehaviors (Gatti *et al.*, 2021). These practices will more likely end up harming internal stakeholders as well.

Conclusion

As the construction industry is considered one of the main sources of environmental pollution, companies engage in CSR practices due to hidden economic reasons (Duman *et al.*, 2016). The main objective of this study was to examine the impact of external CSR on employees' performance, considering the quality of the relationship.

The findings suggest that the adoption of CSR initiatives in the company's strategies is worthwhile, as the perceptions of employees and their performance is positively influenced by their organization's CSR activities. However, this is not achieved directly, but indirectly with job satisfaction and organizational trust playing important mediating roles. This study contributes to the literature by showing that external CSR positively influences companies' internal stakeholders, and to social identity theory as employees that identify with their organizations, particularly on how those organizations are concerned with others, may see those organizations as trustworthy. Employees feel that whenever organizations are concerned with others, they will also care about their employees and, as a result, generate positive behavioral attitudes toward the organization.

Limitations and future research directions

This study has some limitations. The data was collected from only one industry and concerns self-reported measures. This industry has been blamed for the exploitation of natural resources and results might be different in less pressured or more environmentally friendly industries, as CSR might not be understood as so important.

The results showed that job satisfaction and organizational trust work as mediators. Future studies can test under which conditions these mediators are stronger (e.g. types of leadership or culture of an organization) or other mediators such as organizational justice and social capital. Future research can also examine the impact of specific CSR practices (e.g. type of practices, number of initiatives, expenditures, impact on the community) on employees' behaviors.

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Perception of corporate social responsibility

- CSR1* – My organization is targeting a sustainable growth that considers future generations
CSR2 – My organization implements special programs to minimize its negative impact on the environment
CSR3 – My organization is recognized as a trustworthy company
CSR4 – My organization contributes to campaigns and projects that promote the well-being of society
CSR5 – My organization is concerned with maintaining a good image of its business conduct
CSR6 – My organization fulfills its social responsibility
CSR7 – My organization encourages employees to participate voluntarily in social activities

Job satisfaction

- SAT1* – I am pleased to be recognized and valued by my superiors
SAT2 – I feel satisfied with the opportunity to collaborate with others
SAT3 – I am happy with the opportunity to do something using my skills/competences
SAT4 – I am satisfied with the way internal policies are put into practice
SAT5 – I feel satisfied with the opportunity to progress in my job
SAT6 – I am pleased that my organization is concerned about maintaining a safe and healthy work environment

Organizational commitment

- OC1* – In my organization I feel like I'm part of a family
OC2 – I would not leave my organization now, because I feel I have obligations to the people who work here
OC3 – I feel indebted to my organization

Organizational trust

- T1* – My superiors pay attention to my constructive suggestions
T2 – My organization is committed to proper management practices
T3 – I can trust the people I work with to help me in the case I need
T4 – I can count on my colleagues not to harm my work

Employee performance

- PERF1* – My colleagues helped me achieve the established goals and objectives
PERF2 – I met the established objectives and goals because what was expected from me was clearly explained to me
PERF3 – I achieved the established objectives, because I was allowed to express my opinion regarding the establishment of my performance goals
PERF4 – I achieved the established objectives because the organization trusted me to do so
PERF5 – I achieved the established objectives, because my organization encourages me to participate in making decisions that impact my work
PERF6 – I achieved the established objectives because I receive regular feedback on my performance

Table A1.
Scales and items used**Corresponding author**

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