

An Empirical Investigation into the Mediating Role of Job Satisfaction on the Linkage between Corporate Social Responsibility and Organizational Performance

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Abstract

This research paper investigates the mediating role of employee attitude (Job Satisfaction) on the linkage between corporate social responsibility and organizational performance. This study aims at the telecom sector of Peshawar, Khyber Pakhtunkhwa, Pakistan. Sample included regional offices of six different telecom companies of Pakistan operating in Peshawar city which is the capital of KPK. Stratified random sampling method was adopted to gather data from different telecom companies functioning in the Peshawar city. For the purpose of data gathering 376 questionnaires were distributed. In the current research, 352 filled questionnaires were received. The usable number of questionnaires returned was 333. After analysis it was found that corporate social responsibility has a significant impact on job satisfaction and organizational performance. It was also found that job satisfaction has a significant impact on organizational performance. Results of the mediation analysis showed partial mediation of job satisfaction between the relationship of corporate social responsibility and organizational performance.

Key Words: Corporate Social Responsibility, Job Satisfaction, Organizational Performance.

In 21st century, the competition among organizations is very intense, vigorous and multidimensional. All the time, organizations are busy in meeting the challenging demands of the 21st century's competition. To meet the needs of such high competition, organizations have to be very pro-active in their approach. They are continuously finding ways to be different than other organizations. They are improving their products and services all the time. Different types of data gathering tools are used to assess their performance. Human resources are the most valuable asset of an organization. Equipping the human resources with distinctive capabilities is the need of time. Training and development departments are all the time busy in ensuring the uplift of knowledge, skills and abilities of employees. At the same time, an important aspect is the satisfaction of employees to their organizations. Satisfied employees will put in their best to meet the challenging demands of such intense competition. As employees show uplift in their performance the organizations also benefits from it. Organizational performance is dependent on many factors. One of the most important factors is their human resource. Performance of employees at optimum levels will ensure improved organizational performance. Organizational

performance helps in assessing the goals accomplished by an organization. In management studies and research, performance is a frequently measured idea. Reason for this frequency is that management of an organization wants to know how they are performing (Venkatraman & Ramanujam, 1987). This further leads to an organization's achieving superior edge in the business world.

Corporate social responsibility is an important idea for any business to adopt and make it part of their strategy. These days' organizations are taking it as a strategic initiative that would yield good results for them and their stakeholders (Porter & Kramer, 2006). Corporate social responsibility is also an idea that has gained a lot of attention from academics as well (Lockett, Moon & Visser, 2006). Companies engaging in CSR actions are driven by forces within and outside the organizations (Brammer & Millington, 2003; Vogel, 2005). Among different stakeholders, employees (internal) are the most central regarding CSR practices by an organization. Employees keep a close eye on their organization's involvement in CSR initiatives (Brammer & Millington, 2003). CSR is defined by Carroll as "For a definition of social responsibility to fully address the entire range of obligations business has to society, it must embody the economic, legal, ethical, and discretionary categories of business performance." (Carroll, 1979, p.499)

Many benefits of CSR have been mentioned in the literature. Organizations that follow the practices of CSR can enjoy many benefits like having a competitive edge in the market, rise in organization's profits, and good image in the business world, considered as good employer and retaining competent employees by increasing their job satisfaction (Branco & Rogrigues, 2006). There are many benefits of CSR implementation. Few of them are competitive edge for the organization, improving employees' attitudes (job satisfaction), attracting new customers, retaining competent employees, improved relationships with stakeholders, improvement in the image of the organization etc (Simply CSR, 2008).

Research on the impact of CSR on employees' attitudes is very minimal. Therefore, this area needs a lot of attention from the researchers and is a research gap that needs to be filled. Therefore, an organization shall engage in CSR practices as it creates job satisfaction. These employees then help in enhancing the performance of their organization. Due to these reasons the present study will focus on the impact of CSR practices on organizational performance with measuring the mediating effects of employees' attitude. Very few studies have focused the impact of CSR on employee attitudes (Bauman & Skitka, 2012; Vlachos, Panagopoulos & Rapp, 2013; Aguinis & Glavas, 2012; Maignan & Ferrell, 2001; Hoeven & Verhoeven, 2013). Moreover, a lot of work is done on CSR in developed countries. However, such evidence is very little in developing countries and the idea of CSR is still very new in Pakistan (Belal, 2001; Jamali & Mirshak, 2007; Naeem & Welford,

2009; Rahman, 2015). In addition to these, according to the Gore (2007), Pakistan's ranking in CSR actions is 103 in the world.

Literature Review

Corporate Social Responsibility (CSR)

Mallin (2009) mentioned in his book that popularity of CSR is known to many around the world. CSR are the different actions that an organization takes in order to align itself according to the interest of employees, customers etc. Pressures from the society demands that an organization should be operating in a way that fosters human prosperity (Carroll, 1991).

If an organization wants to be of benefit to itself and its stakeholders then it has to devise ways to evaluate what Carroll (1979) has mentioned. Further to support the Carroll (1979) definition of CSR, it can be mentioned that organizations shall follow such actions that would support different stakeholders. These actions shall have progressive effect on stakeholders and shall not only focus on monetary gains (Turker, 2009). Up till now, we are discussing CSR from a non-strategic point of view. However, the gain in popularity of CSR idea and its application is further enhanced as it has become a major tool for organizations to improve their performances (Knox, Maklan & French, 2005). Therefore, Wood (1991) clearly identified that organizations are doing business which should be considered beneficial for society as both of them are interrelated and should not be discussed as different. The most suitable definition was given by Carroll in 1979 which is already mentioned in this paper.

Employees have always been considered as the most valuable strength of a business as they perform very dynamic part in the achievements of an organization. CSR practices of an organization have a strong impact on the attitudes of employees (Cropanzano, Byrne, Bobocel & Rupp, 2001; Rupp et al., 2006). A lot of work is done on CSR in developed countries and many examples can be found of organizations behaving responsibly. However, such evidence is very little in developing countries (Belal, 2001; Jamali & Mirshak, 2007). One of the biggest reasons for CSR being not properly implemented in the developing countries is its unawareness. This area needs a lot of attention.

What is Corporate Social Responsibility?

According to Wood (1991), CSR's underlying philosophy is that both business and people in the society should not be treated as different. Both of them are inter-related. Hopkins (2003) mentions in his book that CSR shall improve the financial condition of the organization as well of

the employees and people in the society. After, the discussion of the history and evolution of CSR, one definition can be recommended for the current study which was given by Carroll that organizations shall consider the rights of those who are related with the organization by making monetary benefits keeping in view the rules of the governments. Doing what is morally right for the people and also getting involved in the optional betterments anticipated by the people as well (Carroll, 1979).

Job Satisfaction (JS)

There are so many definitions of Job Satisfaction but one of the most common and applicable explanation is given by Locke as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Locke, 1976, p. 1304). According to Locke (1976), there are vital facts in the meaning of job satisfaction: an expressive state recommended that there is a positive part to the job satisfaction; Job satisfaction contains some intellectual parts which are suggested by evaluation processes.

There is no such definition of employee satisfaction which has global acceptance but job satisfaction has so many definitions in the text. Its due to some certain reasons which are different people interpret job satisfaction uniquely because different aspects influenced people which includes individual qualities, needs, values, emotions and anticipations. Additionally, it fluctuates from Institution to institution, since job satisfaction persuading components, for example, working environment, work trademark, open doors for representatives and workplace vary as indicated by organizations (Harputlu, 2014).

There are different meanings of Job satisfaction as specified, most importantly; it can be considered as an employee’s tilt to the work (Chughati & Perveen, 2013). Another meaning can be stated as that when employees show more energy and focus towards the organization and their colleagues (Sypniewska, 2013).

Moreover, experiences may impact the employee perceptions differently so it means with the passage of time employee perception of the organization changes significantly. Consequently, employee’s perception is the optimum factor which impacts job performance and job satisfaction. In addition Spector (1997) specifies employee’s mental fitness & emotional intelligence are the clear indicators to measure job performance and job satisfaction which helps in the restructure of organization. Workplace environment and pleasure are the key traits when they are achieved by the employees after hard work, it may rise to job satisfaction (Brunetto & Wharton, 2002). In addition, organizations are keen to bring trust among their employees which motivates them to act more helpful and supportive within the organization (Jones & George, 1998).

Organizational Performance (OP)

In developing countries, organizations crucial in improving a country's economy. Organizations that perform well help in improving the living standard of people residing in that particular country. It works as a fuel to foster development in developing countries. Improvement in the performance of an organization not only makes the organization stronger and stable. In fact, it also helps in fulfilling the needs of other stakeholders, especially, employees. Due to its importance, organizational performance has been studied and continuously being measured by the organizations (Gavrea, Ilieş & Stegorean, 2011).

Organizational performance can be evaluated from 2 different angles i.e. objective and subjective. In other words, organizational performance can be measured by evaluating both financial and non-financial performance of an organization (Wang & Shieh, 2008). Objective and subjective aspects of organizational performance have been considered by researchers while measuring organizational performance (Paauwe, 2004; Wang et al., 2008). According to Richard (2009) cited in Huang and Lien (2012), organizational performance is an important and most attention seeking variable for different researchers. Evaluation of organizational performance is possible by considering these dimensions i.e. objective and subjective.

However, many times objective data is difficult to acquire because the private companies don't declare it (Dess & Robinson, 1984). In the current study, the objective data was unavailable as all the firms operating were privately owned firms and they do not declare their financial details on the internet and also do not show such data to anyone.

Mostly, organizational performance is measured in financial terms but for the past twenty years non-financial measurement of organizational performance is gaining popularity. A lot of work is done by many researchers for the development of non-financial (Subjective) measure. There is no doubt on the validity of financial measure but many other important measures of performance in the organization are ignored when you only focus on financial aspect. These other aspects are very important in successful running of the organization and contribute a lot in enhancing organizational performance (Neely, 2002). Moreover, the financial aspect of organizational performance has been measured by many researches. However, the non-financial aspect of assessing organizational performance has been ignored by the academics and researchers (Nashmi, 2016).

Development of Model and Hypotheses

The research aims that organizational performance will increase due to job satisfaction rather than the impact of CSR dimensions alone. The current study seeks to establish if job satisfaction mediates between CSR and organizational performance or otherwise.

Employee attitude (job satisfaction) is very important for the success of any organization. The impact of corporate social responsibility on employee attitudes has gained very less attention from academics. The empirical findings of this research will add to the limited literature and research on the impact of corporate social responsibility on job satisfaction. This will help in better understanding of corporate social responsibility's association with employee attitudes. The mediating role of job satisfaction between CSR and organizational performance has not been studied. These findings will add this relationship to the existing literature. Moreover, such relationship has not been studied in developed countries. Additionally, the area of CSR is still new in Pakistan and this research contribution will open ways for future research.

Research on CSR can be found in abundance in literature. However, measuring the impact of CSR on employees is very minimal (Bauman & Skitka, 2012). Important stakeholders i.e. employees have been ignored when research on CSR is conducted (Vlachos, Panagopoulos & Rapp, 2013). Moreover, the financial aspect of organizational performance has been measured by many researches. However, the non-financial aspect of assessing organizational performance has been ignored by the academics and researchers (Nashmi, 2016). As already mentioned that many researchers have conducted research on different aspects of CSR but very little consideration has been given to the effect of these aspects of CSR on employees (Turke, 2009). As mentioned by Aguinis and Glavas (2012) in *Journal of Management* (impact factor 6.071) that almost all the organizations have dedicated their efforts for the examination of organizational outcomes of CSR. Very few organizations can be identified that are conducting the examination of CSR implications on stakeholders such as employees. The impact of CSR on employee's attitudes requires more empirical support. This can be done by carrying out more research (Singh & R. K. Singh, 2014). Research on the impact of CSR on employees' attitudes is very minimal. Therefore, this area needs a lot of attention from the researchers and must be addressed.

The lack of the research in this area points out a knowledge gap. This study aims to address this gap.

Linkage between CSR, Job Satisfaction and Organizational Performance.

CSR & JS

As already mentioned that many researchers have conducted research on different aspects of CSR but very little consideration has been given to the effect of these aspects of CSR on employees (Turke, 2009). Empirical findings of the research conducted by Fu, Yea and Law (2014) clearly suggests that all aspects of CSR shall be taken in to consideration if the stakeholders are employees. Research on CSR can be found in abundance in literature. However, measuring the impact of CSR on employees is very minimal (Bauman & Skitka, 2012). Important

stakeholders i.e. employees have been ignored when research on CSR is conducted (Vlachos, Panagopoulos & Rapp, 2013). According to Vlachos, Panagopoulos, Theotokis, R. Singh and R. K. Singh (2014) many studies have been conducted to see the impact of CSR on organizational outcomes. However, very limited research could be found on the relationship between CSR and employees' attitudes.

As mentioned by Vlachos, Panagopoulos, Theotokis, R. Singh and R. K. Singh (2014) "Moreover, the study is one of the first examining the role of context in employee attitudes toward CSR" (p.3086), and this clearly indicates that the impact of CSR on employee's attitudes requires more empirical support. This can be done by carrying out more research and the current study will examine this effect empirically. According to the research conducted by Y. K. Lee, Kim, K. H. Lee and Li (2012) ethical aspect of CSR has a significant impact on job satisfaction. Vlachos, Panagopoulos and Rapp (2013) found a strong association between CSR and job satisfaction. Same relationship was also found by Glavas and Kelle (2014) in their research conducted on eighteen organizations. Many organizations for the sake of achieving more profits start practicing unethical business practices. These unethical practices have a negative impact on organizations' employees. On the other hand, organizations that promote ethical business practices or in simple words, act ethically influence a positive impact on employees job satisfaction. Employees in the organization are very much attentive to how the organization's CSR actions are implemented. CSR actions of an organization have an impact on the employees' job satisfaction (Rupp et al., 2006). Brammer, Millington and Rayton (2007) have found a strong relationship between CSR and job satisfaction. They in their study have also established an impact of CSR on organizational commitment. Cropanzano, Byrne, Bobocel, and Rupp (2001) have mentioned in their research that if organization treats their employees indiscriminately then this will have a very good impact on their attitudes.

CSR & OP

For achieving a superior edge and improving organizational performance in the business market an organization should solidify its CSR actions. Researchers around the world are finding and measuring the link between CSR and organizational performance (Lai, Chiu, Yang & Pai, 2010; McWilliams, Siegel, & Wright, 2006). Researchers in recent years have shown a lot of concern about the impact of CSR on organizational performance. Impact of CSR on an organization's performance has been studied and is still being measured by different organizations and researchers (Husted & Salazar, 2006). Many research studies have been conducted on the relationship of CSR and organizational performance but the link between the two still needs to be clarified.

Research findings of Lindgreen et al. (2009) proved that CSR investments and real performance has a strong link. Maignan, Ferrell and Hult (1999) in their research paper have mentioned that there is a positive relationship between CSR and organizational performance. They had collected data from around 950 managers from different organizations. Detail analysis of different studies conducted on the impact of CSR on organizational performance showed that organizations with good CSR practices had far much better performance than the organizations ignoring CSR actions (Pava & Krausz's, 1995, cited in Retlab et al., 2008). As mentioned by Valmohammadi (2014) that after analysis substantial link between CSR actions and organizational performance was found. Research conducted by Retlab et al. (2008) shows that there is a clear impact of CSR actions on organizational performance. They have also mentioned that organizations operating in third world countries hinder their performance due to lack of attention to CSR actions. In this way they are not able to compete at high level in the business world. As mentioned by Lindgreen, Swaen and Johnston (2009) in their empirical findings that when organizations show interest in CSR actions it creates good image of the organization, especially of the non-economic aspects of the organizational performance. When organizations finances in CSR then one can see its reflection affirmative in other non-monetary areas.

JS & OP

Job satisfaction can be termed as a 'gauge' that shows the organization's dealing and management of its employees with esteem and equality. Further, job satisfaction also shows how well the physical and mental health of employees is. Thus, different factors of job satisfaction combine and show a positive or negative result of the organizational performance. Job satisfaction is also a very important idea as employees spend much of their time in organizations and if they don't enjoy their work then it will affect them and ultimately, the organizational performance.

There is a positive link between job satisfaction and organizational performance (Ellinger, Ellinger, Yang, & Howton, 2002). Huselid in (1995) conducted a research on around one thousand organizations. In this extensive research he found that job satisfaction has a positive impact on organizational performance. Employee attitude has gained a lot of importance from academics and working professionals. Senior management is highly concerned with the job attitudes of their employees as employees' satisfaction leads to superior organizational performance. Latif et al. (2015) conducted a research and collected data through questionnaires and interviews of different cadres in five different organizations. They after their analysis found a positive

relationship between job satisfaction (employee attitude) and organizational performance.

A survey was conducted on more than 40% of the organizations that are part of the USA's ideal companies for people to get a job in, revealed that job satisfaction plays a major role in determining company's profits (Corporate Leadership Council, 2003). Schneider, Hanges, Smith and Salvaggio in (2003) conducted a research that focused on employee attitudes. They collected data from more than 36 companies. This data was acquired in more than 7 years. Their findings of the research clearly identifies that satisfaction of employees have a clear impact on their organization's performance.

H1: There is a significant impact of corporate social responsibility on job satisfaction

H2: There is significant impact of job satisfaction on organizational performance

H3: There is significant impact of corporate social responsibility on organizational performance

Mediating Role of Job Satisfaction

CSR comprises of the four parts that have been given by Carroll and have been mentioned in the literature review. As already mentioned that many researchers have conducted research on different aspects of CSR but very little consideration has been given to the effect of these aspects of CSR on employees (Turke, 2009). Empirical findings of the research conducted by Fu, Yea and Law (2014) clearly suggests that all aspects of CSR shall be taken in to consideration if the stakeholders are employees. Dugguh et al. (2014), Schwepker (2001), Rupp et al. (2006), Brammer et al. (2007), Turke (2009) and others have found a positive link between CSR and job satisfaction.

Job satisfaction is also a very important idea as employees spend much of their time in organizations and if they don't enjoy their work then it will affect them and ultimately, the organizational performance. Latif et al. (2015), Corporate Leadership Council (2003), Schneider et al. (2003), Ellinger et al. (2002), Huselid (1995) and others have found a positive link of job satisfaction and organizational performance (as discussed earlier in the literature review).

We can easily mention that studies conducted in the past evaluated the relationship of CSR with job satisfaction. It can also be extracted from the previous discussion that job satisfaction also has an association with organizational performance. Therefore, many references can be found on the relation of CSR with job satisfaction and job satisfaction with organizational performance. This establishes a causal link between CSR, job satisfaction and organizational performance. Mediating role of job satisfaction (employee attitude) can be very

important in understanding the association of CSR and organizational performance.

No single study has been found in which job satisfaction mediates the association of CSR and organizational performance. This is based on author's deep review of the literature. Therefore, the current study proposes that job satisfaction mediates between the association of CSR and organizational performance.

H4: Job satisfaction mediates between corporate social responsibility and perceived organizational performance

Research Methodology

Population and Sample

The research is focused on the Telecom sector. The data was gathered from the telecom companies positioned in Peshawar. The population of this research is comprised of the employees of telecom companies operating in Khyber Pakhtunkhwa, Pakistan. This study included the following telecommunication companies that operate in Khyber Pakhtunkhwa, Pakistan.

1. Pakistan Telecommunications company limited
2. Mobilink
3. Zong
4. Ufone
5. Telenor
6. Warid

All these companies have their head offices in the capital (Islamabad) of Pakistan. However, these companies have regional head offices that are based in four provinces of Pakistan that also includes the province of KPK whose capital city is Peshawar. All the management staff that works in the regional head offices in the city of Peshawar was taken as the target population. In this research, stratified and quota sampling techniques were used simultaneously. The stratified sampling technique is utilized as taking a random sample may not lead to accurate results since they may not be truly representative of the population in many cases. Stratified sampling method has been selected because due to diverse size of employees in different telecom companies. Some of the companies had quite a large number of employees as compared to their counterparts. Therefore, sample being selected from each of the telecom companies truly represent the whole population. Furthermore, according to the number of employees in each company, sampling quota in terms of percentages has been assigned for determining representative sample. The telecom companies were divided into two strata according to number of employees in each, i.e. Small and Large companies. The total population in the present study is less than one million individuals, therefore, based on the sample size calculation for a given population

size by Sekaran (2003), it was decided to take a minimum sample size of 300.

Measurement

Items used for the measurement of CSR were gathered from the scales developed and used in researches conducted by Ostlund (1977), Corson & Steiner (1974), Carroll (1979) and Lee, Park, Moon, Yang and Kim (2009) cited in Y. K. Lee, Kim, K. H. Lee and Li (2012). The present study has adopted Brayfield and Rothe's (1951) scale for the measurement of job satisfaction. Items used for the measurement of job satisfaction were gathered from the scales developed and used in research conducted by Brayfield and Rothe (1951). Items used for the measurement of the 'subjective' part of organizational performance were adapted from the research conducted by Tseng (2010). Questions in the measure were 5 in number. The reliability of organizational performance measure in the study of Tseng (2010) is 0.913.

Data Collection

As mentioned earlier that the target population and then the sample drawn from it was the management staff of the six telecom companies of Peshawar city, KPK, Pakistan. Target sample included management staff of junior, middle and senior ranks. Data collection was carried out through the questionnaire designed for the current study. Questionnaires were distributed to the regional offices of the six telecom companies. The researcher paid visits to these regional offices and distributed the questionnaires. In six different regional offices of the telecom companies, 376 questionnaires were distributed. In the current research, 352 filled questionnaires were received. The usable number of questionnaires returned was 333. The present study utilized a number of different statistical techniques in order to present the data in a meaningful way. The techniques included descriptive statistics, reliability analysis, validity assessment, and structural equation modeling.

Data Analysis and Results

Demographic Profile of Respondents

Majority of the respondents were between 30 -39 age bracket consisting of 142 respondents with a mean of 42.6%. the minimum age of the respondent was 20 on the other hand the maximum age calculated was 59. A total number of 333 respondents were chosen of which 281 were male (84.4%) and 52 were female (15.6%). Education was recorded in years. Majority the respondents had 16 years of education (245,73.6%) followed by 18 years of education (48, 14.4%) Respondents were asked to identify the nature of employment with their respective telecom firm. 46 (13.8 %) were on purely contract basis while 287 (86.2 %)

respondents working with telecom industry on permanent basis. Respondents were asked to state their job rank. Middle level (201) presenting 60.4% of the total sample were the highest number of respondents, followed by junior employees 88 (26.4%). Senior level were 44 (13.2 %). Employee tenure in number of years was also recorded for the respondents. Tenure ranged from 1 to 18. Mean value for tenure was 3.97 years (SD = 2.65). Data was collected from different telecom companies operating in the city of Peshawar. Majority of the respondents that is 110 (33%) of the respondents were from Pakistan Telecommunication Limited PTCL, followed by Mobilink (84, 25.2%).

Exploratory Factor Analysis

Factor analysis is conducted to test whether correlation among the observed set of variable can be explained in terms of smaller number of unobservable constructs that are also known as common factors. (Landau & Everitt, 2004).

Corporate Social Responsibility

CSR comprised of four sub-dimensions namely Economic, Legal, Ethical and Philanthropic responsibilities. The results showed a four factor solution which is parallel to the theory which also suggests a four factor solution. One Item (ET1) was removed due to lack of factor loadings.

Table 1. *Component Matrix for Corporate Social Responsibility*

Factor	Loadings
<i>Economic Responsibilities</i>	
EC1	.736
EC2	.790
EC3	.739
EC4	.756
EC5	.783
EC6	.763
EC7	.615
<i>Legal Responsibilities</i>	
LG1	.629
LG2	.810
LG3	.741
LG4	.668
LG5	.574
<i>Ethical Responsibilities</i>	
ET1	<i>Item Removed</i>
ET2	.652
ET3	.787
ET4	.813
ET5	.794

ET6	.757
ET7	.707
<i>Philanthropic Responsibilities</i>	
PH1	.613
PH2	.697
PH3	.750
PH4	.780
PH5	.713
PH6	.701
PH7	.694

Job Satisfaction

A total of seven items were part of the job satisfaction construct. All items loaded onto a single factor with all loading over .60.

Table 2. *Component Matrix for Job Satisfaction*

Items	Loadings
JS1	.827
JS2	.605
JS3	.851
JS4	.858
JS5	.793
JS6	.869
JS7	.857

Organizational Performance

The results of factor analysis of the criterion variable organizational performance reveal a uni-factorial solution.

Table 3. *Component matrix for organizational performance*

Organizational Performance	Loadings
OP1	.785
OP2	.906
OP3	.865
OP4	.889
OP5	.870

Reliability

Reliability in the present study is conducted using Cronbach's Alpha. The results of the Alpha Reliability are shown in the following Table. The reliability of the construct in the present study ranged between .863 and .926.

Table 4. *Reliability analysis of the constructs*

Construct	No. of Items	Cronbach's Alpha
Corporate Social Responsibility	7	.895

Economic Responsibilities	7	.916
Legal Responsibilities	5	.863
Ethical Responsibilities	6	.918
Philanthropic Responsibilities	7	.926
Job Satisfaction	7	.907
Organizational Performance	5	.914

Construct Validity

Convergent and Discriminant Validity is performed to establish construct validity.

Convergent Validity

Statistically Convergent validity is established if an AVE of 0.5 or greater is attained. AVE is calculated for each of the factor under study and is reported in the following table. The results reveal that AVE for each of the construct except for Legal Responsibilities is over .50, however, the value of AVE for legal responsibilities is lightly below .50, overall the AVE for CSR was hence convergent validity is established.

Table 5. *AVE for constructs*

Constructs	AVE
Corporate Social Responsibility	.52
Economic Responsibilities	.55
Legal Responsibilities	.47
Ethical Responsibilities	.56
Philanthropic Responsibilities	.50
Job Satisfaction	.66
Organizational Performance	.74

Discriminant Validity

Discriminant validity is established if square root of AVE for each construct is greater than inter-correlations of other constructs. The following Table compares Square Root of AVE with inter-construct correlations. The results indicate that square root of AVE of each construct is greater than other inter-construct correlations.

Table 6. *Comparison of Square root of AVE and Inter-Construct Correlations*

	EC	LG	ET	PH	JS	OP
EC	.74					
LG	.561**	.68				
ET	.531**	.665**	.75			
PH	.661**	.642**	.670**	.70		
JS	.558**	.481**	.419**	.465**	.81	
OP	.625**	.525**	.623**	.709**	.485**	.86

** . Correlation is significant at the 0.01 level (2-tailed).

Structural Equation Modeling

This section focuses on the process of the multivariate analysis using structural equation modeling.

Measurement Model One: Corporate Social Responsibility

Measurement model of CSR comprised of the four factors as identified in exploratory factor analysis. Fit indices reveal a good fit for corporate social responsibility construct. The measurement model along with the factor loading is presented the figure.

Table 7. Summary of attained findings: Corporate Social Responsibility

Items	Final				
	Standardized Loadings	C.R. (t)			
EC1	.723	--			
EC2	.762	13.599			
EC3	.824	14.735			
EC4	.857	15.346			
EC5	.862	15.428			
EC6	.760	13.566			
EC7	.649	11.510			
LG1	.674	--			
LG2	.705	14.446			
LG3	.708	11.276			
LG4	.860	13.080			
LG5	.679	10.884			
ET2	.659	--			
ET3	.814	13.030			
ET4	.889	13.976			
ET5	.864	13.663			
ET6	.857	13.573			
ET7	.759	12.297			
PH1	.685	--			
PH2	.761	16.480			
PH3	.809	16.608			
PH4	.845	13.984			
PH5	.857	14.142			
PH6	.812	13.497			
PH7	.756	12.667			
Attained Fit Indices					
	CMIN/DF (χ^2 /df)	SRMR	CFI	TLI	RMSEA
Final	2.247 (591.0/263)	.04	.94	.93	.06

Measurement Model Two: Job Satisfaction

Job Satisfaction construct comprised of a total of seven items. One item JS2 was removed from the analysis due to low loadings. The results of the final attained model are presented in the following table.

Table 8. Summary of initial and attained findings: Job Satisfaction

Items	Final				
	Standardized Loadings	C.R. (t)			
JS1	.781	17.411			
JS2	--	--			
JS3	.758	16.498			
JS4	.782	17.474			
JS5	.765	16.892			
JS6	.875	21.150			
JS7	.873	--			
Attained Fit Indices					
	CMIN/DF (χ^2/df)	SRMR	CFI	TLI	RMSEA
Final	1.99 (9.7/7)	.01	.99	.99	.03

Measurement Model Three: Organizational Performance

Organizational performance construct had a total of five items. The results showed all items load substantially well onto the construct. The fit indices indicate an adequate fit for the construct since RMSEA is a little higher.

Table 9. Summary of initial and attained findings: Organizational Performance

Items	Final				
	Standardized Loadings	C.R. (t)			
OP1	.686	12.535			
OP2	.866	16.819			
OP3	.850	16.615			
OP4	.838	23.332			
OP5	.804	--			
Attained Fit Indices					
	CMIN/DF (χ^2/df)	SRMR	CFI	TLI	RMSEA
Final	4.23 (12.7/3)	.01	.99	.97	.09

Hypotheses Testing

Further to the evaluation of the measurement model for each construct, Structural equation models were tested. Different structural models are proposed to evaluate the relationship between variables.

Structural Model 1: Corporate Social Responsibility and Job Satisfaction

The first structural model ascertains the impact of corporate social responsibility on job satisfaction. Factor loadings were analyzed along with standardized residuals and modification indices. All items showed acceptable loadings. Final model shows an adequate fit with all

indices attaining the required range. The following table shows the indices for the final model.

Table 10. *Summary of initial and attained findings: Structural Model 1*

Attained Fit Indices					
	CMIN/DF (χ^2/df)	SRMR	CFI	TLI	RMSEA
Final	2.214(932/421)	.05	.93	.92	.06

Table 11. *Summary of measurements: Corporate Social Responsibility and Job Satisfaction*

Hypotheses	Structural Paths	Std. loading	C.R	P	Results
	CSR → JS	.619	8.827	.000	Supported

Note. CSR: Corporate Social Responsibility, JS: Job Satisfaction

The structural model 1 measures the impact of CSR on JS. The results revealed that table shows that CSR has a significant impact on job satisfaction (C.R = 8.827, $p < .001$). The results reveal that CSR explains 38% change in job satisfaction. The hypothesis is evaluated based on the standardized coefficient, its critical ratio, significance level. The estimation of hypotheses demonstrated that the hypothesized link was significant.

Structural Model 2: Job Satisfaction and Organizational Performance

The second structural model ascertains the impact of job satisfaction on organizational performance. Factor loadings were analyzed along with standardized residuals and modification indices. All items showed acceptable loadings. Final model shows an adequate fit with all indices attaining the required range. The following table shows the indices for the final model.

Table 12. *Summary of initial and attained findings: Structural Model Three*

Attained Fit Indices					
	CMIN/DF (χ^2/df)	SRMR	CFI	TLI	RMSEA
Final	2.096(81.8/39)	.03	.98	.97	.05

Table 13. *Summary of measurements: Job Satisfaction and Organizational Performance*

Hypotheses	Structural Paths	Std. loading	C.R	P	Results
H3	JS → OP	.512	8.658	.000	Supported

Note. JS: Job Satisfaction, OP: Organizational Performance

The structural model three measures the impact of JS on OP. The results revealed that table shows that JS has a significant impact on OP (C.R = 8.658, $p < .001$). The results reveal that JS explains 26% change in OP. The hypothesis is evaluated based on the standardized coefficient, its critical ratio, significance level. The estimation of hypotheses demonstrated that the hypothesized link was significant.

Structural Model Five: Corporate Social Responsibility and Organizational Performance

The fifth structural model ascertains the impact of corporate social responsibility on organizational performance. Factor loadings were analyzed along with standardized residuals and modification indices. All items showed acceptable loadings. Final model show an adequate fit with all indices attaining the required range. The following table shows the indices for the final model.

Table 15. Summary of initial and attained findings: Structural Model five

Attained Fit Indices					
	CMIN/DF (χ^2/df)	SRMR	CFI	TLI	RMSEA
Final	2.400(940.6/392)	.05	.93	.92	.06

Table 16. Summary of measurements: Corporate Social Responsibility and Organizational Performance

Hypotheses	Structural Paths	Std. loading	C.R	P	Results
H5	CSR → OP	.832	10.450	.000	Supported

Note. CSR: Corporate Social Responsibility, OP: Organizational Performance

The structural model five measures the impact of CSR on OP. The results revealed that table shows that CSR has a significant impact on organizational performance (C.R = 10.450, $p < .001$). The results reveal that CSR explains 69% change in organizational performance. The hypothesis is evaluated based on the standardized coefficient, its critical ratio, significance level. The estimation of hypotheses demonstrated that the hypothesized link was significant.

Mediation Analysis

JS, CSR and Organizational Performance

Mediation analysis was performed using Baron and Kenny (1986) causal approach. The initial causal variable was Corporate Social Responsibility (CSR), the criterion variable was organizational performance (OP), and the mediating variable was Job Satisfaction (JS). Mediation analysis results showed that the total effect of CSR on OP was found significant, $c = .832, p < .001$. CSR was significantly predictive of hypothesized mediating variable, JS; $a = .619, p < .001$, JS was significantly predictive of OP, $b = .512, p < .001$. The estimated direct effect of CSR on OP, controlling for JS, was $c' = .846, P < .001$. The indirect effect, ab , was .316. This was judged to be statistically significant using Sobel (1982) test, $z = 4.97, p < .0001$. The coefficients for both a and b were found statistically significant, the Sobel test for the ab product was also significant, the direct effect from CSR on OP (c') was also statistically significant. Since the Sobel test results were

significant, therefore, the effects of CSR on OP were partially mediated by JS.

Table 17. *Mediation analysis JS between CSR and OP*

Analysis	IV – MV		MV – DV		Direct without Mediator (c)		Direct with Mediator (c')		Results
	(a)		(b)		Est.	Sig	Est.	Sig	
	CSR – JS		JS – OP						
	Est.	S.E	Est.	S.E	Est.	Sig	Est.	Sig	
CSR – JS – OP	.619	.101	.512	.060	.832	.000	.846	.000	Partial Mediation

Discussion

Analysis of the hypothesis H1 showed that there is significant positive relationship between CSR of an organization and employee job satisfaction. This clearly identifies that good CSR practice of an organization helps in improving the job satisfaction of their employees. Employees as one of the main stakeholders of the organization keep a constant watch on the CSR practices of their organization. When organization focuses on providing growth opportunities to employees, ensures that employees are satisfied with what they are doing and providing them opportunity to do work that is right according to them. Then, they will have high job satisfaction (Du, Bhattacharya & Sen, 2014). This finding of the current research is in line with the findings of Vlachos et al. (2013), Schwepker (2001), Brammer et al. (2007) and Cropanzano et al. (2001). All these researchers found a positive relationship of CSR with job satisfaction. These satisfied employees play a positive role in the progression of their organization. This also helps in improving the general environment of the organization and these satisfied employees become more productive that ultimately enhances organizational performance.

Evaluation of the hypothesis number H3 shows that there is a strong positive association between job satisfaction and perceived organizational performance. It specifies that increase in job satisfaction will have a significant positive impact on perceived organizational performance. This finding of the research supports the research conducted by Bakotić, (2016), Ellinger et al. (2002), Huselid, (1995) and Schneider et al. (2003). However, Daily and Near (2000) found some contrasting results from their research in which they didn't find any significant link between job satisfaction and organizational performance. Mohr and Puck (2007) also found the same results i.e. they didn't find a significant relation between job satisfaction and organizational performance. This this current research found results that are not in line with the findings of Daily and Near (2000) and also with the findings of Mohr and Puck (2007). But the positive association of job satisfaction and perceived organizational performance is supporting the findings of

many others who found a positive significant impact of the both which is identified in the literature review.

Considering all the literature discussed and the findings of the current research, it can be concluded that different opinions are available on job satisfaction but it can be said very clearly that job satisfaction is an important area of research. It is more important for the management of different organizations to properly understand and apply this idea of job satisfaction in their organizations for different purposes, especially for superior organizational performance.

Evaluation of the hypothesis H6 found that job satisfaction mediates partially between CSR and perceived organizational performance. As mentioned earlier in the literature review that Du et al. (2014), Schwepker (2001), Rupp et al. (2006), Brammer et al. (2007), Turke (2009) and others found a positive link between CSR and job satisfaction. It is also mentioned in the literature review that Latif et al. (2015), Corporate Leadership Council (2003), Schneider et al. (2003), Ellinger et al. (2002), Huselid (1995) and others found a positive link of job satisfaction and organizational performance. This established a causal link between CSR, job satisfaction and organizational performance. Mediating role of job satisfaction (employee attitude) can be very important in understanding the association of CSR and organizational performance. Therefore, this current study on the basis of existing literature examined the mediating role of job satisfaction between the link of CSR and perceived organizational performance. As mentioned earlier, this study found partial mediation of job satisfaction which shows that job satisfaction (employee attitude) cannot be ignored between the relationship of CSR and organizational performance. Hence, the causal relationship of CSR, job satisfaction and organizational performance exists according to the findings of this study.

Implications of the Study

This research contributes to the existing literature in many ways. The most important contribution is the mediation role of job satisfaction between the relationship of corporate social responsibility and organizational performance. This contribution to the literature would help organizations to focus more on the attitudes of employees as they mediate the relationship between corporate social responsibility and organizational performance. This study highlights the importance of improving job satisfaction of employees as it enhances organizational performance.

This research also empirically tests the relationship of corporate social responsibility with job satisfaction. Such relationship is very rare to find in the existing literature. Therefore, the empirical findings of this study would help the organizations to understand that there is a significant impact of corporate social responsibility on employee

attitudes. Hence, the telecom sector and also other sectors can benefit from the findings of this research and they should focus on their employee's job satisfaction.

This study also mentions on the basis of its literature review and its findings that corporate social responsibility is a new idea in developing countries. Therefore, it needs more attention regarding its awareness and its implementation. This would help the organizations of the developing countries to have an idea about incorporating corporate social responsibility practices.

Another implication would be that organizations can use the model of this thesis to check the impact of their corporate social responsibility practices on employees and also on their organization's performance.

Conclusion

The main aim of this paper was to investigate whether job satisfaction mediates between corporate social responsibility and organizational performance. There is scarcity of research on this relationship that identified the knowledge gap. Therefore, this current study aimed to fulfill this knowledge gap. Another important area which has been neglected in the research is the impact of corporate social responsibility on employee attitude (job satisfaction). This has been highlighted in the literature review. Hence, this study also aimed to investigate the impact of corporate social responsibility on job satisfaction. As identified in the literature that corporate social responsibility in developing countries like Pakistan is in its early stages. Therefore, this study also filled this gap by conducting an empirical investigation of employee attitude on the linkage between corporate social responsibility and organizational performance.

Literature review identified that corporate social responsibility has an impact on employee attitude (job satisfaction) and these attitudes also have an impact on organizational performance. This developed a causal link that employee attitude (job satisfaction) mediate between corporate social responsibility and organizational performance. Empirical investigation proved that corporate social responsibility has a significant impact on organizational performance. This research also found a significant impact of corporate social responsibility on job satisfaction. It was also revealed that employee attitudes (job satisfaction) positively influenced organizational performance.

The main aim of the research was to investigate whether job satisfaction mediates between corporate social responsibility and organizational performance? In this case, partial mediation was found. Though, it still supported that organizations' should focus on employee attitudes as they are very important in determining superior performance of an organization. Therefore, the role of employee attitudes in the relationship of corporate social responsibility and organizational

performance needs more attention from academics and organizations as employees are the most valuable asset of any organization.

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