IMPACT OF CORPORATE SOCIAL RESPONSIBILITY, MORALITY AND SERVANT LEADERSHIP ON EMPLOYEE PERFORMANCE

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ABSTRACT

This study investigates the impact of employee-centric embedded corporate social responsibility (CSR) and servant leadership on the contextual performance of staff nurses in the public sector of Pakistan. It also examines the roles of moral identity as a moderating variable and affective organisational commitment as a mediating variable. Contextual performance, encompassing the non-technical aspects of a nurse's job, is crucial for the overall effectiveness and efficiency of healthcare delivery. The study explores how these factors influence the contextual performance of staff nurses in Pakistan's public health hospitals. The philosophy of this study was positivism due to its quantitative nature. The researcher identified variables and developed eight hypotheses using Social Exchange Theory (SET). A research strategy was designed to collect data on observed reality, employing purposive sampling to gather data from 350 staff nurses in public sector hospitals in Rawalpindi/Islamabad, Pakistan. The questionnaire used for data collection was adapted from previous related research. A pilot study was conducted to assess the reliability and validity of the questionnaire. Cronbach's Alpha was used to evaluate these metrics, and the results showed that all values were above the acceptable threshold 0.7. Partial Least Squares Structural Equation Modeling (PLS-SEM) using Smart-PLS software was employed to test and confirm the causal relationships between the proposed hypotheses, with the goal of creating law-like generalizations for future testing. The structural model in PLS-SEM evaluated theoretical relationships and hypotheses concerning both direct and indirect effects among variables and estimated parameters for these relationships (paths). It also analysed complex relationships, including mediation and moderation, and assessed the overall model fit. The findings reveal a significant positive relationship between employee-centric embedded CSR and contextual performance of nurses, as well as between servant leadership and nurses' contextual performance. Furthermore, affective organisational commitment was found to partially mediates the relationship between both employee-centric embedded CSR and contextual performance, and servant leadership and contextual performance. However, the study did not find a significant moderating effect of moral identity on the relationship between employee-centric embedded CSR and affective organisational commitment. This suggests that the intrinsic moral values of the nurses do not significantly alter the impact of CSR on their commitment to the organisation. These results provide valuable insights for healthcare administrators and policymakers in Pakistan, highlighting the importance of fostering a supportive leadership style and integrating CSR initiatives focused on employees. Such strategies can enhance affective organisational commitment and, consequently, improve the contextual performance of nursing staff in public healthcare settings. The study contributes to the existing literature by clarifying the interplay between CSR, leadership, organisational commitment, and performance within the context of the Pakistani public healthcare sector.

Keywords: Organisational behaviours, corporate social responsibility, employee centric embedded CSR, servant leadership, affective organisational commitment, moral identity, employee contextual performance.

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Philosophy.

The student has been supervised by: **Associate Professor Dr Ilham Sentosa**

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This thesis was submitted to Asia e University and is accepted as fulfilment of the requirements for the degree of Doctor of Philosophy.

Professor Dr Siow Heng Loke
Asia e University
Chairman, Examination Committee
(4 July 2024)

DECLARATION

I hereby declare that the thesis submitted in fulfilment of the PhD degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

Name: Uzma Pervaiz

Signature of Candidate: **Date:** 4 July 2024

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LIST OF ABBREVIATIONS

WHO   World Health Organisation

CSR   Corporate Social Responsibility

ECSR   Embedded Corporate Social Responsibility

ECECSR   Employee Centric Embedded Corporate Social Responsibility

SL   Servant Leadership

OC   Organisational Commitment

AOC   Affective Organisational Commitment

ECP   Employee Contextual Performance

SET   Social Exchange Theory

PLS-SEM   Partial Least Square Structural Equation Modeling

SPSS   Statistical Package for the Social Sciences

CHAPTER 1

INTRODUCTION

This chapter offers a comprehensive introduction to the topic, discusses the contextual background of the study, articulate the problem statement, outlines the research objectives, establishes the connection between the research questions, formulates the research hypothesis, presents the justifies and significance of the research, presents the definitions of key terms employed, and concludes the chapter by summarizing its contents.

1.0   Background of Study

The COVID-19 pandemic has taught us that a healthy nation can indeed become a wealthy nation. An unhealthy society diminishes the nation's ability to succeed and excel in the competitive environment. A healthy nation can develop a more robust economy as a healthier workforce can utilize their full potential to achieve individual and economic goals (D. E. Bloom et al., 2021). Employees with better health tend to show higher levels of commitment to their work, showing increased productivity, and have a stronger inclination to participate in educational programs, skills enhancement projects, and innovative endeavors (Hafee et al., 2019). A healthy life keeps one positive, enables one to face challenges, and empowers nations to succeed globally. A country with healthy human capital can experience sustainable development.

According to the National Institute of Population Studies (2020), Pakistan is the world's fifth-most populous country with 225.199 million. The large segment of population consists of young human capital. This young human capital can be translated into economic gains only when they have education, skills, knowledge, expertise, and good health with the requirements of a modern economy (Bloom et al.,

2018). An efficient well-structured health care system is a fundamental requirement for human capital like education. Hospitals are a crucial ingredient in the health care system. Hospitals managed medical and other supporting staff to deliver medical, nursing, laboratory, and radiology services.

World Health Report (2006), describe the health workforce as one of the core building blocks of the health care system. The health workforce encompasses individuals who provide direct services, such as physicians, nurses, midwives, community health workers, and pharmacists, as well as those who contribute indirectly, such as health managers, hospital administrators, and social workers. These individuals are essential for ensuring the smooth and productive functioning of the healthcare system. In health care nurses play an essential role (Seymen & Yildirim, 2020). During COVID-19 nurses as a frontline worker played a critical role (Fawaz et al., 2020). Nurses' profession is of high pressure and required long working hours, being a critical profession, they must provide more timely services as compared with other service sectors. Nurses' organisational commitment, job performance efficiency, and effectiveness are significantly impacted by workplace pressure (Abdullah et al., 2021).

World Health Statistics (2021) released by World Health Organisation (WHO) unveiled the health workforce crisis in Pakistan. According to report Pakistan do not meet the WHO recommended standards regarded number of health workforce. While facing shortage of nurses as necessary, and the critical importance of nurses as frontline worker in COVID-19, the researcher highlighted the importance of nurse's contextual performance. Borman and Motowidlo (1997) described the concept of contextual performance that pertains to the behaviours exhibited by individuals that strengthen the social and organisational structure, consequently elevating the

psychological environment in which formal responsibilities are executed. Nurses' contextual performance includes, providing quality services, making special arrangements for patients' families, providing emotional support and comforting to team members, supporting new employees to learn the job, not wasting organisational materials, equipment, and other asset (Greenslade & Jimmieson, 2007).

Contextual performance encompasses going above and beyond the designated responsibilities, including offering assistance and collaboration to colleagues in the timely completion of their tasks, and volunteering for activities or tasks beyond the official job description; obeying organisational rules, policies, processes, regardless of the inconvenience to oneself; defending, supporting and endorsing organisation objectives and mission; and persisting enthusiasm for completing task successfully (Borman & Motowidlo, 1993).

Contextual performance supports organisational culture and environment. And it is simple to argue that employees when comply with instructions, take initiative, persevere through challenging jobs, collaborate well with colleagues, voluntarily act, overwork, act patiently, show resilience, display self-devotion has the power to increase efficiency (Eva et al., 2020) and reduce the worker shortage crises. Workplace social support from leadership and colleagues affects employee resilience, which in turn impacts how well employees can handle stressful situations at work and intensifying workloads (Cooke et al., 2019). Contextual performance improves organisations in a variety of ways, as it increases the efficacy of workers and managers by requiring determination, as well as compliance, effort, and self-discipline (Eva et al., 2020; Saleem et al., 2021). It is more likely that employees who are more cooperative, helpful, and team-oriented will be deemed effective employees. Van Scotter (2000) define that, employees contextual behaviours aid the organisation in

managing unforeseen circumstances, facilitates the managers role, showcasing the employee's dedication to boosting the organisation.

The nurses' profession is considered one of the noblest, associated with humanity, compassion, caring, concern, morality, commitment, and ethics. Researcher observed that, these all factors are also crucial for nurses' well-being, motivation, moral identity, and commitment. In this study, we proposed that the employee centric embedded corporate social responsibility, and servant leadership, will lead to affective organisational commitment that will subsequently increases the contextual performance nurses who have high moral identity. To serve humanity, Intrinsic motivation or religious reward appeared more vital than financial rewards(M. S. Khan et al., 2019).

Numerous past research explored the direct and indirect links with proposed independent, moderator, mediator variables to employee contextual performance. As Bhatti et al. (2022) described that the affective committed employees showcase contextual performance which boost organisational performance. Furthermore, Bhatti et al. (2022) identified that affective organisational commitment serves as a mediator among CSR and employee contextual performance. Dahleez et al. (2021) explored the connection among servant leadership and employee's affective commitment with organisation. Wang et al. (2017) revealed the moderating moral identity influence among corporate social responsibility and its subsequent attitudes and behaviours (including intention to leave, in-role performance, and prosocial conduct). The first proposed independent variable in this study is employee centric embedded corporate social responsibility. The corporate social responsibility (CSR) concept has been the subject of various academic contributions, but work on micro-level employee-centric CSR, specifically in hospitals, is limited. The relationship between healthcare and

society is already based on social norms; the primary mission of the healthcare sector is to serve humanity "to take care of patients." But in the current study, we examined the healthcare sector's corporate social responsibility toward its employees specially staff nurses. The nurses selflessly work for patients' health, but we know they are also human beings; they have a separate private life and family and have psychological, social, and self-esteem needs. Being human, they have emotions; they need support and recognition. The hospital's social responsibilities can be characterized as the utilization of limited medical resources, the provision of efficient services, and the management of stakeholder interests.

Nurses must be respected and admired, as they are an organisation's most vital stakeholders and assets. Organisations must address employee rights in privacy, freedom of speech, decision making, and safety, and leadership should seek a "fair deal" with employees. Thus, applying social responsibility at a hospital can improve the hospital's outward reputation and evaluation and enhance employee well-being and honor in a social exchange process that will develop organisational commitment and affect contextual performance. Furthermore, respecting the employees' labor rights and fulfilling their specific needs improves and stabilizes the quality of medical services, maintains patient health and safety, promotes the growth of hospital operations and conserves precious medical resources (Hsieh et al., 2016).

The concept of micro-Corporate Social Responsibility has remained a prominent subject of interest among scholars, policymakers, and practitioners in the 21st century (Aguinis & Glavas, 2012), pertains to the policies and actions implemented by a corporation to improve the well-being of its stakeholders. Micro-CSR (Corporate Social Responsibility) refers to the study and implementation of CSR activities and their impacts at the individual level within organisations. Unlike macro-

CSR, which looks at the organisation as a whole or its impact on society at large, micro-CSR focuses on how CSR initiatives affect individual employees, and other stakeholders within the organisation (Aguinis & Glavas, 2019). Aguinis and Glavas (2012) emphasized the importance of understanding CSR from various perspectives, including the micro-level, to fully comprehend its effects on different stakeholders. They argued that analyzing CSR at this more granular level is essential for capturing its true impact within and beyond organisations. For building organisational commitment and increasing employee performance, scholars and practitioners recognize that the micro-CSR is a crucial mechanism for effectively controlling the employees' attitude and behaviour (Gond et al., 2017; Aguinis et al., 2020; el Akremi et al., 2018), that was labeled as "micro-CSR" (Rupp & Mallory, 2015).

Numerous researches investigated the employees' perception about micro-CSR (el Akremi et al., 2018; Brieger et al., 2020; Rupp & Mallory, 2015; Wang et al., 2020), and its significant impact on employees commitment (Aguinis et al., 2020; Glavas, 2016b; Loor-Zambrano et al., 2021; Marić et al., 2021; Wang et al., 2020; Gond et al., 2017) and, on employee performance (Aguinis et al., 2020; Brieger et al., 2020; Donia et al., 2019; Chaudhary, 2020; Farooq et al., 2017; Gond et al., 2017; Shen & Benson, 2016). The primary focus of many academics lies in the examination of employees' perceptions and responses towards micro-CSR initiatives that are specifically targeted towards stakeholders other than employees. In the past, very little attention has been given to micro-CSR programs and policies specially designed for the employees' social well-being (Aguinis et al., 2020).

In the current era, for changing work attitudes and behaviours, the study of micro-CSR gained significant attention in Industrial/Organisational (I-O) psychology (Aguinis et al., 2020; Aguinis & Glavas, 2013; Bizri et al., 2021; Wang et al., 2020).

Aguinis et al. (2020) highlight the importance of employee-centric embedded CSR for successfully intending CSR programs, leading to employee effects like affective commitment. To provide more clarification, study adopted the concept of Embedded CSR as delineated by Aguinis et al. (2020) and Aguinis & Glavas (2013). "Embedded CSR relies on an organisation's core competencies and integrates CSR within a firm's strategy, routines, and operations." The utilization of CSR techniques by human resource management (HRM) functions has the potential to enhance the job performance of employees when coupled with affective commitment and work engagement. (Bizri et al., 2021).

In this study moral identity is proposed as moderator between independent variable (Embedded CSR) and mediator (AOC). As according to Upadhyay et al. (2013) organisations cannot implement strategies to achieve goals without employees with high moral values. We hypothesized in this study that embedded CSR would positively affect employee contextual performance via affective organisational commitment and that a direct positive relationship would be more robust in the presence of employees' high moral identity. According to Colby and Damon (1999) one's moral identity is formed when one's personal and moral goals are synchronized, they are distinguished from non-exemplars by the unity of their personality and morals, which makes them exceptional.

Morale refers to how employees feel about their jobs, employers, organisation policies, and strategies and how those feelings are linked to the behaviours and attitudes that employees express in the workplace. Employees that possess a strong moral identity exhibit increased levels of job loyalty, sustained commitment to their organisation, and heightened motivation to achieve productivity (Wang et al., 2017). They consider organisations' policies, strategies, and decisions fair and honest and

react positively as the organisation requires. According to Blasi's (1983) moral identity theory, "if an individual strongly identifies with his moral principles, he will behave according to his moral judgment, because behaving otherwise would create an unpleasant situation of cognitive dissonance." It is more likely that an employee who possesses high moral identity is more likely to consider the organisation's values and principles (such as integrity, impartiality, and being a decent citizen) to be fundamental to their being.

Moral identity is associated positively with charitable giving, aiding others, and ethical leadership, and negatively associated with dishonesty (Aquino & Reed, 2002; Black & Reynolds, 2016; Helzer et al., 2018). Moral identity is dominant in several morality theories in business ethics and developmental psychology (Helzer et al., 2018). Moral identity differs among individuals that tend to be more fair, honest, trustworthy, generous, and humble than their peers. Their moral sense of self and personal responsibility is strong, encouraging ethical choices (Helzer et al., 2022). This study aims to discover whether individuals with high morality show more affective commitment through embedded CSR than their peers.

CSR initiatives are indicative of an organisation's commitment to upholding ethical and moral principles (ElGammal et al., 2018). Moral identity pertains to the significance of moral personality traits, such as honesty, justice, kindness, and generosity (Aquino & Reed, 2002), which aligns with CSR values (Singhapakdi et al., 2019). According to Afsar et al. (2020), the concept of moral identity seems to have a crucial role in fostering employee commitment towards an organisation's CSR programs. Further, moral identity has been considered a useful framework for comprehending how employees perceive and respond to organisationally implemented CSR initiatives (Wang et al., 2017; Jones et al., 2017). But prominent scholars in the

discipline of CSR have overlooked the significance of employees' moral identity in the execution of CSR and their intended goals related to the CSR programme (el Akremi et al., 2018).

Based on the crucial associations delineated beforehand, the current investigation proposes that embedded CSR and moral identity collectively affect organisational affective commitment, which in turn affects the contextual performance of employees. Put simply, the author posits that an affective organisational commitment intervention could potentially occur between contextualized employee performance and embedded CSR, with moral identity serving as a moderating factor.

Organisational leadership, along with embedded CSR and moral identity, also impacts employees' affective commitment and employee contextual performance. Leadership is the ability to develop plans that thrive and motivate others to execute the plan despite difficulties (Novit et al., 1971). Gardner (1993) defined leadership as the ability of a person to influence their will towards the desired direction to attain goals by building a solid level of confidence among groups or followers. As discussed earlier, the nurses' profession is considered one of the noblest, linked with humanity, compassion, caring, concern, commitment, and ethics. Individuals in this profession are more concerned for others in need before themself. Greenleaf (1970) coined servant leadership theory; leaders prefer others rather than themselves in this type of leadership. Entering the healthcare profession is often perceived as a calling, a concept deeply embedded in the ethical foundations of the field. For many, this calling is intertwined with religious or spiritual convictions that drive them to serve others. For others, it emerges from a profound commitment to helping and caring for those in need. This desire to serve others lies at the core of what drives healthcare workers, forming the foundation of their motivation and dedication to the profession. Similarly,

servant leaders view leadership as an act of service, as according to Purwani Setyaningrum et al. (2020) a leader who practices servant leadership puts the needs of others before their own interests, they provide opportunities to grow, give benefit materially and emotionally, and ensuring to serve others first. Servant leaders feel sympathies, care for others, uphold ethics, grow and develop followers (Lapointe & Vandenberghe, 2018).

Eva et al. (2019) state that servant leadership encourages to grow in multiple facets (ethical, relational, emotional, and spiritual), enabling them to reach their full potential. Many researchers have examined how servant leaders motivate employees to improve work attitudes and individual-level performance (Canavesi & Minelli, 2021; Erdurmazlı, 2019; Lapointe & Vandenberghe, 2018; Retno et al., 2020; Zhang et al., 2021). Servant leaders' behaviour directs workers toward goals (Rodríguez-Carvajal et al., 2019). Generally, scholars have mostly concentrated on studying the commercial sector while paying less attention to the public sector, particularly the large hospital (Mostafa & El-Motalib, 2019). Given the previous research and the nature of the task, the current study suggests that servant leadership can also have a substantial impact on creating organisational affective commitment and can greatly influence employee contextual performance.

Further current study predicts the affective organisational commitment as mediator. According to Porter et al. (1974), organisational commitment is a psychological condition that denotes a worker's association and identification with the organisation's values and objectives, which inspires them to put in a lot of effort to achieve those objectives. Three levels of organisational commitment are theorized by Meyer and Allen (1991): (i) continuance organisational commitment (COC), (ii) affective organisational commitment (AOC), and (iii) normative organisational

commitment (NOC). Affective commitment: due to emotional identification, an employee chooses to remain committed with organisation, on the other hand, in normative commitment employee feels obligated to stay attached with organisation. Finally, continuance commitment fosters the employee to remain committed with organisation due to economic benefits to him. Researchers recognized the employee-centric embedded CSR (Bizri et al., 2021; Aguinis et al., 2020) servant leadership (Erdurmazlı, 2019; Lapointe & Vandenberghe, 2018; Retno et al., 2020) as predictors to employees' organisational commitment. It has been demonstrated by Nguyen and Ngo (2020) that an intense commitment to the organisation by an employee can result in numerous additional positive behaviours, including enhanced work performance.

Therefore, by establishing links between the previously mentioned literature and the current investigation, the researcher utilizes the innovative framework of social exchange theory to hypothesize that the existence of employee-centric embedded CSR, accompanied by moral identity and servant leadership, positively and significantly impacts affective organisational commitment. Consequently, this has an effect on the contextual performance of staff nurses in the public health sector of Pakistan.

1.1   Problem Statement

Employees are an organisation's most valuable assets in today's modern world (Morris et al., 2020). They play an important role with their abilities, knowledge, and experience in attaining organisational goals. The World Health Report (2006) described the health workforce as one of the core building blocks of the healthcare system, where nurses playing an essential role (Islam et al., 2019; SEYMEN & YILDIRIM, 2020). As frontline workers, nurses were critical during the COVID-19 pandemic (Fawaz et al., 2020). In today's healthcare settings, nurses are expected to perform not just their technical duties but also engage in behaviours that benefit the