Role of Corporate Social Responsibility in Corporate Reputation via Organizational Trust and Commitment

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ARTICLE DETAILS

ABSTRACT

Purpose:
The conceptual framework based on a comprehensive literature review hypothesized that the perceived CSR of an organization may lead to the development of trust and commitment among the employees, which in turn may lead to the building of the corporate reputation of the organization. Along with that, the moderating effects of HRM practices and organizational justice have also been investigated in the given relationship of corporate social responsibility (CSR) with its given mediators i.e., “organizational trust” and “organizational commitment”.

Methodology:
The target population of the study was comprised of the management and teaching faculty of educational institutions. The random sampling technique was employed to carry out an empirical study of 380 samples of employees. The data collected were analyzed by using the Smart PLS 3 software. The model was tested, and all the hypotheses were accepted.

Findings:
A positive relationship has been observed between CSR investments and corporate reputation. Furthermore, empirical results show that the employee’s commitment and the level of trust towards the organization serve as partial mediators between CSR practices and corporate reputation. The results showed that all of the hypotheses were accepted.

Conclusion:
This study is intuitive and empirically substantiates the selection of organizational justice and HRM practices as moderating variables between the observed CSR activities and its given mediators.

Keywords
Corporate Social Responsibility
Corporate Reputation
Organizational Trust
Organizational Commitment
Organizational Justice

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1. Introduction

Corporate reputation (CR) has gained enormous attention in the recent era due to its characteristic of being an intangible asset (Abbas, 2020b). It is referred to as an overall impression of the company perceived by its stakeholders (Kucharska, 2020). Corporate Philanthropy can improve the reputation of the firm which is an inseparable component of Corporate social responsibility (CSR)(Ahsan, Nasir, and Abbas, 2020). When companies incorporate environmental and social initiatives in their business activities and operations voluntarily, it is known as Corporate Social Responsibility (Abbas, 2020b). Kechiche and Soparnot (2012) researched how CSR impacts the bottom-line of firms of varying sizes; these include large multi-national corporate giants as well as startups and SME’s.

The notion of incorporating Corporate Social Responsibility has been a largely successful factor for firms in the west due to its strategic value. Several studies have found that CSR positively influences a firm’s success. As such, indicators were found to be positively linked to CSR such as customer trust (Marin et al., 2009, Van den Brink et al., 2006); financial performance (Tsoutsoura, 2004); buying patterns of customers (Mohr et al., 2001); satisfaction of employees (Coldwell et al., 2008); trust among stakeholders (Castaldo et al., 2009) and attractiveness of firms (Jones et al., 2010, Albinger & Freeman, 2000, Maheshwari & Yadav, 2015). These studies have concluded how CSR is linked with the sustainable success of firms (Málovics et al., 2008).

Despite the staggering levels of importance and momentum that the importance of CSR has gained over the years, the majority of the studies have focused on the relationship between CSR initiatives and the firm’s outcomes (Aguinis & Glavas, 2012). Research on attaining a clear understanding of the underlying mechanisms between CSR and its related outcomes is yet to be discovered (Yadav et al., 2016). This study aims to examine the mechanism through which CSR builds corporate reputation amongst its stakeholders. Therefore, in this research, a mediation model has been developed. Hansen et al. (2011) have worked upon developing and identifying a direct association between fostering a certain level of trust and commitment towards the organization among employees and the CSR initiatives that the firm intends to take. Moreover, the link that forging relationship between a certain level of trust among employees on the firm along with their commitment due to the CSR activities and their impact on organization’s corporate reputation has not particularly been worked on yet.

This study aims to understand whether the insight of CSR creates a positive corporate reputation of educational institutions through developing trust and commitment amongst its employees. Whereas trust among employees and commitment towards the organization were being counted as the mediator variables between CSR practices and corporate reputation. Therefore, the intervention effects of employees “trust and their commitment to the relationship between CSR practices and organizational reputation have been investigated in the given research. Thus, the conceptual framework based on a comprehensive literature review hypothesized that the perceived CSR practices of an organization may lead to the development of trust among the employees along with their commitment which in turn may lead to the building of the corporate reputation of the organization. Another aim of this study is to investigate the connection of CSR activities with its given mediators i.e., “organizational trust” and “organizational commitment” by considering the moderating effects of HRM practices and organizational justice in a developing economy like Pakistan.

Along with that, past researches have paid special attention to the effect of corporate social responsibility on external stakeholders. However, there are very few shreds of evidence where employees who are the internal stakeholders of an organization, have been explored concerning CSR practices to build a good market reputation.
Lastly, the very few researches which have been conducted related to CSR in the context of internal stakeholders are from the perspective of the western countries where employee relations and their inclinations are at the top priority for their institutions. While this study is being carried out in Pakistan, which is one of the high distance power countries according to Hofstede (2009). In this case, those in positions with a great degree of authority are appreciated more and looked up to. Along with that none of the research has focused on how this underlying mechanism could be applied in the educational institutions of Pakistan, which is being the focus of the given research.

All these factors have distinguished this study from the previous empirical studies which have been conducted in the USA and Europe. Hence, it can be summed up here that this empirical study will give a deeper insight through practical implementation for mainly educational institutions of Pakistan to understand the emerging concept of how building employee relations and developing stronger associations with them from the context of corporate social responsibility can turn out into good reputation in the marketplace.

2. Literature Review and Conceptual Model

2.1. Theoretical Foundation

The association between organizations and their stakeholders is increasingly becoming more integrated and pronounced making, the notion of corporate social responsibility (CSR) a vital issue in the corporate arena. CSR is highly valued by firms as it contributes as one of the leading factors in the formulation of corporate strategies. CSR policies can be categorized as explicit and implicit, and they reflect the rules and norms of a business responsibility as well as the general obligations of an organization (Matten & Moon, 2020). Shareholder value creation in the long-run has been apprehended as the key to organizational success (Porter & Kramer, 2019). CSR incorporates all the activities undertaken by firms to build corporate sustainability and relationships with its stakeholders keeping in view the environmental and social concerns. CSR is considered as an essential element of corporate strategy which has been interpreted as the respect and consideration for aggregate understandings between social accomplices (Sze’s & Schlegelmilch, 2020).

To completely meet their CSR, organizations ought to integrate their environmental, ethical, and social, consumer, and human rights concerns into their business strategies through close coordination with all their stakeholders. CSR has been defined as the organization’s long-run commitment to contribute ethically to economic development by enhancing personal satisfaction, the workplace environment, and the welfare of society in general (Blumberg, 2019). Scholarly researchers and academicians have classified three main dimensions of CSR, namely Ethical CSR, Philanthropic CSR, and Strategic CSR. Ethical CSR supports fairness and justice based upon moral values and principles within organizational practices (Gul & Kaytaz, 2019). Philanthropic CSR chiefly centers around giving back to society, without any expectations in return (Mellahi & Rettab, 2019). Strategic CSR is based upon any form of social activity or service undertaken by the firm which also results in the organization’s profit orientation (Nicoara, et al., 2019). CSR has been researched in the past based on its effects on the employee and the customer’s perception. Numerous theories have explained the reaction of an employee towards the corporate social activities that a company is engaged in (Imran and Abbas, 2020). The most notable theories are the social exchange theory, signaling theory, and organizational identification theory (Gond et al., 2017). It was further emphasized by Gond et al. (2017) that an employee’s perception of the CSR activities performed by a company has a direct effect on organizational identification and organizational commitment (Abbas, 2020c).
2.2. Corporate Social Responsibility and Corporate Reputation

The ranking of most admired companies is one of the methods to measure the corporate reputation of firms (Lu et al., 2019). Lee (2020) investigates Corporate Reputation to be an overall estimation of the perception of its external and internal stakeholders about the present and future position of an organization based upon its past activities (Abbas, 2020a). Corporate reputation and performance are important outcomes of CSR practices of a firm. Past researchers have identified CSR to be a crucial element in building a positive company reputation, and so the majority of companies consider it to be an important part of their corporate strategies (Kucharska, 2020). CSR is perceived to be a strategic investment and an important action responsible for building the corporate reputation of the company in the long run (Pérez & López, 2019). Therefore, when companies indulge in CSR, they tend to improve their market worth. Bardos et al. (2020) proposed that CSR activities have a significant impact on corporate reputations can also serve as a strategy for risk management and crisis aversion, during the trying times in a company’s life cycle (De Roeck et al., 2020).

This is consistent with the research conducted by Tao and Song (2020), who concluded CSR to be highly valuable in both pre-crisis and post-crisis situations. De Roeck and Farooq (2018) endorses that CSR’s tendency to promote voluntary organizational contribution helps tremendously in the establishment of positive social exchanges amongst employees and organizations. Based on the empirical evidence, Van Dick et al. (2019) proposed the mediating role of employees’ organizational identification in the relationship between their perceptions of organizational CSR initiatives and their work engagement and organizational citizenship behaviors. In-synced with this notion, it can be adduced that positive perceptions of the company’s CSR, helps in maintaining reciprocity between employers and employees in terms of policy makings and company reputation leave admirable influences on customer satisfaction and trust regarding the products and services provided by them (Caruana et al., 2018). Cowan and Guzman (2018) concluded that CSR ultimately helps in strengthening the bond between employees and their respective organizations. Past researchers have acknowledged the strong relationship between the CSR activities undertaken by the firm and the organization’s performance and reputation (Singhapakdi et al., 2019). Another study conducted in the past has emphasized the role of CSR communication in building employee knowledge and corporate reputation (Kim, 2019).

H1: Employee-oriented corporate social responsibility activities have a significant and positive impact on their corporate reputation.

2.3. Corporate Social Responsibility and Organizational Trust

Cui and Jiao (2019) refer to organizational trust as the perception of an employee about the global evaluation of the trustworthiness of an organization. It is the confidence of an employee that the organization will never engage in any activity that can be detrimental to an employee’s wellbeing and that the organization will be mindful of the effect that its activities have on its employees (Kazmi and Abbas, 2021). Vanhala and Ritala (2016) opined that trust in the workplace has been associated with tremendous levels of organizational innovativeness and performance. Trust can be an important competitive advantage for organizations resulting in increasing benefits in the marketplace (Abbas et al., 2021). Earlier researchers have acknowledged organizational trust as the route through which an organization’s CSR mechanism positively impacts CSR outcomes such as work engagement, organizational citizenship behavior, competitiveness, employee cynicism, reputation, work engagement, and performance (Manimegalai & Baral, 2018).

Manimegalai and Baral (2018) acknowledged Organizational trust as a mediator affecting the relationship between perceived corporate social responsibility (CSR) and employees’ job
outcomes, work engagement, and organizational citizenship behavior (OCB). Archimi et al. (2018) identified that organizational trust mediates the relationship between CSR activities performed within an organization and employees’ perception, outcome, and job satisfaction (Abbas and Kumari, 2021). CSR is an important contributor for creating positive perceptions about the company ultimately cultivating trust in the organization itself. This organizational trust plays a vital role to retain the employee for long periods (Shakoor, Fakhar and Abbas, 2021). The more an employee is committed to the organization, the more it saves the time & cost of hiring and training new employees and reduces the risk of losing potential employees. The management of an organization cannot ignore the importance of engaging in employees’ trust-building and trust recovery through CSR activities. Tourigny et al. (2019) argue that legal CSR activities have been considered to have a positive and significant effect on organizational trust; and that employees’ organizational trust is a direct outcome of CSR activities conducted by a firm.

H2: Employee-oriented corporate social responsibility activities have a significant and positive impact on its employees’ organizational trust.

2.4. Corporate Social Responsibility and Organizational Commitment

Imamoglu et al. (2019) explored organizational commitment, a psychological state of employees towards their respective organizations, to be the predictor of the performance of an organization. This commitment proves as a mental motivator for employees to reflect upon their associations with their workplaces and plays a significant role in determining if they wish to continue to be part of that organization (Safdar et al., 2020). Rodrigo et al. (2019) found a strong connection between the CSR activities performed in an organization and the commitment of its employees towards the company. Kuehnl et al. (2019) have found extensive connections between employees’ job commitment levels and their organizations’ social responsibility practices, such as human rights activism, training & development, health & wellbeing initiatives, work-life balance programs, and educational drives. In another study by Trivellas et al. (2019), it is advocated that discretionary and legal CSR helps maintain employee retention within organizations.

Organizational commitment has been indicated to mediate the relationship between benevolent leadership and organizational citizenship behavior (Tan et al., 2019). Jung and Seo (2019) acknowledged the positive relationship between corporate citizenship in harnessing a manager’s affective organizational commitment. Bouraoui (2019) also demonstrated that affective commitment amongst employees is a necessary outcome of ethical CSR initiatives by an organization. Zaman and Nadeem (2019) emphasized the strategic importance of CSR activities within an organization in cultivating employees’ organizational commitment. Organizational commitment is very much dependent upon the kinds of socially responsible actions taken by a firm and the perceptions of the recipient stakeholders (Singhapakdi et al., 2019).

H3: Employee-oriented corporate social responsibility activities have a significant and positive impact on its employees’ organizational commitment.

2.5. Organizational Trust and Corporate Reputation

Wu et al. (2018) established that employee attitudes are significantly shaped by the amount of trust they can gain from their management. Supervisors can contribute immensely towards harnessing organizational trust amongst employees (Mahmood et al., 2020). In another study, Kim (2019) found organizational trust and corporate reputation to be related significantly. On the other hand, the role of organizational reputation in building the trust of the stakeholders of an organization has also been supported by past researchers (Schultz et al., 2019). Matuleviciene and Stravinskiene (2016) developed the methods of building the trust of key stakeholders to develop a corporate reputation. Ashraf et al. (2017) proposed that employees tend to become
more trustworthy of their organizations if they experience their companies to achieve customer satisfaction, brand loyalty, and strategic advantage over their competitors (Mahmood et al., 2014). Trust generated by corporate reputation is significant in fostering positive perceptions amongst internal and external stakeholders of the overall assessment and reputation of an organization (Habib, Abbas and Noman, 2019). Therefore, there is sufficient evidence from the past to support the presence of a significant relationship between organizational trust and corporate reputation.

**H4:** Employees’ organizational trust has a significant and positive impact on corporate reputation.

### 2.6. Organizational Commitment and Corporate Reputation

Organizational commitment is an individual’s attachment towards his or her organization (Redditt et al, 2019). A committed employee has great worth and is considered a beneficial asset to an organization. Organizational commitment creates a positive bond between an employee and an organization (Thakur et al., 2020). An employee’s organizational commitment has a direct influence on corporate reputation (Abbas and Sagsan, 2019). A company's corporate reputation reflects the company to the external and internal stakeholders and is not only affected by an organization itself rather it is affected also by employees, product reviews, services, managers, business representatives, and all the other people associated with the company (Rantanen et al, 2019). Employees from the core element of corporate reputation as they are the ones who are one of the most important internal stakeholders of an organization. It’s the image and the identity of the organization in the eyes of its stakeholders.

Literature review supports the idea that organizations that are continuously engaged in responsible practices and attitudes can find the correct balance between serving the community and being profitable at the same time. CSR outcomes such as corporate reputation are built due to the presence of strong employee organizational commitment (Almeida et al., 2019). Hence the organizational commitment can effectively be harnessed through ethically and socially responsible activities by their respective organizations, which ultimately culminates into a positive exchange of relationships. Corporate reputation is perceived by many authors as a two-way relationship between an employee’s performance and corporate reputation (Almeida et al., 2019).

**H5:** Employees’ organizational commitment has a significant and positive impact on corporate reputation.

### 2.7. Mediating Role of Organizational Trust

Ashraf et al. (2017) proposed that employees tend to become more trustworthy of their organizations if they experience their companies achieving customer satisfaction, brand loyalty, and strategic advantage over their competitors. Asmeri et al. (2017) label CSR to be the next big buzz towards building an organizational reputation by encouraging employee trust. They believe that employees value organizations’ voluntary social activities and feel proud to associate themselves with their companies. Moreover, Maden et al., (2012) stated that companies that indulge in socially responsible activities meet the expectations of multiple stakeholders, and many stakeholders base their decisions on associating with these organizations, mainly because of their positive reputation. Trust has been founded to intervene in the relationship between organizational justice and work outcomes (Aryee et al., 2002). It has been found that corporate brand trust mediates the relationship between stakeholder perception of CSR, corporate hypocrisy, and corporate reputation (Kim. 2015). Trust has further been founded to serve the role of a mediator in building the reputation of a company (Fatma et al, 2015). Therefore, the following hypothesis has been generated:
**H₆**: Employees’ organizational trust mediates the relationship between employee-oriented corporate social responsibility and corporate reputation.

### 2.8. Mediating Role of Organizational Commitment

Employees’ satisfaction and organizational commitment are directly influenced by the public image of their employer. To be a part of a reputable organization increases their self-esteem (Esenye and Emeagwali, 2019). Kucharska (2020) argued that a committed employee contributes to the process of a company’s brand value creation. Employee commitment is a strong bond between the employer’s brand and the employee. The relationship between leadership styles and innovation is mediated by organizational commitment. Two different leadership styles namely transactional and transformational have been studied in the past about the organization’s commitment. Normative commitment has been found to mediate the relationship between transactional leadership and incremental innovation; whereas it has been found that the relationship between transformational leadership and radical innovation is mediated by affective commitment (YANG and YANG, 2016).

Wang et al., (2013), suggest that businesses that are involved in social practices are not only appreciated by the public but also increase the organizational commitment of their employees. Superior company goodwill and better corporate image is a byproduct of the involvement in philanthropic initiatives on the part of both management and employees. Employees, who participate in social causes on behalf of their organizations, tend to create a positive image of their respective organizations. This is consistent with Nan and Heo (2007), who pointed out managing CSR, is significantly linked with the support employees usher to these social causes.

**H₇**: Employees’ organizational commitment mediates the relationship between employee-oriented corporate social responsibility and corporate reputation.

### 2.9. Moderating Role of HRM Practices

The role of HRM practices has been researched in the past. It has been debated that the role of HR varies based on ‘bundles of practice’ adopted by a firm. Three types of ‘bundles’, first motivation, second oriented to increasing ability, and last opportunity to participate have been identified by past research (Innocenti et al., 2011). It has been found that the moderating effect of trust on employee attitudes depends greatly upon HR bundles and motivational practices applied within a company (Innocenti et al., 2011). Another research confirmed that the efficiency of human resource management practices within an organization moderate the negative relationship between stressors in the organization and job strain and perceived organizational support (Harris et al., 2013). DeNisi et al. (2014) preach that HRM practices can benefit heavily by making provisions for CSR and involving employees to carry out socially responsible actions on behalf of their organizations. This helps improve employee morale, create a coherent bond between management and employees and develop long-lasting working relationships. Thus, research upon the relationship between HRM and CSR is worth the time and effort for the farming of a better workplace environment. Tzafrir et al. (2005) advocate that HRM practices are necessary for creating and maintaining organizational trust, because work relationships, mutual interactions, and improved communication channels between management and employees tend to enhance not only employees’ mental wellbeing, but also increase organizational productivity. Therefore, we propose the following hypothesis:

**H₈**: HRM practices have a positive moderating effect on the relationship between employee-oriented corporate social responsibility and employees’ organizational trust.
2.10. Moderating role of Organizational Justice
Organizational justice is defined as the employees’ perception of fair treatment by the organization and the behavioral reaction of employees to fair practices. According to the social exchange theory, Organizational trust is an outcome of organizational justice. Moreover, another outcome of organizational justice is perceived organizational support. Both organizations as support and organizational trust contribute to affective organizational commitment. Thus, organizational trust is the most powerful driving force that affects the relationship of an organization with its employees’ trust as well as commitment. The greater the perceived organizational trust, the stronger will be the relationship between organizational activities and employee organizational trust and employee organizational commitment (Hayunintyas et al., 2018). The sharing of compensation, resources, and information participation in the decision-making process creates a sense of justice among the employees is known as organizational justice.

Moreover, the past literature supports the idea that an employees’ perceived CSR foretells employees’ organizational identification through the mediation of affect-based organizational trust, conditional on HR practice, i.e., perceived first-party justice as a moderator (Ghosh, 2018). It has been researched that organizational procedural justice moderates the association between organizational change intensity and organizational commitment (Lee et al. 2017). A study conducted by Castro-González et al. (2019), acknowledged that ethical climate and interpersonal justice perform the role of a moderator in effecting the association between perceived CSR and employee organizational commitment. Therefore, the following hypothesis has been proposed:

H9: Employees' organizational justice has a positive moderating effect on the relationship between employee-oriented corporate social responsibility and employee organizational commitment.

Figure 1: Theoretical Framework
Source Author’s own elaboration
3. **Research Methodology**

3.1. **Sample and Survey**

For the purpose of data collection, a survey questionnaire was circulated that was constructed on a 5-points Likert scale ranging from “1. Strongly disagree” to “5. Strongly agree”. In developing the instrument, measurement items were selected from validated questionnaires used in previous researches. A pilot test (prior to the actual survey) has also been conducted on 35 employees to assess the quality of our measures. But it revealed no concerns regarding face validity.

The questionnaire consisted of seven parts: the first part was the measure of corporate social responsibility, the second part was the measure of HRM practices, the third part was the measure of organizational commitment, the fourth part was the measure of organizational justice, the fifth part was the measure of organizational trust, sixth part was the measure of corporate reputation and seventh part was about the participant’s demographic information.

The target population consisted of management and teaching staff from various departments of different educational institutions of Pakistan. To obtain a sample, a simple random sampling technique was used.

To decide about the sample size, the rule effective research is between 30 to 500 samples or 10 times or more the number of variables which includes independent, dependent, mediating, moderating, and control variables (Sekaran and Bougie, 2003). Therefore, 400 questionnaires were mailed to the employees of different educational institutions of Pakistan. On the first hand, 205 questionnaires were returned after two weeks. After making telephone calls, the questionnaires were mailed a second time, and 175 more were received two weeks later; so the total number questionnaires 380 were returned (response rate, 95%).

To test the hypothesis, the collected data was entered into SPSS software. The main relationships of the model have been assessed through SmartPLS 3 software.

3.2. **Measures**

The measure of the perceived corporate social responsibility was carried out by using the scale laid down by Turker (2009). It was formulated to quantify 17 items with four dimensions-, CSR to employees, CSR to social and non-social stakeholders, CSR to government and CSR to customers. But as this research has been conducted to measure the employee’s perception about corporate reputation of an organization that’s why we have used only one dimension i.e., “CSR to employees” from the given scale. To measure HRM practices, the scale was adopted from the research of Edgar and Geare (2005). The measure consisted of 20 items. Organizational commitment has been measured by using seven items directly taken from Lin et al. (2008). Organizational justice was measured by Niehoff and Moorman (1993), comprising of 20 items with three dimensions (Distributive Justice, Procedural Justice, and Interactional Justice). Organizational trust was measured by using three items directly drawn from Mayer and Davis (1999). Finally, employee perception about corporate reputation was measured by using three items which were developed by Lai et al. (2010).

4. **Results and Findings**

This section confers the results and findings from the data collected from the management and teaching staff of educational institutes in Pakistan. The results and findings of the collected data were generated through Smart PLS 3 software. The below table represents the outer loadings, Cronbach’s Alpha, composite reliability, and average variance extracted (AVE) value for all the
constructs. As per the criteria, the value of the outer loading must be greater than 0.5. In the table, all the values of related items are greater than 0.5; additionally, the average variance extracted (AVE) value for all the constructs is greater than 0.5. This ensures the convergent validity among the hypothesized constructs.

4.1. Convergent Validity

Moreover, Cronbach’s Alpha value must be more than 0.7 (Nunally, 1974) and composite reliability, value is supposed to be more than Cronbach’s Alpha value of the respective construct. It is revealed from the below table that the Cronbach’s Alpha value of all the constructs is more than 0.7 (Hair et al., 2012). Also, the composite reliability of the constructs is greater than the respective Cronbach’s Alpha value. This ensures the reliability of the hypothesized constructs. In conclusion, it implies and ensures the reliability as well as the validity of the hypothesized constructs.

<table>
<thead>
<tr>
<th>Construct</th>
<th>CA</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility</td>
<td>0.814</td>
<td>0.889</td>
<td>0.728</td>
</tr>
<tr>
<td>Organizational Trust</td>
<td>0.911</td>
<td>0.938</td>
<td>0.791</td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>0.817</td>
<td>0.880</td>
<td>0.647</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0.797</td>
<td>0.862</td>
<td>0.562</td>
</tr>
<tr>
<td>Corporate Reputation</td>
<td>0.839</td>
<td>0.890</td>
<td>0.670</td>
</tr>
<tr>
<td>HRM Practices</td>
<td>0.801</td>
<td>0.881</td>
<td>0.672</td>
</tr>
</tbody>
</table>

Source Author’s own elaboration

4.2. Discriminant Validity

The below table represents the Fornell-Larcker Criterion for testing the discriminant validity of the hypothesized model. As per the criteria, the average variance extracted of the constructs has to be more than the square root of the correlations among the constructs (Fornell-Larcker, 1981).

<table>
<thead>
<tr>
<th>Construct</th>
<th>CSR</th>
<th>OT</th>
<th>OJ</th>
<th>OC</th>
<th>CR</th>
<th>HRMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility</td>
<td>0.854</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Trust</td>
<td>0.581</td>
<td>0.889</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>0.593</td>
<td>0.535</td>
<td>0.805</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0.520</td>
<td>0.366</td>
<td>0.351</td>
<td>0.750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Reputation</td>
<td>0.718</td>
<td>0.618</td>
<td>0.586</td>
<td>0.479</td>
<td>0.819</td>
<td></td>
</tr>
<tr>
<td>HRM Practices</td>
<td>0.589</td>
<td>0.495</td>
<td>0.551</td>
<td>0.435</td>
<td>0.521</td>
<td>0.830</td>
</tr>
</tbody>
</table>

Source Author’s own elaboration

In the above table, discriminant validity does not seem to be a serious issue as the average variance extracted value of the constructs is more than the respective correlations among the constructs.
Table 3: Heterotrait-Monotrait Ratio (HTMT)

<table>
<thead>
<tr>
<th>Construct</th>
<th>CSR</th>
<th>OT</th>
<th>OJ</th>
<th>OC</th>
<th>CR</th>
<th>HRMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Trust</td>
<td>0.670</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>0.726</td>
<td>0.623</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0.641</td>
<td>0.450</td>
<td>0.452</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Reputation</td>
<td>0.837</td>
<td>0.700</td>
<td>0.698</td>
<td>0.565</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HRM Practices</td>
<td>0.469</td>
<td>0.672</td>
<td>0.425</td>
<td>0.454</td>
<td>0.682</td>
<td></td>
</tr>
</tbody>
</table>

Source Author’s own elaboration

The above cross-loading table and HTMT are indicators of discriminant validity. HTMT table is another reflector of discriminant validity. As per the results, the value of all the constructs is lesser than 0.9, which implies that there is no issue of discriminant validity (Henseler, Ringle and Sarstedt, 2015).

4.3. Blindfolding Test and Coefficient of Determination

The below table shows the result of predictive relevance (Q^2) and coefficient of determination (R^2). As the value of Q2 of organizational trust is greater than 35, this implies that the predictive relevance is higher. In the case of organizational commitment and corporate reputation, the Q^2 value is between 0.15 and 0.35; therefore, the predictive relevance of these variables is moderate. The R^2 value represents the overall contribution of all the independent variables in explaining the dependent variable. In the current case, R^2 values of all the constructs show a moderate contribution to explaining organizational trust, commitment, and corporate reputation (Geisser, 1974 & Stone, 1974).

Table 4: Blindfolding Test

<table>
<thead>
<tr>
<th>Construct</th>
<th>Q^2</th>
<th>R^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Trust</td>
<td>.346</td>
<td>.515</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>.305</td>
<td>.513</td>
</tr>
<tr>
<td>Corporate Reputation</td>
<td>.325</td>
<td>.514</td>
</tr>
</tbody>
</table>

Source Author’s own elaboration

4.4. Path Analysis

The below table shows the results of path analysis performed through SmartPLS 3 software to generate the findings. In this section, it is revealed that all the paths are found to be significant as their P-value of the paths is lesser than 0.05.

Table 5: Coefficients

<table>
<thead>
<tr>
<th>Path</th>
<th>Beta</th>
<th>Standard Error</th>
<th>t value</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR -&gt; OT -&gt; CR</td>
<td>0.718</td>
<td>0.034</td>
<td>21.386</td>
<td>0.000</td>
</tr>
<tr>
<td>CSR -&gt; OC -&gt; CR</td>
<td>0.304</td>
<td>0.062</td>
<td>4.923</td>
<td>0.000</td>
</tr>
<tr>
<td>CSR_X_HRMP -&gt; OT</td>
<td>0.320</td>
<td>0.057</td>
<td>5.637</td>
<td>0.000</td>
</tr>
<tr>
<td>CSR_X_OJ -&gt; OC</td>
<td>0.308</td>
<td>0.060</td>
<td>5.142</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source Author’s own elaboration

The above table represents the results of the tested model through Smart PLS 3 software. The hypothesized constructs their relationships between the beta value and associated P-value can be seen from the above diagram.
In the above table, the first path represents the results of the mediated role of organizational trust between CSR and CR. As per the results, the significance value is lesser than 0.05, which means a significant relationship. Moreover, the beta value in the tested path is 0.718, which employs a positive mediated relationship between CSR and CR due to OT. Therefore, the first hypothesis is accepted, and it is concluded that organizational trust positively mediates the relationship between corporate social responsibility and corporate reputation.

Furthermore, the second path portrays the mediated relationship between corporate social responsibility and corporate reputation through organizational commitment. It is revealed from the above table that the above relationship is significant as the associated P-value is lesser than 0.05. Therefore, it can be concluded that organizational commitment mediates the relationship between corporate social responsibility and corporate reputation. Moreover, the beta value in the above path is 0.304, which represents positive mediation between corporate social responsibility and corporate reputation through organizational commitment. Consequently, this hypothesis is accepted.

In addition to that, the third path represents the moderated relationship of HRM practices between corporate social responsibility and organizational trust. As per the results, this path is found to be significant as the p-value is lesser than 0.05. Moreover, the value of the conditional coefficient is 0.320, which employs a positive relationship. These results imply the positive moderation between corporate social responsibility and organizational trust through HRM practices; such that the better the HRM practices in the educational institute, the stronger will be the relationship between corporate social responsibility and organizational trust.

Lastly, the fourth path represents the moderated relationship between corporate social responsibility and organizational commitment through organizational justice. As per the results, the p-value is lesser than 0.05, which means a significant relationship. Moreover, the beta value of this path is 0.308, which employs a positive moderated relationship between corporate social responsibility and organizational commitment through organizational justice. These findings imply the positive moderation between corporate social responsibility and organizational commitment through organizational justice; such that the higher the perceived organizational justice in the educational institute, the stronger will be the relationship between corporate social responsibility and organizational commitment.

5. Discussion

The first objective of this research was to examine the mediated effect of organizational trust between the relationship of CSR activities and corporate reputation. The findings concluded that organizational trust positively mediates the relationship between corporate social responsibility and corporate reputation. The findings are consistent with Maden et al. (2012) who stated that companies that indulge in socially responsible activities meet the expectations of multiple stakeholders, and many stakeholders base their decisions on associating with these organizations, mainly because of their positive reputation.

The second objective of this research was to examine the mediated effect of organizational commitment between the relationship of CSR activities and corporate reputation. The findings concluded that organizational commitment mediates the relationship between corporate social responsibility and corporate reputation. These findings are consistent with Nan and Heo (2007), who pointed out that managing CSR is significantly linked with the support employees usher to these social causes. Moreover, Wang et al. (2013) reported that businesses that are involved in social practices are not only appreciated by the public but also increase the organizational commitment of their employees. Superior company goodwill and better corporate image are a
byproduct of the involvement in the philanthropic initiative on part of both management and employees. Employees, who participate in social causes on behalf of their organizations, tend to create a positive image of their respective organizations.

The third objective of this research was to examine the moderated effect of HRM practices on the relationship between corporate social responsibility and organizational trust. The results concluded that HRM practices positively moderate the relationship between corporate social responsibility and organizational trust; such that the better the HRM practices in the educational institutes, the stronger will be the relationship between corporate social responsibility and organizational trust. DeNisi et al. (2014) reported that HRM practices can benefit heavily by making provisions for CSR, and involving employees to carry out socially responsible actions on behalf of their organizations. This helps improve employee morale, create a coherent bond between management and employees and develop long-lasting working relationships.

The last objective of this research was to examine the moderated effect of organizational justice between the relationship of corporate social responsibility and organizational commitment. The findings imply that organizational justice positively moderates the relationship between corporate social responsibility and organizational commitment; such that the higher the perceived organizational justice in the educational institute, the stronger will be the relationship between corporate social responsibility and organizational commitment. Castro-González et al. (2019) acknowledged that organizational justice performs the role of a moderator in effecting the association between perceived CSR and employee organizational commitment. The fair distribution of compensation, resources, and information participation in the decision-making process creates a sense of justice among the employees, which ultimately intensifies the association between CSR activities and organizational commitment.

The first contribution of this research in the literature is to underscore the phenomenon of the corporate reputation of a high-power distance country. Researches in the past were primarily directed to examine this area from low or moderate power distance countries where employee considerations are at the top priority for their employers at the workplace. The understanding of the relationship between CSR activities and corporate reputation from high power distance countries was missing in the literature. In cultural classification, Rugman (2002) placed countries like Pakistan and Indonesia in the category of high-power distance countries. This research is one of its kind to emphasize this relationship and provide explanations from Pakistan (i.e., a high-power distance country).

The second contribution of the current study is to discuss the role of CSR activities from their internal stakeholders’ perspective (i.e., employees), which is again a majorly overlooked area in the past literature. The ultimate goal of every organization is to build a corporate reputation in the marketplace. To achieve this objective, organizations have considered to social and environmentally initiatives as an important component and most studies in the past have also proven this relationship positive. But there are very few researches that have taken into consideration the most important factor of CSR initiatives from the internal stakeholders’ perspective of an organization which is being the focus of this research.

Based on the findings of current research it has been proved that if the organizations are making investments in employees in the terms of CSR activities, it can lead towards the development of trust and commitment among the employees, which in turn may lead to the building of corporate reputation of the organization. Along with that, evidence has proven it also if the organizers are implementing HR policies and practices which are being employee-oriented, the given relationship of CSR and corporate reputation can be even stronger.
On the other hand, in a capitalist society like Pakistan, the autocratic style of management has led to a culture of one-way communication and therefore, employees are fearful to raise their voice in case of any disagreement with the management policies. Based on the above valuable findings of the research, we suggest that educational institutes shall consider introducing HRM practices that are built around the intrinsic and psychological needs of the employees and provide them a platform that encourages two-way communication and appreciate employee feedback. Therefore, educational institutions may think of appointing psychologists and family-work-life supervisors to let employees understand that they are heard. Ultimately, all these implications will lead towards the development of trust and commitment of employees towards their organization which in turn can turn out into a good reputation in the marketplace.

5.1. Managerial Implications of Research
This study will broaden the knowledge of management of specific educational institutions on how E-CSR activities could influence company reputation. As companies’ effective CSR participation meet stakeholder expectation it was expected that companies with higher E-CSR activities will lead to a greater reputation of the company. The results of the study have confirmed that CSR from the perspective of internal stakeholders, (specific employees) is one of the important drivers of corporate reputation and ultimately, it can be considered as a significant factor in encouraging organizations to make investments in E-CSR activities. Therefore, the findings may help the managers to maximize their participation in various E-CSR activities to build a reputation in the marketplace.

Moreover, this research studies the role of trust as a mediating mechanism through which E-CSR activities help in increasing the reputation of educational institutions amongst their employees. It was found that organizational trust partially mediates the effect of perceived E-CSR on corporate reputation. Based on the given findings, we argued that employees who perceive their firm to perform high levels of E-CSR activities believe that their organization will also be ethical in its dealings with them. High levels of E-CSR activities also have the potential to signal that the demands and expectations of employees will be met on a priority basis. Such positive contributions of the organization could induce positive feelings amongst the employees, thereby leading to the development of trust. Eventually, employees who trust their organizations are more likely to have a good opinion of their organization. Therefore, to reap all these positive benefits and outcomes at the workplace, along with the familiarization of new policies and procedures, the implementation of CSR activities focusing on employees’ development and their growth needs to be mandatory within the organizational setup. Additionally, CSR should be viewed as an integral part of organizational decisions and business strategies. Ultimately, all these implications from the management side will lead towards the development of trust among employees towards their organization which can ultimately turn into a good reputation of an organization in the marketplace.

On the other hand, in a capitalist society like Pakistan, the autocratic style of management has led to a culture of one-way communication and therefore, employees are fearful to raise their voices in case of any disagreement with the management policies leading towards feelings of injustice among them. Moreover, organizational Justice has been seen as an important variable that plays a major role in improving the performance of employees of an organization. Because different studies have shown if employees are not treated fairly it results in reduced output from the employees as a natural response to the unfair treatment leading towards negative perception for their organizations. Therefore, based on current research findings, we suggest that educational institutions shall consider promoting the organizational justice that is built around the intrinsic and psychological needs of the employees and provide them with a platform that encourages two-way communication, appreciate employee feedback, and promote the feelings of equity among employees. Eventually, when the perception of organizational justice among
employees is high, it can enhance employees' positive image and attitudes toward their organizations.

Collectively, the study identifies perceived E-CSR as a distal antecedent of corporate reputation among employees where the organizational trust has taken as the mediating variable and organizational justice as moderating one. This suggests that managers must aim to build trust and feelings of justice among employees towards their organization for reaping the full benefits of their investments in E-CSR. One of the possible ways of gaining complete benefits from CSR is to ensure that the employees are well aware of their firm’s E-CSR activities because adopting E-CSR activities that have high salience among current or potential employees will benefit the firm beyond its expectations undoubtedly.

Moreover, this corporate reputation among employees can also play a big role in attracting and retaining committed and talented employees who engage themselves with their work and their corporation as well positively. This attraction and retention of talent is a significant advantage in a knowledge-driven economy, where firms that are perceived to be highly reputed will be better equipped to recruit and retain talent. Therefore, no matter for what reasons organizations invest in E-CSR, all reasons lead to better corporate reputation.

5.2. Theoretical Contribution to Academicians
Corporate reputation has been linked to superior financial performance and philanthropic donations have been identified as an antecedent of corporate reputation. In academic literature, corporate reputation has been mostly defined from the customer’s point of view, such as customers’ trust and satisfaction. For example, Malik and Kanwal (2018) concluded that CSR activities promote customers’ trust and positively impact their buying patterns. Sarvaiya et al., (2018) studied CSR from the customer’s perspective and said that it results in improved customer satisfaction. However, previous studies have almost ignored the perspective of internal stakeholders, especially employees. Therefore, this article looks at corporate reputation from the perspective of employees, especially in developing nations, such as Pakistan, and it argues that the determinants and consequences of corporate reputation among employees are different from those of customers.

Furthermore, it is also noted that the majority of past research was conducted in developed nations, whereas a very small number of researches is done in developing countries specifically in Pakistan. It should be emphasized that studies from developed countries might differ from developing countries. These differences may exist in terms of overall lower economic well-being and greater levels of collectivist attitude in our society. Therefore, these parameters can affect the potential of organizations to adopt CSR, the available set of initiatives under CSR, and subsequently the perception and execution of CSR.

In addition, the authors were not able to find any study that has applied this framework in educational institutions, which is another uniqueness of the current research. Moreover, Aguinis and Glavas (2012), identified a lack of research on the mechanisms through which CSR activities influence various firm-level variables such as corporate reputation or a firm’s financial performance. Along with that Habib et al. (2019) also claimed that research on attaining a clear understanding of the underlying mechanisms between CSR and its related outcomes are rarely studied. For example, Hou (2019) examined the relationship between firms’ CSR activities and their sustainable financial performance in Taiwan and identified a positive relationship between the given variables. Studies, forging a link between a certain level of organizational trust and justice among employees due to E-CSR activities are scarce in the literature. Thus, this study adds to the literature on CSR activities by not only explaining the mechanism of securing high levels of corporate reputation but also providing empirical validation by taking into the
perspectives of internal stakeholders, i.e. employees within the Pakistani context. Therefore, this study will give deeper insights on how building employee relations and developing stronger associations with them from the context of CSR, organizational trust, and justice can turn out into a good reputation in the marketplace.

5.3. Limitations and Suggestions for Future Research

Despite the unwavering and concrete efforts of the researcher to provide enough proof and evidence to support the study, the need to highlight certain limitations remains a necessity so that they can be avoided in future researches.

The targeted population of this particular study is the part of a selected segment (educational sector), which, in turn, is a part of the service sector located in Pakistan. Thus, it should be borne in mind that the results may not be generalized to all service organizations of Pakistan. Therefore, to study the relationship between E-CSR activities and the corporate reputation in further detail, other segments of the service industry can also be taken into account in future researches. These sectors may be inclusive of health, defense, social sector, and the likes.

The second limitation of this research is that only one variable has been taken into account as a mediator and one as a moderator to establish a relationship between the given variables, which are organizational trust and organizational justice. To grasp an even greater understanding of the correlation and association between E-CSR activities and the reputation of educational institutions, a few other variables can also be researched. These dimensions have also been identified in the past literature such as i.e. organizational commitment, OCB, employee engagement, etc., which can also be included in future researches as mediators and moderators to understand the given mechanism of E-CSR more comprehensively.

The third limitation of the study lies in the cross-sectional nature of the study. Cross-sectional studies cannot establish cause and effect relationships; and hence, we need to conduct longitudinal studies in the future to authoritatively claim the cause and effect relationship among the perceived E-CSR, organizational trust, organizational justice, and corporate reputation.

Moreover, for this study, employees were the only source of data to analyze the different measures so any inefficiency/deficiency in that source may pollute all the measures and thus, give rise to imprecise results of the study. Therefore, in future, to mitigate the effects of any such discrepancy, it is suggested that the data to be surveyed should be taken from multiple sources. On the other hand, as all the given constructs have been measured based on perceptions, which can be deterred in formulating desirable, accurate, and valid results. It should, therefore, be kept in mind that future researchers should aim to use measures which are objective-based to gain more reliable and valid results.

Lastly, the fairly low number of respondents is a further limitation of the study, even with an acceptable minimum respondent’s number (300). This constraint in relation to time and resources seem to have limited the ability to conduct an in-depth study of all institutions with E-CSR engagements within the educational sector of Pakistan. Even though results found are significant and considerable, but the small size of the sample is expected to lack the component of generalizability and statistical power. This issue can be rightly addressed by increasing the size of the sample by the researchers, in future researches.

6. Conclusion

This research was carried out with the aim to examine the mediated effect of trust and commitment between perceived CSR in building corporate reputation of the organization. Moreover, it was also intended to examine the moderated effects of HRM practices and
organizational justice in the relationship between corporate social responsibility, organizational trust and organizational commitment. The findings revealed a positive relationship between CSR investments and corporate reputation. Furthermore, empirical results show that, the employee’s commitment and the level of trust towards the organization serves as mediators between CSR practices and corporate reputation. In addition, the findings substantiate the selection of organizational justice and HRM practices as moderators.

References


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