

# Modeling the relationship between perceived corporate citizenship and organizational commitment considering organizational trust as a moderator

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*This study proposes a research model based on social identity theory, which examines the moderating role of organizational trust on the relationship between corporate citizenship and organizational commitment. In the model, organizational commitment is positively influenced by organizational trust and four dimensions of perceived corporate citizenship, including economic, legal, ethical and discretionary citizenship. The model paths are hypothesized to be moderated by organizational trust. Empirical testing using a survey of personnel from 12 large firms confirms most of our hypothesized effects. Theoretical and managerial implications of our findings are discussed.*

## Introduction

Defined as an individual's level of identifying himself with an organization, organizational commitment has been studied across different academic fields such as organizational behavior, social psychology, marketing science, etc. Given that the critical influence of organizational commitment on work attitude and behavior (e.g. job satisfaction, turnover intention and job performance) has been extensively confirmed in previous research, learning how organizational commitment is influenced by its determi-

nants related to today's social issues has become important due to dramatic social changes in business communities today. In particular, business communities increasingly welcome corporate citizenship as a set of social practices that are desirable not only for their reputation in public, but also for the commitment of their employees toward the organization. Although a majority of research has explored numerous determinants of organizational commitment from three major aspects such as individuals' (e.g. job engagement), their job's (job autonomy) or inter-organizational characteristics (e.g. leadership), there is lacking an understanding about how organizational commitment may be substantially driven by

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corporate citizenship that is somewhat externally beyond the previous three aspects. Against such a backdrop, this study proposes a refined operationalization of the corporate citizenship constructs and empirically links the constructs to organizational commitment.

Corporate citizenship – also known as corporate social responsibility (CSR), corporate responsibility and responsible business – is a form of corporate self-regulation integrated into a business model (Wood 1991, Lin 2010). A potential explanation for the relationship between corporate citizenship and organizational commitment can be provided based on social identity theory. Social identity theory makes up a diffuse but interrelated group of social psychological theories concerned with when and why individuals identify with, and behave as part of, social groups (or organizations), adopting shared affection and attitudes inside the groups (or organizations). Based on social identity theory, corporate citizenship may be expected to contribute positively to the affection, attribution, retention and motivation of employees, because they often strongly identify with positive organizational values (Peterson 2004). To date, firms have come under great social identity pressure to take on CSR, both compulsorily and voluntarily, from a variety of stakeholders including the employees and others. For that reason, this study focuses on the relationship between corporate citizenships and organizational commitment based on social identity theory and additionally explores a potential factor that may moderate such a relationship.

Corporate citizenship is developing rapidly across a variety of popular initiatives such as the financing of employees' education, promoting ethics training programs, adopting environment-friendly policies and sponsoring community events (Maignan & Ferrell 2000). Recent theories of corporate citizenship assert that firms with good corporate citizenship conduct 'profit-maximizing' business (Bagnoli & Watts 2003) – that is, the emergence of corporate citizenship as a well-recognized managerial practice is closely associated with the growing belief that an organization performing corporate citizenship is a good one in terms of stakeholders such as consumers, investors, employees and so on. Examples of benefits from corporate citizenship for a firm may include the ability to charge a premium price for its

product, to obtain good business image, or to attract investment. Socially responsible firms can also improve the job attitude of their employees (Turban & Greening 1996, Valentine & Fleischman 2008). Using survey information collected from 313 business professionals, Valentine & Fleischman (2008) find that perceived corporate citizenship influences employees' job satisfaction (e.g. how much the employees like their job). That is to say, demonstrated social responsiveness (i.e. good corporate citizenship) directly satisfies the employees' social requirements of the firm (Valentine & Fleischman 2008), consequently influencing their liking of the job (but not vice versa).

Most previous research tends to emphasize the influence of corporate citizenship on instrumental or utilitarian factors such as business performance or a consumer's purchase (e.g. Waddock & Graves 1997, Becker-Olsen *et al.* 2006). For instance, Siegel & Vitaliano (2007) emphasize how the activity of corporate citizenship should be integrated into a firm's differentiation strategies to make sales and profits. It is even asserted that firms compete for socially responsible customers by explicitly linking their social contribution to product sales (Baron 2001). Despite many studies linking corporate citizenship to instrumental factors (e.g. performance, profit and purchase), our current knowledge about how corporate citizenship affects expressive or affective factors, particularly organizational commitment, is somewhat insufficient. Indeed, organizational commitment that represents employees' psychological attachment to the organization has often been ignored in corporate citizenship. It is thus necessary in this study to examine the relationship between corporate citizenship and organizational commitment so as to complement previous research in the area of CSR.

In addition to the relationship between corporate citizenship and organizational commitment, any potential moderator that may exist in such a relationship is unknown. One of the notable moderators that may impact the relationship between corporate citizenship and organizational commitment is organizational trust, because organizational trust is likely to influence how employees interpret corporate citizenship and thus consequently moderate the influence of corporate citizenship on their organizational commitment. Unfortunately, no empirical confirma-

tion for such moderating effects of organizational trust has been provided in previous research even though organizational trust has been presented to have a main effect on organizational commitment (e.g. Yilmaz 2008). Based on the research gaps above, this study examines two research questions.

**RQ1:** *What dimensions of perceived corporate citizenship have an influence on organizational commitment from a social identity aspect?*

**RQ2:** *How do the main or moderating effects of organizational trust affect the formation of organizational commitment?*

This study differs from previous research in two important ways. First, because previous studies linking perceived corporate citizenship to organizational commitment do not examine various dimensions of perceived corporate citizenship in depth (e.g. Brammer *et al.* 2007), this study, by evaluating perceived corporate citizenship from four different dimensions relevant to organizational members, can effectively generate further understanding about the influence of different corporate citizenship on organizational commitment. This is important, because some researchers studying corporate citizenships have failed to take its multidimensional nature into account (De los Salmones *et al.* 2005). Second, this study is a pioneer in examining the moderating role of organizational trust in the relationship between different dimensions of corporate citizenship and organizational commitment. Although organizational trust as a moderating role across different organizational issues has been somewhat discussed in previous research (e.g. Ross 1994, Poon *et al.* 2007), none of the previous research has considered organizational trust as a moderator in the issue of corporate citizenship. Collectively, by evaluating the main effect of corporate citizenship on organizational commitment and the moderating effects of organizational trust related to both corporate citizenship and organizational commitment, a clear picture of how corporate citizenship actually influences organizational commitment can be well developed.

## Theory and hypotheses development

Being a high-profile notion that has strategic significance to business firms, corporate citizenship repre-

sents a firm's activities and status related to its perceived societal and stakeholder obligations (Luo & Bhattacharya 2006). Corporate citizenship often occurs when a firm engages in activities that advance a social agenda beyond that merely required by law (Siegel & Vitaliano 2007). Some researchers have studied the degree to which corporate citizenship is applied in firms (Joyner & Payne 2002), while others have tried to measure the relation between social performance (i.e. corporate citizenship) and employer attractiveness (Backhaus *et al.* 2002). Nevertheless, none of studies has tried to clarify how different dimensions of corporate citizenship influence employees' organizational commitment, which is examined in this study based on social identity theory. Corporate citizenship is very valuable to organizational commitment, because the perceptions of an organization's identity, the beliefs held by its employees regarding its central, enduring and sustainable attributes, largely affect the strength of identification of the employees (Dutton *et al.* 1994).

Corporate citizenship in this study consists of four dimensions refined from previous literature in terms of employees as stakeholders: (1) economic citizenship, referring to the firm's obligation to bring utilitarian benefits to various stakeholders (e.g. Zahra & LaTour 1987); (2) legal citizenship, referring to the firm's obligation to fulfill its business mission within the framework of legal requirements; (3) ethical citizenship, referring to the firm's obligation to abide by moral rules defining proper behavior in society; and (4) discretionary citizenship, referring to the firm's engagement in activities that are not mandated, not required by law and not expected of business in an ethical sense (Maignan & Ferrell 2000). Note that although economic citizenship may contain the firm's economic obligations to various stakeholders (e.g. consumers, investors, employees, etc.), this study focuses on the obligations directly relevant to employees (e.g. training, education, quality working environment, etc.) so that the genuine relationship between economic citizenship and organizational commitment can be properly validated.

The first and foremost social responsibility of business is economic in nature, because the business organization is the basic economic unit in our society (Carroll 1979). As such, it has a responsibility to provide job opportunities, payoff and training while

producing goods (or services) and selling them at a profit. The basic organizational commitment of employees can be initially established only when their firm is able to demonstrate economic citizenship by providing their basic needs. Previous research provides evidence of job incentives and career development to improved corporate citizenship, including the observation that more socially responsible firms are more likely to win identification of potential and current employees and that they may therefore benefit from larger applicant pools (e.g. Greening & Turban 2000) and the subsequently strengthened employees' commitment toward the firms. It is likely for employees to socially identify and be proud of their organization and become willing to put in a great deal of effort to help the organization be successful (i.e. organizational commitment) after they perceive the organization does its best to look after different stakeholders in society. Consequently, the first hypothesis is derived as shown in the following:

**Hypothesis 1:** *Perceived economic citizenship is positively related to organizational commitment.*

Just as society has sanctioned the economic system by allowing business to assume the productive role, as a partial fulfillment of the 'social contract', it has also laid down the ground rules, the regulations and laws under which business is anticipated to operate (Carroll 1979). Society's members expect a business to fulfill its mission within the framework of legal requirements (Carroll 1979), and thus employees' organizational commitment can be well fostered under circumstances of fulfilled legal citizenship by their organization. A committed workforce is likely present, because employees are often proud to identify with the work organization that has favorable reputations without breaking any laws (e.g. Peterson 2004).

Given that individuals attempt to establish or enhance their self-concept for organizational commitment positively through the comparison of the characteristics of themselves and the organization they belong to with other individuals (Johnson & Chang 2006, Brammer *et al.* 2007), social identity theory hypothesizes that individuals' self-concept is

enhanced when they associate themselves with the organization that has a legitimate reputation, leading to the positive association between perceived legal citizenship and organizational commitment. Thus, the hypothesis is developed as in the following:

**Hypothesis 2:** *Perceived legal citizenship is positively related to organizational commitment.*

Ethical corporate responsibilities of firms represent behaviors and activities that are not necessarily codified into law, but nevertheless are anticipated of business by society's members including firms' employees (Carroll 1979). Employees' perceptions about their firm's ethics and social responsiveness play a significant role in shaping employees' affections toward the firm (Greening & Turban 2000). When employees perceive that their firm conducts business over and above the legal requirements on a layer of moral and ethics, they are likely to feel good about their firm by making a strong commitment toward the firm, leading to a positive relationship between ethical citizenship and organizational commitment. Ethical responsibility taken by firms refers to them being honest in their relationship with, for example, their own employees (De los Salmones *et al.* 2005), and thus the employees are likely to reciprocate with their strong organizational commitment. A recent study provides partial support for this perspective by confirming different significant influences of ethical climate types on organizational commitment (Kim & Miller 2008). Based on the previous rationale, the hypothesis is provided as follows:

**Hypothesis 3:** *Perceived ethical citizenship is positively related to organizational commitment.*

Discretionary corporate responsibilities are those about which society has no clear-cut message for business, and they are left to individual judgment and choice (Carroll 1979). When employees observe that their firm takes such responsibilities and reveals good voluntary citizenship in a society, their psychological attachment to the organization is likely boosted, resulting in a positive relationship between perceived discretionary citizenship and organizational commitment. Examples of discretionary



actions by firms can be making philanthropic donations, establishing partnerships with nonprofit organizations, preserving environmental resources or caring for social welfare.

Traditionally, even if the firm does not participate in the previous kinds of actions, it is not considered unethical per se (Carroll 1979). However, with the increasing expectations about a corporation's social responsibilities by society's members, firms trying these actions are likely to help strengthen their members' commitment toward the organization. Research evidence shows that employees and the public in general are concerned highly about the values of the firm and *inter alia* its socially responsible behavior beyond the requirement of law (Brammer & Millington 2003). A survey found that more than half of UK employees care very much about the social and environmental responsibilities of the organization they work for (Dawkins 2004), supporting the substantial weight of perceived discretionary citizenship in influencing employees' organizational commitment.

**Hypothesis 4:** *Perceived discretionary citizenship is positively related to organizational commitment.*

Organizational trust (i.e. trust in an organization) involves employees' willingness to be vulnerable to their organization's actions or policies (Schoorman *et al.* 2007). This willingness can be rendered only when an organization clearly communicates its actions or policies with its employees through formal and informal channels (Tan & Lim 2009). There is no single factor which so thoroughly affects individuals' and organizational behavior as does trust, because trust between firms and their employees is a highly critical ingredient in the long-term stability of the firms and the well-being of the employees (Tan & Tan 2000). While organizational trust represents individuals' confidence and expectations about the actions of their organizations, organizational commitment reflects their subsequent attachment, identification and involvement with the organization, implying the potential influence of the former on the latter, suggesting the close relationship between organizational trust and organizational commitment. Indeed, previous research indicates that orga-

nizational trust affects global job variables, such as organizational commitment and turnover intention, which influence the entire organization as a whole (Tan & Tan 2000).

Characterized by a strong belief in and acceptance of the organization's values, a willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership in the organization (Tan & Tan 2000), employees' organizational commitment is likely boosted when they have confidence that the organization will perform an action that is beneficial or at least not detrimental to them (Yilmaz 2008). In research into workers in a juvenile detention center, organizational trust was found to be a major predictor of their organizational commitment (Liou 1995). In other words, if employees believe in the trustworthiness of their organization, this belief reinforces their commitment toward the organization (Burke & Stets 1999), suggesting the positive relationship between organizational trust and organizational commitment.

**Hypothesis 5:** *Organizational trust is positively related to organizational commitment.*

In addition to its main effect on organizational commitment, organizational trust has potentially moderating effects on the relationship between organizational commitment and perceived corporate citizenship. The moderating role of organizational trust exists, because when an employee experiences various events at work, the employee assesses the trustworthiness and, accordingly, thinks about the organization held accountable for the events (Tan & Tan 2000, Choi 2008). While employees have established the perceptions about trustworthiness of their organization, they tend to be highly sensitive to corporate citizenship. Previous research indicates that employees who are predisposed to trust are less likely to view their organization as having malevolent motives and intent toward stakeholders (Poon *et al.* 2007), implying that organizational trust may affect the angle they see their organization and their belief about the organization. Consequently, it is likely that the relationship between different dimensions of perceived corporate citizenship and organizational commitment differs among employees with different extents of organizational trust.

Although all of the previous four kinds of citizenship have always simultaneously existed for business organizations, the history of business suggests an early emphasis first on the economic and legal aspects and a later concern for the ethical and discretionary aspects (Carroll 1979). Given that both economic and legal citizenship are considered more fundamental and compulsory to any organization than ethical and discretionary citizenship in social responsibility categories (Maignan & Ferrell 2000), organizational trust positively moderates the relationship between economic citizenship and organizational commitment and between legal citizenship and organizational commitment. When employees possess high organizational trust (regarding its actions and policies), they will notice but not be concerned about economic and legal citizenship performed by their firm (because they think those are underlying things their trustworthy firm always does), leading to weaker organizational commitment than that of the employees with low organizational trust. Thus, the following two hypotheses can be stated as in the following.

**Hypothesis 6:** *Organizational trust moderates the relationship between perceived economic citizenship and organizational commitment in which the relationship is weaker among employees with high organizational trust than among employees with low organizational trust.*

**Hypothesis 7:** *Organizational trust moderates the relationship between perceived legal citizenship and organizational commitment in which the relationship is weaker among employees with high organizational trust than among employees with low organizational trust.*

Or the other way around, organizational trust negatively moderates the relationship between ethical citizenship and organizational commitment and between discretionary citizenship and organizational commitment. When employees possess low organizational trust (regarding its actions and poli-

cies), they will bother less about ethical and discretionary citizenship performed by their firm (because they think those things that take great voluntary effort are unlikely done by their untrustworthy firm), leading to weaker organizational commitment than that of the employees with high organizational trust. Collectively, the last two hypotheses are thus derived as in the following.

**Hypothesis 8:** *Organizational trust moderates the relationship between perceived ethical citizenship and organizational commitment in which the relationship is stronger among employees with high organizational trust than among employees with low organizational trust.*

**Hypothesis 9:** *Organizational trust moderates the relationship between perceived discretionary citizenship and organizational commitment in which the relationship is stronger among employees with high organizational trust than among employees with low organizational trust.*

## Methods

### Subjects and procedures

The research hypotheses described previously were empirically tested using a survey of personnel from 12 large firms of an industrial zone in central Taiwan. Of the 500 questionnaires distributed to the subjects, 429 usable questionnaires were collected for a response rate of 85.80%. The constructs in this study are measured using five-point Likert scales drawn and modified from existing literature. Several steps were employed in choosing measurement items. To begin with, the items from the existing literature were translated into Chinese from English, and then the items in Chinese were substantially modified by a focus group of four people familiar with CSR, including three graduate students and one professor. Following the questionnaire design, we next conducted two pilot tests (prior to the actual survey) to assess the quality of our measures and improve item

readability and clarify further if needed. Finally, tips on back-translation suggested by Reynolds *et al.* (1993) were used in simultaneously examining an English version questionnaire as well as a Chinese one. A high degree of correspondence between the two questionnaires provided assurance that the translation process did not substantially introduce artificial translation biases in the Chinese version of our questionnaire.

Organizational commitment is measured perceptually using seven items directly drawn from Lin *et al.* (2008). Organizational trust is measured using three items directly drawn from Mayer & Davis (1999). Perceived economic citizenship from the aspect of employees' benefits is measured using four items modified from Zahra & LaTour (1987). For example, 'importance of employee training' in previous literature was modified to 'my firm provides important job training for employees' in this study. Another example, 'importance of quality of working life improvement', in previous literature was modified to 'my firm has flexible policies that enable employees to better balance work and personal life' in this study. Note that these items that focus on economic citizenship related to employees herein are quite different from those in previous studies focusing on customers' benefits, market profits, etc.

Perceived legal citizenship from the aspect of law is measured using four items modified from Maignan & Ferrell (2000). For example, 'internal policies prevent discrimination in employees' compensation and promotion' in previous literature was modified to 'my firm follows the law to prevent discrimination in workplaces' in this study. Another example, 'our company seeks to comply with all laws regulating hiring and employee benefits' in previous literature was modified to 'my firm always seeks to respect all laws regulating its activities' in this study.

Perceived ethical citizenship from the aspect of ethical business practices is measured using four items modified from Maignan & Ferrell (2000). For example, 'our business has a comprehensive code of conduct' in previous literature was modified to 'my firm has a comprehensive code of conduct in ethics' in this study. Another example, 'we are recognized as a trustworthy company' in previous literature was

modified to 'we are recognized as a company with good business ethics' in this study.

Finally, discretionary citizenship from the aspect of social welfare and philanthropy is measured using two items reworded from Maignan & Ferrell (2000) and another two items reworded from De los Salmones *et al.* (2005). For example, 'our business gives adequate contributions to charities' in previous literature was reworded to 'my firm gives adequate contributions to charities'. These items focus on discretionary issues related to stakeholders outside the firm rather than its employees. Appendix A lists all the measurement items.

## Data analysis

The survey data were analyzed in two stages. In the first stage, this study performs confirmatory factor analysis (CFA) on all data collected to assess scale reliability and validity. In the second stage, construct relationships and significances in the proposed hypotheses were examined by hierarchical regressions. Empirical results from each stage of analysis are presented next.

## CFA

CFA analysis was performed on all items corresponding to the six constructs measured in Likert-type scales. The goodness of fit (GFI) of the CFA model was assessed using a variety of fit metrics, as shown in Table 1. Although the GFI index was slightly lower than the recommended value of 0.9, the root mean square residual was smaller than 0.05, the root mean square error of approximation was smaller than 0.08, and the comparative fit index, the normed fit index (NFI) and the non-NFI all exceeded 0.90. These figures suggest that the hypothesized CFA model in this study fits well within the empirical data.

Three criteria recommended by Fornell & Larcker (1981) were applied to confirm the convergent validity in this study. To begin with, as evident from the *t*-statistics listed in Table 1, all factor loadings were statistically significant at  $P < 0.001$ , satisfying the first requirement of the convergent validity of constructs (Anderson & Gerbing 1988). The average variance extracted for each construct exceeded 0.50,

Table 1: Standardized loadings and reliabilities

Construct	Indicators	Standardized loading	AVE	Cronbach's $\alpha$
Organizational commitment	OC1	0.76 ( $t = 18.16$ )	0.64	0.92
	OC2	0.86 ( $t = 22.96$ )		
	OC3	0.78 ( $t = 18.79$ )		
	OC4	0.84 ( $t = 21.20$ )		
	OC5	0.86 ( $t = 21.86$ )		
	OC6	0.71 ( $t = 16.51$ )		
	OC7	0.79 ( $t = 19.23$ )		
Organizational trust	OT1	0.79 ( $t = 18.49$ )	0.62	0.83
	OT2	0.77 ( $t = 17.79$ )		
	OT3	0.79 ( $t = 18.31$ )		
Perceived economic citizenship	EC1	0.73 ( $t = 16.89$ )	0.61	0.86
	EC2	0.77 ( $t = 18.29$ )		
	EC3	0.80 ( $t = 19.21$ )		
	EC4	0.82 ( $t = 20.01$ )		
Perceived legal citizenship	LE1	0.85 ( $t = 21.35$ )	0.73	0.91
	LE2	0.86 ( $t = 21.90$ )		
	LE3	0.83 ( $t = 20.58$ )		
	LE4	0.87 ( $t = 22.09$ )		
Perceived ethical citizenship	ET1	0.82 ( $t = 20.01$ )	0.67	0.89
	ET2	0.82 ( $t = 20.24$ )		
	ET3	0.81 ( $t = 19.93$ )		
	ET4	0.83 ( $t = 20.36$ )		
Perceived discretionary citizenship	DI1	0.72 ( $t = 16.70$ )	0.62	0.87
	DI2	0.76 ( $t = 17.91$ )		
	DI3	0.81 ( $t = 19.59$ )		
	DI4	0.86 ( $t = 21.34$ )		

Goodness-of-fit indices ( $n = 429$ ):  $\chi^2_{284} = 661.77$  ( $P$ -value  $< 0.001$ ); NNFI = 0.95; NFI = 0.92; CFI = 0.95; GFI = 0.89; RMR = 0.03; RMSEA = 0.06.

AVE, average variance extracted; CFI, comparative fit index; GFI, goodness of fit; NFI, normed fit index; NNFI, non-normed fit index; RMR, root mean square residual; RMSEA, root mean square error of approximation.

supporting that the overall hypothesized items capture sufficient variance in the underlying construct than that attributable to measurement error (Fornell & Larcker 1981). Last but not least, the reliabilities for each construct exceeded 0.70, satisfying the general requirement of reliability for research instruments. Collectively, the empirical data collected herein meet all three criteria required to assure convergent validity.

Discriminant validity was tested by chi-square difference tests between an unconstrained model, where all constructs in our CFA model were allowed to covary freely with constrained models and where the

covariance between each pair of constructs is fixed at one. The critical advantage of the chi-square difference tests is that they allow for simultaneous pairwise comparisons for the constructs based on the Bonferroni method. Controlling for the experiment-wise error rate by setting the overall significance level to 0.001, the Bonferroni method indicated that the critical value of the chi-square difference should be 15.90. Chi-square difference statistics for all pairs of constructs exceeded this critical value of 15.90 (see Table 2), thereby assuring discriminant validity for our data sample. Overall, the test results herein showed that the research instruments used for



**Table 2: Chi-square difference tests for examining discriminate validity**

Construct pair	$\chi^2_{284}$ = 661.77 (unconstrained model)	$\chi^2_{285}$ (constrained model)	$\chi^2$ difference
(F1, F2)	818.54***		156.77
(F1, F3)	952.50***		290.73
(F1, F4)	1289.23***		627.46
(F1, F5)	968.64***		306.87
(F1, F6)	922.24***		260.47
(F2, F3)	856.87***		195.10
(F2, F4)	977.26***		315.49
(F2, F5)	842.01***		180.24
(F2, F6)	850.93***		189.16
(F3, F4)	942.48***		280.71
(F3, F5)	967.00***		305.23
(F3, F6)	987.17***		325.40
(F4, F5)	1173.95***		512.18
(F4, F6)	1102.36***		440.59
(F5, F6)	863.70***		201.93

\*\*\*Significant at the 0.001 overall significance level by using the Bonferroni method.

F1, Organizational commitment; F2, Organizational trust; F3, Perceived economic citizenship; F4, Perceived legal citizenship; F5, Perceived ethical citizenship; F6, Perceived discretionary citizenship.

measuring the constructs of interest in this study are statistically adequate.

### Hypotheses testing

In the second stage, this study performs a hierarchical regression analysis to reflect the proposed associations in our hypotheses. Note that this study includes control variables such as gender and education that may unpredictably influence the relationship between corporate citizenship and organizational commitment (e.g. Brammer *et al.* 2007). Table 3 presents the results of this analysis.

Step 1 includes three control variables such as gender, education (high school or below vs. Bachelor or above) and job position (managers vs. non-managers) in a regression model in Table 3. These variables are considered control variables using the application of dummy variables in this study so as to reduce experimental errors and to avoid making improper inferences. The model in this step reveals only 3.4% of the explained variance in organizational commitment.

**Table 3: Coefficients and t-value based on hierarchical regression models**

	Organizational commitment					
	$\beta$	$t$	$\beta$	$t$	$\beta$	$t$
Step 1						
Gender	0.06	0.76	-0.02	-0.43	-0.02	-0.48
Education	-0.12	-1.64	-0.10*	-2.28	-0.09*	-2.14
Job position	-0.38**	-4.07	-0.06	-1.12	-0.05	-0.87
Step 2						
Perceived economic citizenship			0.16**	4.01	0.02	0.17
Perceived legal citizenship			0.14**	3.38	-0.14	-0.96
Perceived ethical citizenship			0.25**	5.61	0.58**	3.82
Perceived discretionary citizenship			0.23**	5.91	0.44**	3.15
Organizational trust			0.19**	5.45	0.28*	2.20
Step 3						
P1 × Organizational trust					0.05	1.21
P2 × Organizational trust					0.09*	1.99
P3 × Organizational trust					-0.11*	-2.34
P4 × Organizational trust					-0.06	-1.48
Adj $R^2$	0.034		0.675		0.685	

\* $P < 0.05$ ; \*\* $P < 0.01$ .

P1, Perceived economic citizenship; P2, Perceived legal citizenship; P3, Perceived ethical citizenship; P4, Perceived discretionary citizenship.

Step 2 adds five proposed antecedents of this study into a model, revealing 67.5% of the explained variance in organizational commitment. To begin with, four major dimensions of corporate citizenship, including perceived economic, legal, ethical and discretionary citizenship, all had significant effects on organizational commitment (Hypotheses 1–4 are supported) with standardized coefficients of 0.16, 0.14, 0.25 and 0.23, respectively, at the 0.01 significant level. Organizational trust had a significant effect on organizational commitment (Hypothesis 5 is supported) with a standardized coefficient of 0.19 at the 0.01 significant level. Note that the same analyses by structural equation modeling in Appendix B obtain consistent empirical results, suggesting our analyses of hierarchical regression are appropriate.

Step 3 examines the interaction effects of organizational trust and perceived corporate citizenship. Specifically, the interaction of organizational trust and perceived economic citizenship is insignificant (Hypothesis 6 is thus not supported), while the interaction of organizational trust and perceived legal citizenship is positively significant (Hypothesis 7 is supported) with the standardized coefficient of 0.09 at the 0.05 significant level. This empirical result suggests that the relationship between perceived legal citizenship and organizational commitment is moderated by organizational trust. Accordingly, the interaction of organizational trust and perceived ethical citizenship is significant (Hypothesis 8 is supported) with the standardized coefficient of  $-0.11$  at the 0.05 significant level, whereas the interaction of organizational trust and perceived discretionary citizenship is insignificant (Hypothesis 9 is not supported). This empirical result suggests that the relationship between perceived ethical citizenship and organizational commitment is moderated by organizational trust. Note that the little increase of adjusted  $R$ -square from step 2 to step 3 is understandable because the interaction terms in step 3 are actually the product of our independent variables (e.g. Berenson *et al.* 1983) that have been already included in step 2 (i.e. organizational trust and corporate citizenship). Indeed, a previous study (Waldman *et al.* 2001) that applies moderated hierarchical regression analyses states ‘interaction terms create severe multicoll-

linearity problems (because of their correlations with main effects)’, supporting a little increase of the adjusted  $R$ -square value for interaction terms. In fact, a little increase of the  $R$ -square value due to the inclusion of interaction terms is very common in previous literature (given that the independent variables are well selected and thus have substantial main effects in the research model). For example, in a study regarding moderating effects of prior performance (Tsai *et al.* 2009), the inclusion of interaction terms only boosts the adjusted  $R$ -square value by 0.002 and 0.004, respectively (i.e. much less than 0.01). Another work regarding the moderating effects of exchange ideology only has an increase of 0.02 for interaction terms (Lin 2007). In a study regarding the interaction term of group antisocial behavior and surveillance by Robinson & O’Leary-Kelly (1998: 669, their table 5) shows that the  $R$ -square value is not increased at all. Instead, after including the interaction terms, their  $R$ -square value even decreases by 0.01. Collectively, none of the scholars in previous literature has made arbitrary statistical judgment about significance based on the increased figure of  $R$ -square. One should always make a conclusion about statistical significance in regression models based on their  $t$ -values.

The example plots for the supported Hypotheses 7 and 8 are shown in Appendix C. The unsupported Hypotheses 6 and 9 are surprising and may imply that organizational members are sensitive to the two middle layers of the corporate citizenship pyramid (i.e. legal and ethical corporate citizenship) in the scope of organizational commitment and trust. It is important to note that the unsupported empirical results do not suggest management can just ignore the moderating effects of organizational trust on the relationship between the influence of both perceived economic citizenship and perceived discretionary citizenship on organizational commitment. Instead, it may suggest that current organizational members in general do not have sufficient judgment about, for example, the consequences of discretionary citizenship for their long-term impacts, both positive and negative. Nevertheless, the unexpected results for the unsupported hypotheses warrant further study so that the insights behind the hypotheses can be interpreted accurately.

## Discussion

### Implications for research

This study extends both the social identity theory literature, by revealing employees' trust as a previously unrecognized moderator in the contexts of corporate citizenship, and the research stream on organizational commitment, by recognizing four corporate citizenship dimensions as important antecedents. Specifically, this study is the first to detect the moderating role of organizational trust in the process of corporate citizenship. Whereas the mediating effects of organizational trust in business ethics have been repeatedly evaluated in previous research (Vlachos *et al.* 2008), none of the research has assessed how organizational trust regulates the association between corporate citizenship dimensions and organizational commitment.

One of the empirical findings of this study indicates the positive relationship between four dimensions of corporate citizenship and organizational commitment, further complementing some previous research that empirically considers corporate citizenship as purely a construct (e.g. Brammer *et al.* 2007). This finding makes the study an important bridge between corporate citizenship and organizational commitment, because many previous research studies link corporate citizenship to certain positive outcomes only related to customers' or financial profits (e.g. Becker-Olsen *et al.* 2006).

A unique finding that has not been found in any previous research is that organizational trust has both main and moderating effects in the formation of organizational commitment. The finding of this study is an extraordinary contribution for showing a new direction for future research to explore some other perceptual moderators similar to organizational trust in better understanding their potential impacts on organizational commitment. Particularly, previous research based on social identity theory seldom examines how a firm's corporate citizenship leads to its employees' identification with the firm. Although it is well known that 'example is better than precept', only a small percentage of business organizations truly care about the examples (or behavior and actions) they have set up in corporate citizenship for showing to their employees. Furthermore, organizational trust

having both main and moderating effects in the proposed model suggests its complex and sensitive role in affecting individuals' organizational commitment, which is not clearly described in previous research. In other words, this study exhibits that organizational trust has multiplier effects on organizational commitment (i.e. its main effect plus different moderating effects), further complementing previous research that emphasizes the importance of organizational trust, but could not distinguish its different effects.

### Implications for practice

The test results show that organizational commitment can be directly improved by strengthening individuals' perceived corporate citizenship, suggesting 'a tree is known by its fruit'. In other words, organizational commitment cannot be arbitrarily obtained, but rather it can be achieved after employees observe in depth their firm's actions in different perspectives (e.g. legal and ethical ones). The multiple-track perspective (i.e. four dimensions of corporate citizenship) is quite different from traditional literature that purely focuses on job offers or workplace conditions in affecting organizational commitment without recognizing the necessity of firms' social responsibilities. In fact, organizations that lack social responsibilities in the long run are unlikely to boost their employees' organizational commitment. Management should strive for the goal of accomplishing all-round corporate citizenship and also appropriately disseminate the firm's vision on corporate citizenship through internal organizational channels to its members, so as to ultimately strengthen their organizational commitment. Taking discretionary citizenship for example, management may want to further invest on improving the firm's production process to save energy, reduce waste and recycle the waste so as to demonstrate corporate citizenship. Management must keep in mind that employees today care about not only their personal needs, but also the social needs satisfied by the organization they work for.

Regarding the moderating effects herein, this study empirically confirms that the relationship between perceived legal citizenship and organizational com-

mitment is stronger among employees with low organizational trust than among employees with high organizational trust. Management should know that employees are very sensitive to any confusion about legitimate activities when they possess low organizational trust. Once management has detected employees' low trust in the organization, management should further fortify organizational commitment by transcribing business activities and verifying such activities as legitimate to the employees.

This study empirically confirms that the relationship between perceived ethical citizenship and organizational commitment is stronger among employees with high organizational trust than among employees with low organizational trust. Management should know that employees are very sensitive to any inconsonance about ethical business practices when they possess high organizational trust. Once management is aware of employees' high trust in an organization, management should be even more careful to further fortify organizational commitment by establishing ethical covenants across various business partners. For example, given a debate about whether electromagnetic waves are hazardous or not, telecommunications firms should avoid aggressive actions, investment or alliances on more base stations in residential areas (i.e. may be considered unethical) before an interorganizational consensus among employees is reached.

In summary, as good communication with employees adds to the depth and richness of organizational trust and perceived corporate citizenship, management should understand that there is no 'one size fits all' solution to enhance organizational commitment, by only, for example, performing legal business activities. Management must experience that organizational commitment formation is a complex process owing to the underlying nature of the main effects and moderating effects of different antecedents in affecting the organizational commitment.

### Limitations of the study

This study contains three limitations related to the measurements and interpretations of the results. The first limitation is the possibility of common method bias, given that the predictors in the research model

were measured perceptually at a single point in time. To test for this bias, this study conducted the single factor test of Harman (Podsakoff & Organ 1986). In this test, if substantial common method variance is present in the data sample, then either a single factor will emerge from the factor analysis or a general factor will account for the majority of the covariance in the independent and dependent variables. Exploratory factor analysis of the measurement items for the five constructs in the survey reveals the seven factors explaining 23.82%, 17.55%, 15.66%, 15.63%, 15.48% and 11.86% of the total variance. These figures suggest that the variances are not distributed unevenly among multiple factors, suggesting that potential common method bias is not a threat herein for subsequent analysis.

The second limitation of this study is its generalizability, due to the highly delimited nature of the subject sample in a single country setting. The inferences drawn from such a sample in Taiwan may not be fully generalizable to employees from other countries in a quite different national culture. Indeed, given that the ways to build organizational trust and the beliefs about corporate citizenship may somewhat vary under different cultures, the applications based on the empirical findings of this study to other countries should be used with caution. Indeed, cultural psychologists suggest that national cultural differences can influence the perceived importance of corporate citizenship among organizational members.

The third limitation of this study relates to the significance level adopted in this study (i.e. 0.05 and 0.01). While the practical significance level in business practices is often set to be 0.10 (e.g. Yue & Hashino 2003) or 0.12 (e.g. Rhoades & Neill 1995), biological significance level is often set to 0.001 (e.g. Lee *et al.* 2009). Future researchers may consider a more strict significant level in their empirical tests.

Finally, this study did not address other institutional variables, such as workplace cultures, working hours, organizational sizes, etc. Future studies should attempt to improve these shortcomings by including various control variables for further empirical tests and also by observing research subjects over time so that the genuine main effects of corporate citizenship and the moderating effects of

organizational trust can be transparently revealed from a longitudinal perspective.

## Appendix A: measurement items

### Organizational commitment

- OC1. I am willing to put in a great deal of effort beyond that normally expected to help my firm be successful.  
 OC2. I talk up my firm to my friends as a great company to work for.  
 OC3. I find that my values and the firm's values are similar.  
 OC4. I am proud to tell others that I am part of this organization.  
 OC5. I am very glad that I chose this firm to work for over what I was considering at the time I joined.  
 OC6. I really care about the future of my firm.  
 OC7. For me, this is the best of all possible organizations for which to work.

### Organizational trust

- OT1. I would be willing to let my firm have complete control over my future in the firm.  
 OT2. I would be comfortable allowing the firm to make decisions that directly impact me, even in my absence.  
 OT3. Overall, I trust my firm.

### Perceived economic citizenship

- EC1. My firm supports employees who acquire additional education.  
 EC2. My firm has flexible policies that enable employees to better balance work and personal life.  
 EC3. My firm provides important job training for employees.  
 EC4. My firm provides quality working environment for employees.

### Perceived legal citizenship

- LE1. The managers of my firm comply with the law.

LE2. My firm follows the law to prevent discrimination in workplaces.

LE3. My firm always fulfills its obligations of contracts.

LE4. My firm always seeks to respect all laws regulating its activities.

### Perceived ethical citizenship

- ET1. My firm has a comprehensive code of conduct in ethics.  
 ET2. Fairness toward co-workers and business partners is an integral part of the employee evaluation process in my firm.  
 ET3. My firm provides accurate information to its business partners.  
 ET4. We are recognized as a company with good business ethics.

### Perceived discretionary citizenship

- DI1. My firm gives adequate contributions to charities.  
 DI2. My firm sponsors the partnerships with local schools or institutions.  
 DI3. My firm is concerned about respecting and protecting the natural environment.  
 DI4. My firm sponsors to improve public well-being of the society.

## Appendix B

The test results by using structural equation modeling (SEM)

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Hypothesis	Standardized coefficient	t-value
H <sub>1</sub> : F2 → F1	0.25**	4.30
H <sub>2</sub> : F3 → F1	0.18**	2.83
H <sub>3</sub> : F4 → F1	0.11*	2.11
H <sub>4</sub> : F5 → F1	0.22**	3.35
H <sub>5</sub> : F6 → F1	0.24**	3.79

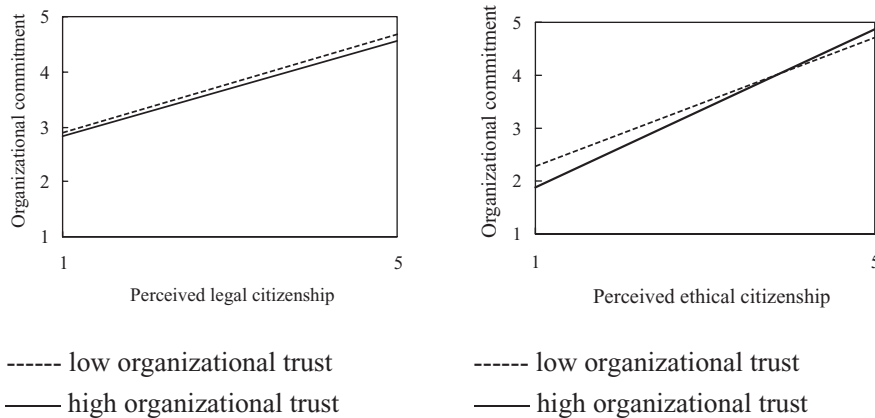
\*P < 0.05; \*\*P < 0.01.

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## Appendix C

Organizational commitment scores regressed on respective proposed antecedent scores (perceived legal and ethical citizenship). Low organizational trust score = 1 standard deviation below the mean; high organizational trust score = 1 standard deviation above the mean.



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