

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON COMPASSION AT WORK WITH THE MODERATING ROLE OF RELIGIOSITY: EVIDENCE FROM LICENSED COMMERCIAL BANKING SECTOR OF SRI LANKA

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1. INTRODUCTION

The current belief that corporations have a responsibility towards society is not new, and this concept is used with a strategic perspective to derive an advantage (Agudelo, Jóhannsdóttir & Davídsdóttir, 2019). The concept of Corporate Social Responsibility (CSR) has been studied within the macro Organizational Behavior (OB) literature for a considerable period of time (Moon et al., 2013; Subba & Rao, 2016) whereas the concept 'compassion' has recently received attention in organizations at a micro level. Care and compassion have the capability to cater to an interconnected, suffering and surprising world. One of the most famous scientists of the twentieth century, Albert Einstein has mentioned the importance of compassion as: "... our task must be to free ourselves from this prison by widening our circle of compassion to embrace all living creatures and the whole of nature in its beauty..." (Albert Einstein, personal letter from 1950; quoted in the New York Times, 1972 cited by Rynes et al., 2012). Since compassion provides the necessary equilibrium between a company's purpose and the needs of its communities, it should be the new philosophy of business (Bejou, 2011). Many successful companies place their attention on creating a culture of compassion in the workplace since they are acknowledged of the power of a kinder workplace in generating profound effects on morale, productivity and, ultimately the financial bottom line (Podsakoff et al., 2000). However, the researchers of this study could find only a handful of studies that have analyzed the impact of the perceptions of CSR engagement on compassion at work of employees, being two highly important contemporary concepts pertaining to organizations. In a personal note, one of the researchers of this study had certain negative personal experiences on non-existence of compassion among the superiors and colleagues in one of the former employments at a licensed commercial bank of that researcher. Furthermore, the researcher had observed how some of

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that researchers' colleagues had been impacted due to non-display of compassion by other staff members in that bank. On the other hand, 'religiosity' of individuals creates the background for ethical evaluation and influences one's attitudes and behaviors, and most of the religions highlight the importance of helping others and charitable actions (Ranganathan & Henley, 2008). However, the researchers of this study observe that there is mixed evidence as to whether religion impacts the act of helping others. The capability of religiosity to act as a moderator coupled up with the impact of CSR perceptions on compassion at work is unknown and inconclusive despite these constructs are appealing and promising especially in the Sri Lankan context. Thus, observation of the extant literature indicates that there is a gap to be addressed whether religiosity could moderate the relationship between CSR and compassion at work particularly in the banking sector in Sri Lanka. Banking sector is one of the most important and critical sectors of any country. In that milieu, considering the contemporary importance, negative personal experiences, dearth of studies and unexplored moderation effect of religiosity, the main objectives of this study are as follows; firstly, the study intends to examine the relationship between the CSR perception and compassion at work of banking employees and secondly, to examine the moderating effect of religiosity on the relationship between CSR and Compassion at work of them.

In terms of significance this study, contributes empirically and practically. Examining of the said relationships would provide an insight as to whether perception of CSR enhances banking employees' level of compassion at work. In addition, the study explores whether their level of religiosity enhances their level of compassion. These findings would enrich existing observed dearth in literature related to the banking context. Moreover, in terms of practical significance, this study's findings would benefit parties including human resource personnel and other related parties where they could change their view on CSR and religiosity and look forward to different ways of enhancing compassion at work among their employees. Furthermore, in terms of methodological significance, in CSR literature the use of structural equation modelling to test hypotheses of complex models and non-normal data is still underutilized and is undertaken in this study.

The next section reviews the extant literature on theories and key contributions of the selected area of this research, which is followed by a section on the methodology applied. The findings derived and the discussion thereon are discussed next. Finally, the conclusion of this study is presented in the last section.

2. LITERATURE REVIEW

2.1 Social Identity Theory (SIT)

The Social Identity Theory (SIT) suggests that individuals view themselves as members of social categories such as organizational membership, religious affiliation, gender and age

cohort and they compare their characteristics and the groups with other individuals and groups in order to enhance their positive self-concept (Ashforth & Mael, 1989; Turner, 1985; Tajfel & Turner, 1986). According to SIT, people prefer to associate with groups that permit themselves to visualize their identity in distinctive and positive manner (Mael & Ashforth, 1992). According to Ashforth and Mael (1989), the factors associated with the identification are the distinctiveness of the group values and practices in relation to those of comparable groups, prestige of the group, and awareness of other groups. Employees like to work in a socially responsible organization. They want to work in a prestigious company and identify them as a member of it. Accordingly, based on SIT, it could be proposed that if an employee starts to be proud of being a member of socially responsible organization, his or her work attitudes can be influenced positively (Ashforth & Mael, 1989; Brammer et al., 2007; Peterson, 2004). Empirical studies have confirmed that CSR creates positive reputation of an organization (Turban & Greening, 1996). Employees are proud to identify themselves with organizations that actively participate in CSR activities, which in turn improves their attitudes and behaviors in the workplace (i.e. compassion at work) (Dutton et al., 1994).

2.2 Social Exchange Theory (SET)

In addition, Blau (1964) indicates that when individuals receive mutual benefits by interacting with a person or a group of persons and the benefits are high, they develop positive feelings towards other party. It leads to feeling of trust, obligation and mutual benefit. Conversely, when they feel this relationship is costly and one sided, they limit the level of investment and a distance appears between parties. Social Exchange Theory (SET) suggests that it sends signals to employees that their organization is caring, kind and benevolent and the employees feel obliged to *reciprocate* the good deeds of their company with positive attitudes and behaviors (Farooq et al., 2013). Employees differentiate their level of reciprocity based on exchange ideologies "*that work effort should depend on treatment by the organization*" (Eisenberger et al., 1986, p.503). Thus, employees vary their work effort based on how favorably they are treated, and the benefits received from the organization (David, 2010). This was further elaborated by Eisenberger et al. (1986) that employees who benefit from organization will feel obliged to reciprocate by performing behaviors that benefit the organization. In summary, engaging in CSR activities have the potential of enhancing employees' identity and strengthening the exchange relationship which will lead to positive attitudes and behaviors. Having discussed the theoretical underpinnings, the next section discusses related extant empirical studies.

2.3 Impact of CSR on Compassion at Work

Employees who perceive their organization positively due to its CSR activities develop a positive identity which in turn encourage them to raise their prosocial behaviors such as compassionate acts among members (Baruch & Bozionelos, 2010; Moon et al., 2014; Subba & Rao, 2016; Hur et al., 2016). As indicated in Section 2.1 and 2.2 above, Social Identity Theory and Social Exchange Theory assert this relationship. Accordingly, based on these arguments, the following hypothesis is proposed:

H₁: There is a positive relationship between the perception on CSR engagement and Compassion at work of banking employees

2.4 Religiosity

Religion does play a significant role in shaping an individual's perceptions of CSR and the attitude towards aspects of CSR varies across religions (Brammer et al., 2007). Certain scholars such as Brammer et al. (2007), Gani et al. (2012), Ariffin, Ismail and Shah (2016), Kashif, Zarkada and Thurasamy (2016) have examined the relationship between religiosity and CSR orientation and concluded that more religious individuals tend to exhibit greater orientation towards CSR. As per literature, there is a significant impact of level of religiousness on attitude towards helping others (Ranganathan & Henley, 2008; Tsarenko & Tojib, 2012; Hopkins, Shanahan & Raymond 2014). Accordingly, based on this arguments and observations, it could be hypothesized of a moderating effect of religiosity on the relationship between the employees' perception of CSR engagement and Compassion at work, and the following hypothesis could be proposed:

H₂: Religiosity has a moderating effect on the relationship between CSR and Compassion at work of banking employees

Based on literature review above, the conceptual framework of this study could be constructed as follows.

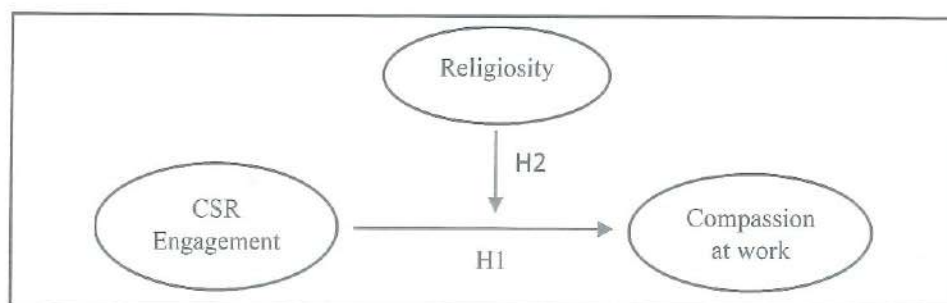


Figure 1. Conceptual framework.

3. METHODOLOGY

The study examines the relationships between variables, and thus, a quantitative strategy was utilized that falls under the positivistic paradigm. The population of this study constituted employees of licensed commercial banks in Sri Lanka. Data was collected from a sample of employees representing 13 domestic licensed commercial banks in Sri Lanka and constituted of 410 respondents. Covering all thirteen domestic licensed commercial banks, employees of both executive level and non-executive level were selected that also represented different demographic groups. A self-administered structured questionnaire was used as the data collection method which was developed based on a comprehensive literature review and refined based on expert opinions and a pilot survey. CSR scales of Turker (2009), Fatma et al. (2014), Garcia et al. (2005) and Maignan (2000) were adapted to measure level of CSR engagement. Pommier's (2010) compassion scale was used to measure compassion at work with amendments to suit the context. In order to measure the level of religiosity, the comprehensive scales of Cornwall et al. (1986) and Parboteeah et al. (2008) were considered where amendments were done to almost all the items in order to make it applicable to the Sri Lankan context.

Data collection was facilitated using convenience sampling strategy due to non-availability of the sampling frame. The researcher ensured demographic profile of the population has been reasonably represented and approximated by the selected sample. To test the hypotheses of this study structural equation modelling accompanied by Smart PLS was utilized.

4. FINDINGS AND DISCUSSION

After testing for the convergent validity and discriminant validity of the structural model (that were within the tolerable/expected limits and criteria), the table below indicates the results of the hypotheses tested in this study.

4.1 Direct Impact of CSR on Compassion at Work

The findings indicate that banking employees' perception of their organization's CSR activities has the potential to significantly and positively impact their level of compassion at work, i.e. higher the level of positive perception about CSR engagement leads to higher the level of their compassion.

4.2 Moderating Effect of Religiosity on the Relationship between CSR and Compassion at Work

As per the results, religiosity did not moderate the relationship between CSR and compassion at work. When pursuing through literature, it is observed that religiosity may not necessarily

imply altruistic, helping behavior. Effects of religiosity on attitudes and behaviors may be situational. Scholars such as Tse and Au (1997), Saat et al. (2009), Bloom (2012) have empirically supported that higher levels of religiosity does not moderate the relationships examined. They claim that even though it was expected, due to cultural differences, religiosity did not moderate the examined relationships.

Table 1 : Summary of Hypotheses

Hypothesis	Path	Path coefficient	t-statistic	p-value	Supported or not supported
H1: There is a positive relationship between CSR and Compassion at work of banking employees	CSR→CAW	0.372	8.405	0.000	Supported
H2: Religiosity has a moderating effect on the relationship between CSR and Compassion at work of banking employees	R_1→CAW	0.020	0.392	0.695	Not supported
	RELG→CAW	0.330	6.943	0.000	

Source : Authors constructed

Furthermore, this result of non-significant relationship could be attributed to the findings of Allport (1967) who found that when the selected sample consists of extrinsically motivated individuals, religion has no impact on their attitudes and behaviors in a positive manner. However, as per the analysis, it was evident that religiosity has a significant impact on compassion at work. In conclusion, it is observed that religiosity has a significant impact on banking employees' compassion at work in the Sri Lankan setting but is not having a significant impact on the relationship between CSR and compassion at work.

5. CONCLUSION AND IMPLICATIONS

The first objective of this study was to investigate the impact of CSR on compassion at work. The results of this study indicated that banking employees get a positive perception about their organization when their organization engages in CSR activities, i.e. employees' positive perception about their organization's CSR activities predominantly shape employees'

compassionate acts within an organization. The second objective examined the moderating effect of religiosity on the CSR engagement and Compassion at work. As per the results, religiosity did not moderate the relationship between CSR and compassion at work. However, religiosity has a significant impact on compassion at work. The results imply that even though religiosity does not moderate the relationship, it could make a significant impact on banking employees' attitudes and behaviors.

Empirically, this study further enriches existing dearth of literature on the impact of CSR at micro level highlighting the employees' perception on CSR leads to higher level of compassion at work. Also, the findings of this research would enhance literature related to micro CSR in Sri Lankan licensed commercial banking sector. Further, empirical studies are lacking which inquired on the moderating ability of religiosity. As per the results of this study, religiosity did not moderate the relationships between CSR and compassion at work.

Practically, human resource managers and others could understand the value that could be generated through CSR activities. If an organization looks forward to enhancing better relationships with employees, engaging in CSR activities could be observed to be a must. Moreover, managers could pay more attention to religiosity since it has the potential of impacting individuals' level of compassion.

To obtain an overall understanding of the total banking sector, future research could consider savings and development banking sector as well. In addition, future studies could consider cultural characteristics and individual differences as possible moderators.

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