When corporate social responsibility (CSR) increases performance: exploring the role of intrinsic and extrinsic CSR attribution

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This study investigates whether employees attribute different motives to their organization's corporate social responsibility (CSR) efforts and if these motives influence employee performance. Specifically, we investigate whether employees could distinguish between intrinsic and extrinsic CSR motives by surveying 229 employee–supervisor dyads from various industries (companies that have reputable CSR programs in Portugal), and the impact of these perceptions on in-role and extra-role performance of subordinates. We found that employee task performance increases when employees attribute both intrinsic and extrinsic motives for CSR. Moreover, when employees perceive that their organization invests in a CSR practice that is both intrinsic and extrinsic, they also tend to exert extra effort in their work. Theoretical and practical implications are also discussed alongside future research directions.

Introduction

Corporate social responsibility (CSR) is no longer seen as a potential competitive advantage for the firm, but as a real strategic necessity (Falkenberg & Brunsael 2011). For example, studies have consistently demonstrated that CSR can bring benefits for organizational stakeholders, specifically, shareholders (e.g. Cochran & Wood 1984), investors (e.g. Petersen & Vredenburg 2009), employees (e.g. Kim *et al*. 2010; Wang *et al*. 2013), management (e.g. Du *et al*. 2013), and consumers (e.g. Pivato *et al*. 2008; Groza *et al*. 2011; Moosmayer 2012). However, CSR can be costly and few firms can actually quantify its benefits (O'Brien 2001; Bhattacharyya 2007).

If organizations do not engage in CSR they may jeopardize their brand and reputation, which, in turn, could decrease short- and long-term profitability. On the other hand, if they do invest in CSR they also may be inadvertently criticized by their stakeholders, especially if the organization mitigates the costs of investing in CSR by skimping on product quality and safety or by mistreating employees (Campbell 2007). Indeed, even when firms invest strategically in CSR, their actions can be met with skepticism from stakeholders (Luo & Bhattacharya 2006). Greenwashing, ethical scandals, and inconsistent practices (such as laying off employees but increasing CEO pay) are common examples of activities that alienate key stakeholders and often leave them cynical regarding an organization's motivations.

What we know is that while some organizations do benefit from CSR, others, despite investing substantially in it, fail to capitalize on its gains. Thus, under-

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standing how stakeholders may interpret a firm's CSR practices can help to explain how a firm can benefit from it. For example, Gilbert & Malone (1995) and Rupp *et al.* (2013) argue that some of the stakeholders might care less about the organizational practice than the motive behind its investment. In fact, individuals evaluate organizations the same way they do people (Davies *et al.* 2003), meaning that interpretations of their motives and intentions help individuals evaluate their ability and morality (Sen & Bhattacharya 2001; Bauman & Skitka 2012). Thus, the perceived reason of why an organization invests in CSR may explain more effectively how stakeholders perceive this organization and its practices and consequently, how these stakeholders behave toward the organization (Martinko *et al.* 2011).

In this article we examine one specific stakeholder, the employee. We investigate this population for two reasons: We consider organizational employees as key stakeholders (Pedersen 2011) that until recently have been consistently overlooked in the CSR literature (Hansen *et al.* 2011; Aguinis & Glavas 2012); and because we believe employees may also be better able to distinguish between organizational motives as they are more exposed to the organizational practices, values, and culture.

The purpose of this article is to test how employees' attributions of organizational CSR practices can influence desirable employee behavior. Specifically, this article extends the literature by testing different employee attributions to CSR organizational actions (extrinsic and intrinsic motives) and the consequences that these attributions have on employee performance (in-role and extra-role performance) as rated by their supervisor. While the impact of CSR on extra-role performance has enjoyed some attention in the literature (i.e. Lin *et al.* 2010), although these earlier studies did not account for differences in CSR attributions, to our knowledge the impact on in-role performance has not been empirically tested (only Jones 2010 measured in-role performance, but as a result of employee participation in a volunteering program).

The rest of the article is organized as follows: first we explain the theoretical framework and formulate our hypotheses. We then describe our methodology and follow it with our results. Finally, we draw con-clusions and suggest implications for CSR strategy, and mention limitations and avenues for future research.

CSR attributions

Different individuals and different stakeholders may perceive CSR practices differently. This is because individuals make attributions based on information they have available to them in order to make causal explanations for events (Fiske & Taylor 1991), including CSR practices. For example, Factor *et al.* (2013) made the case that employees place different importance on CSR given their role in the organization. Indeed, managers may be more concerned and aware about CSR than non-managers. Since individuals use their context to make sense of their environment, it is also reasonable to expect that individuals make attributions concerning the motives behind such practices. Indeed, individuals see a connection between motive and behavior (Jones & Davis 1965).

Studies have investigated these attributions primarily from a consumer perspective. For example, Groza *et al.* (2011) use attribution theory to explain that in the context of CSR, the sympathy toward a practice is contingent upon the attribution consumers make about their organizational motives. They specifically studied the impact on two types of attributions of CSR: a firm's engagement in CSR prior to any negative information received by its consumers (*proactive CSR*) and if the firm engages in CSR after the report of some negative action (*reactive CSR*) (Tullberg 2005). They found that proactive CSR was linked with positive corporate associations and purchase intention. Similarly, Ellen *et al.* (2006) argued that consumers attribute different motives to CSR engagement, including *egoistic-driven* ones, in which the firm is more interested in exploiting a cause than helping it; *strategic-driven*, in which the firm wishes to increase sales or mitigate risks or harm; *stakeholder-driven*, in which the firm engages in CSR owing to stakeholder pressure; and *values-driven* motives, in which the firm engages in CSR because they believe it is the right thing to do. They found that different attributions lead to different results (i.e. purchase intention and recommendation inten-

tions). Vlachos *et al.* (2009) tested Ellen *et al.* (2006)'s model of CSR attributions and concluded that poor CSR motives can influence important internal and behavioral consumer outcomes. In fact, other authors have looked into the *self-centered* vs. *other centered* continuum to explain possible attributions consumers may have about CSR (Webb & Mohr 1998; Handelman & Arnold 1999).

However, as stated above, these studies have tested organizational motives by primarily by looking at a consumer population and using experimental data. Only a few studies reported by Vlachos and colleagues have tested these attributions from an employee perspective. For example, Vlachos *et al.* (2010) tested Ellen *et al.* (2006)'s framework on a sample of sales force employees and concluded that *stakeholder* and *values-driven* CSR influenced employees' trust, and that trust lead to loyalty intentions and positive word of mouth. More recently, Vlachos *et al.* (2013) tested whether employees derive job satisfaction from CSR programs. They argued that charismatic leadership influenced the motives attributed to CSR (*intrinsic* or *extrinsic*) and that these induce job satisfaction.

Studying CSR from an employee perspective, however, requires a different strategy than that of a consumer perspective. For example, Drumwright (1996) argued that even though managers may describe the firm's motives for engaging in CSR to be both economic and social, consumers are very simplistic in their judgment of CSR efforts. In fact, Ellen *et al.* (2006) suggested that responses to CSR might be more complex, as individuals' suspicions of ulterior motives is likely to encourage people to entertain multiple scenarios. Employees are more aware of an organization's practices and have not only previewed their communication, but they live its applications. Further, employees are embedded in the organization's network (Rowley 1997) and are better able to assess corporate initiatives in the context of the organization's history, culture (McShane & Cunningham 2012), values, and beliefs. Thus, employees do not necessarily need to attribute multiple scenarios to justify CSR engagement (as earlier studies with consumers have done). They are more connected to each other and have access to key information to make up their minds or attribution to 'buy-in' to organizational practices (Collier & Esteban 2007). Thus, in

contrast to other studies, we asked our participants to rate the extent to which they believed a specific CSR scenario was *intrinsic* and *extrinsic*.

Intrinsic attribution

Intrinsic CSR practices can be described as practices perceived as sincere. That is, organizations engage in these practices because they care (Vlachos *et al.* 2013). In this case, if an organization invests in a charity, employees truly believe that the organization cares for the cause. This attribution is related to the moral aspect of the firm, in which stakeholders trust the 'benevolent' character of the organization as the true values of the firm.

Extrinsic attribution

Extrinsic CSR practices are those perceived to be done with the intention of getting something back or to avoid some kind of punishment from the community in general (Vlachos *et al.* 2013). This does not mean that organizational practices are ineffective or not good for the community, but that stakeholders (e.g. employees) may perceive that the organization is being strategic in its investment. Thus, this can be described as the 'business case' for CSR.

Employees, in our sample rate not only the perceived motive, but also if a specific CSR scenario could be interpreted in multiple ways (in this case, intrinsic motives, extrinsic motives, intrinsic and extrinsic motives). For that reason, we did not test motives in a continuum, but allow practices to be evaluated simultaneously as both. This is important because CSR is a complicated construct that has been tied into a duality of either/or economic maximization and benevolent practices (Amaeshi & Adi 2007). In our study we allow for a vision that includes both perspectives separately and combined.

Employee outcomes

Research on CSR has addressed the role that CSR has on external stakeholders. Scholars have recently called for more research on the internal stakeholders of the firm with regard to CSR (Hansen *et al.* 2011). Those who have empirically examined CSR and its influence on employee behavior and attitudes have

looked into how it affects general satisfaction (Valentine & Fleischman 2008), job applicant perceptions of companies (Turban & Greening 1997), turnover intention (Hansen *et al.* 2011), organizational citizenship behavior (Lin *et al.* 2010; Hansen *et al.* 2011), team performance (Lin *et al.* 2012), organizational commitment (Brammer *et al.* 2007; Turker 2009b), job satisfaction (Brammer *et al.* 2007; Vlachos *et al.* 2013), employee-company identification (Kim *et al.* 2010; McShane & Cunningham 2012), employee connections (McShane & Cunningham 2012), leadership styles (Groves & LaRocca 2011; Du *et al.* 2013), and organization identification (De Roeck & Delobbe 2012). However, and considering the business case for CSR, employee performance seems a very adequate measure for CSR effectiveness as it directly influences organizational outcomes.

Recently, Hansen *et al.* (2011) used normative theory, and specifically, deontic justice, to explain why employees may wish to 'reward' organizations that are investing in CSR. According to the authors, employees may gauge their responses to CSR initiatives based on 'normative treatment', that is, the perception of what the organization ought to be doing (Folger *et al.* 2005; Hansen *et al.* 2011). The idea behind deontic justice in CSR is that if individuals perceive that organizations are not fulfilling their moral obligations or duties, they respond to it as an injustice. Employees thus react to how they are being treated by their organizations, and also to how others are being treated by their organization (Cropanzano *et al.* 2007). In fact, unfairness may lead to theft, sabotage, and even violence. If an employee perceives that his/her organization is being irresponsible, he or she will likely exhibit negative work behaviors and attitudes. On the other hand, if they perceive that their organizations are ethical and are fulfilling their moral duties, employees will have a positive attitude about the organization and will likely work productively on the organization's behalf (Rupp *et al.* 2006).

Similarly, social exchange theory (Blau 1964) can help to explain the link between CSR and individual performance. Employees may perceive that CSR activities should be rewarded as they are judged positively. Employees may perceive this in two ways: CSR practices may affect employees directly, which,

in turn, would justify why they would choose to act positively toward the organization. However, even when CSR practices are not directly oriented toward employees, they may be connected with employees' values, beliefs, and morals, and employees may as a result feel the need to reciprocate positively in response to the organization's valued CSR practice.

Based on the discussion above we argue that CSR practices will have an impact on employees' behaviors, namely their in-role and extra-role performance as rated by their supervisor. This is the first CSR study to our knowledge that looks into both types of performance measures at a dyadic process, circumventing potential common method variance bias.

In-role performance

Work performance is defined as the fundamental responsibilities the worker was hired to do in exchange for their compensation package. It refers to the behavior directed toward formal tasks, duties, and responsibilities that are written in their job description (Williams & Anderson 1991). Based on the deontic justice and social exchange discussion above, we postulate that individuals' perceptions of CSR practices will influence their in-role performance.

Intrinsic CSR attributions are necessary for individuals to feel connected with the organization, as these are practices to which individuals attribute moral reasoning/connection. Intrinsic CSR attributions are therefore important for possible in-role performance implications. Extrinsic CSR attributions are perceived as strategic and thus reinforce shared value creation. In the case of employee performance, the perception that the organization is investing in practices that return to the organization, which in turn can help employees maintain their jobs and livelihood, is also positive. Intrinsic CSR attributions alone may backfire, as employees might believe that the organization is investing in external foundations and not in the employees, potentially putting their job and promotions at risk. For example, Yoon *et al.* (2006) found that CSR initiatives can backfire on an organization's reputation when consumers are skeptical about the genuine motives of the organization. On the other hand, extrinsic CSR attributions alone may backfire, because of the cynicism it may bring

Figure 1: Hypothesized model
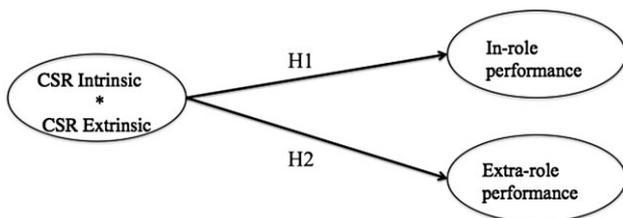
regarding the possible lack of concern about the moral obligations of the firm. As a result, we believe that CSR influences individual performance only when employees believe that the practices are not only sincere and moral but also that the organization is benefiting from it (see Figure 1). With that, Hypothesis 1 is formulated:

Hypothesis 1: *The combination of intrinsic CSR and extrinsic CSR attributions is positively related to in-role performance.*

Extra-role performance

Organizational citizenship behavior (OCB) has been defined as employee behavior that promotes organizational effectiveness but is not formally recognized by an organization's reward system, thus it is extra-role (Organ 1988). This category of behavior is not only distinct from task performance, as argued by Katz 50 years ago (1964) and empirically demonstrated by Williams & Anderson (1991), but also extremely important in its own right. The enactment of such behaviors improves organizational efficiency and effectiveness by helping transformation, innovativeness, and adaptability (Organ 1988). These behaviors are discretionary in that they are not defined in the employment contract, but they provide an important resource for organizational functioning. This means that when employees feel their evaluations to be fair, they are likely to reciprocate by demonstrating behaviors that may benefit the organization and that go beyond what they are required to do (Niehoff & Moorman 1993).

For example, through deontic justice and social exchange theory we can argue that employees would be likely to reciprocate their behavior in a form of extra-role performance. Also, employees may feel

more committed toward the organization and go beyond what they are required to do because they believe in the organization's CSR program. Similar to Hypothesis 1, we propose that only the combination of attribution of intrinsic CSR and extrinsic CSR can lead to enhanced OCB (see Figure 1). Thus, the second hypothesis is proposed:

Hypothesis 2: *The combination of intrinsic CSR and extrinsic CSR attributions is positively related to extra-role performance.*

Methods

Sample and procedures

Twenty-five organizations operating in Portugal that have a reputable CSR program (either highlighted on the news or on their website) were contacted to participate in a larger study about their perceptions of CSR and its effects on organizational behavior. Organizational representatives (top management and/or HR managers) were then contacted and 18 organizations (72% response rate) agreed to participate by having both employees and supervisors fill out a survey. We provided the survey only if both employee and respective supervisor were willing to participate in the study. We contacted 364 participants and 273 were willing to participate, representing a 75% response rate. Surveys were handed out personally, explaining the high return rates. Forty-four dyads and one organization were excluded as they did not complete the survey or did not have corresponding supervisor surveys completed. Our final sample consisted of 229 dyads and 17 organizations.

Participant organizations were from a variety of industries: five large multinational consultancy firms (13.5% of participants); four small innovation and technology organizations (5%); one large international fast-food organization (13.5%); one large airline carrier (13.5%); one small private health clinic (13.5%); four large financial firms (three banks and one insurance organization; 32%); and one large energy company (9%). Subordinates filled out the survey about perceptions of CSR practices along with the motive attribution (i.e. intrinsic and extrinsic). The participants were 55% female with 40%

having a Bachelor's degree and 27% having at least a Master's degree. Average age for subordinates was 40 years old, ranging from 18 to 63 years old. In terms of tenure, 35% have worked in the current organization between 1 and 5 years, 20% between 5 and 10 years, and 19% between 10 and 20 years. Supervisors rated their respective subordinate in their in-role and extra-role performance. Supervisors were 55% male with mean age of 44, ranging from 25 to 62 years old. Thirty-three percent have worked in the current organization for more than 20 years, 18% between 10 and 20 years, and 26% between 5 and 10 years. Thirty-nine percent of the supervisors had at least a Master's degree, with 33% of the sample also having at least a Bachelor's degree.

Measures

Intrinsic and Extrinsic CSR Motives were rated using an adapted version of the Turker (2009a) CSR to social and non-social stakeholders. Both attributions were measured on a 5-point Likert-type scale ranging from '1 = Absolutely is not' to '5 = Absolutely is'. Participants were asked to indicate how much they perceive that the organization's CSR practices are intrinsic (the organization's goal is to contribute to the 'good') and extrinsic (the organization strategically benefits from CSR). Subordinates thereby rated both perceptions simultaneously (i.e. if the organization engaged in a given CSR practice for intrinsic and extrinsic reasons). Sampled questions include 'Our company implements social programs to minimize its negative impact on the natural environment' and 'Our company contributes to the campaigns and projects that promote the well-being of the society'. For intrinsic CSR attribution, reliability was $\alpha = 0.87$ and for extrinsic CSR attribution, it was $\alpha = 0.86$.

In-role performance was rated by supervisors on a five-question, 5-point Likert-type, scale developed by Eisenberger *et al.* (2001). Sample items include 'this employee meets job functions adequately' and 'this employee neglects work that was expected' (reversed). Reliability for in-role performance was $\alpha = 0.76$.

Extra-role performance was rated by supervisors in an eight-question, 5-point Likert-type scale developed by Williams & Anderson (1991). These items assess a number of discretionary actions undertaken to help the organization that go beyond the scope of the traditional job description. Sample items include 'this employee encourages others to try new and effective ways to improve work' and 'this employee looks for ways to help the organization succeed'. Reliability for extra-role performance was $\alpha = 0.87$.

Results

Means, standard deviations, and correlations among the variables are shown in Table 1. The bivariate correlations indicate a modest positive relationship between intrinsic and extrinsic CSR practices, and between in-role and extra-role performance. As expected, there are no direct relationships between the two ratings of CSR attributions and the two types of performance.

Discriminant validity

As this is the first study to examine these two underlying dimensions of CSR using this scale, we first examined their discriminant validity, that is the extent to which two dimensions are assessing two different constructs. In order to do so we ran an

Table 1: Means, standard deviations, scale reliabilities and intercorrelations (N = 229)

	M	SD	1	2	3	4
1. Intrinsic CSR	3.69	0.79	(0.87)			
2. Extrinsic CSR	3.60	0.82	0.33**	(0.86)		
3. In-role performance	4.23	0.74	0.06	0.09	(0.76)	
4. Extra-role performance	3.94	0.80	0.07	0.08	0.82**	(0.87)

** $p < 0.01$.

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Table 2: Exploratory factor analysis on intrinsic and extrinsic CSR practices[a]

	Factor 1	Factor 2
Intrinsic ratings of CSR practices		
1. Our company participates in activities which aim to protect and improve the quality of the natural environment.	0.79	
2. Our company makes investment to create a better life for future generations.	0.81	
3. Our company implements special programs to minimize its negative impact on the natural environment.	0.72	
4. Our company targets a sustainable growth, which considers future generations.	0.86	
5. Our company supports the non-governmental organizations working in the problematic areas.	0.70	
6. Our company contributes to the campaigns and projects that promote the well-being of the society.	0.76	
Extrinsic ratings of CSR practices		
1. Our company participates in activities which aim to protect and improve the quality of the natural environment.		0.84
2. Our company makes investment to create a better life for future generations.		0.74
3. Our company implements special programs to minimize its negative impact on the natural environment.		0.79
4. Our company targets a sustainable growth, which considers future generations.		0.82
5. Our company supports the non-governmental organizations working in the problematic areas.		0.62
6. Our company contributes to the campaigns and projects that promote the well-being of the society.		0.76

Principal component analysis with an oblimin rotation was performed; N = 229; Factor 1 accounted for 40.5% of the total explained variance, while factor 2 accounted for 19.6%.
[a] Loadings below 0.30 are not presented.

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exploratory factor analysis (EFA) with principal component analysis extraction and oblimin rotation on the two measures. As seen in Table 2, we obtained two clear factors with no cross-loadings for any of the six items. Different ratings (intrinsic vs. extrinsic) of the same CSR practices loaded on distinct factors, which combined accounted for 60.1% of the total variance. Loadings ranged from 0.70 to 0.86 for intrinsic ratings and from 0.62 to 0.84 for extrinsic practices. Overall, we found that individuals' evaluations of CSR practices are grouped according to the underlying reason that supports such practices (intrinsic and extrinsic) rather than the actual practices themselves.

Test of interaction effects

To test Hypotheses 1 and 2, that CSR practices are related to employee's performance only when they are evaluated as being simultaneously intrinsic and extrinsic, we conducted two multiple linear regressions, one for each outcome variable (in-role and extra-role performance). To test the interaction effects we followed the procedure outlined by Cohen *et al.* (2003). First, we centered both predictors, as they are continuous variables, and entered them in the first step of the regression equation. Second, we multiplied the centered predictors and added the interaction term in the second step of the equation. Table 3 presents a summary of the results of the regression analyses.

As expected, none of the dimensions of CSR were significantly related to performance. However, the combined effect of both ratings of intrinsic and extrinsic CSR was significantly related to both in-role ($\beta = 0.17$, $p < 0.05$) and extra-role performance ($\beta = 0.18$, $p < 0.01$). The interaction effect explained 3% of the variance in both types of performance.

To further examine the direction of these effects we plotted the interactions (see Figures 2 and 3)

Table 3: Results of the regression analyses

Predictors	Outcomes							
	In-role performance				Extra-role performance			
	β	t	R^2	ΔR^2	β	t	R^2	ΔR^2
Step 1: Main effects								
Intrinsic CSR	0.03	0.47			0.05	0.74		
Extrinsic CSR	0.08	1.11	0.01	0.01	0.06	0.87	0.01	0.01
Step 2: Interaction								
Intrinsic x Extrinsic CSR	0.17	2.44*	0.04	0.03	0.18	2.58**	0.04	0.03

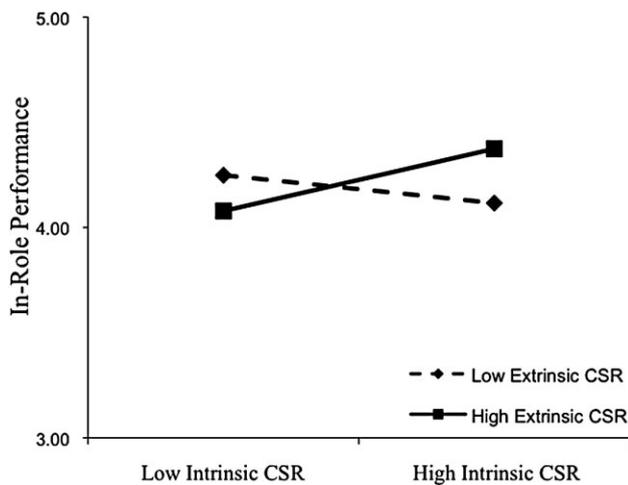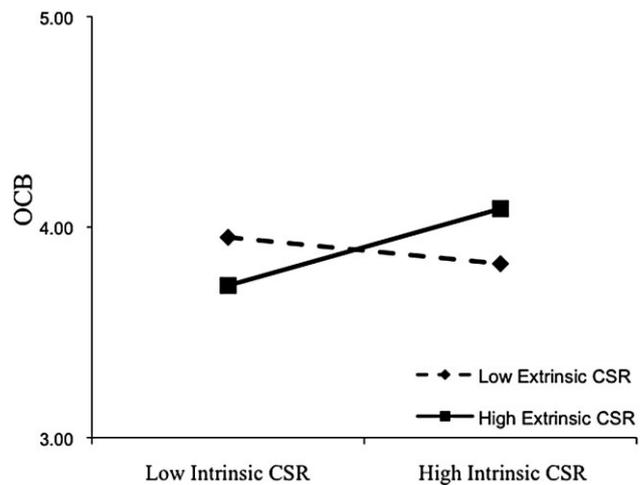Figure 2: Interaction effect of the two dimensions of CSR on in-role performance

Figure 3: Interaction effect of the two dimensions of CSR on extra-role performance

and conducted simple slope analyses. As employees perceive their organization's CSR practices as increasingly 'intrinsic', their in-role performance also increases, but only when they perceive those same practices as also being highly 'extrinsic' ($t = 1.99$, $p < 0.05$). When they perceive CSR practices to be lower in the extrinsic dimension, an increase in their perception of intrinsic CSR has no relationship with in-role performance ($t = -1.12$, $p > 0.05$). Similarly, when employees perceive their organization's CSR practices as highly extrinsic, an increase in the intrinsic dimension is also related to enhanced extra-role performance ($t = 2.32$, $p < 0.05$), but that relationship is not significant when they perceive those practices as having low utility for the organization ($t = -0.97$, $p > 0.05$). These results support Hypotheses 1 and 2.

Discussion

The results of this study suggest that employees attribute different motives for the CSR practices of their organization. Specifically, employees believe that organizations invest in CSR activities that 'create good' to stakeholders without any expectations to the organization, but also believe that organizations invest in CSR activities strategically, that is, they do expect to create value from the investment or to at least minimize some risk. Moreover, the results indicate that the two attributions of CSR (intrinsic and extrinsic), when combined, influence in-role and extra-role performance of these employees. Indeed, CSR practices that employees believe to be good for society and also strategic for the organization influenced both types of performance. These results lead

to important theoretical and practical implications for organizations.

Most studies that have examined the impact of CSR on stakeholders have looked at external stakeholders, while this study looked at the impact of CSR on employees, as internal stakeholders. From an attribution theory perspective, this study provides empirical evidence in support of different attributions employees make to characterize their organization's CSR motives: intrinsic CSR practices and extrinsic CSR practices. Employees can distinguish between practices they believe to be morally consistent with their organization's intent to do good and practices they believe to be strategic for their organization. Employees are better exposed to the organization's history, culture, and values, and are better informed in making judgments about the organization. This is important because external stakeholders may care less about what firms are doing than why they are doing it (Gilbert & Malone 1995). Similarly, Glavas & Godwin (2013) argue that the perception of a company's socially responsible behavior may be more important than the actual behavior itself. This is the first study to our knowledge that empirically demonstrates these differences in attribution from an employee perspective using a scale that allows for employees to rate specific CSR scenarios/practices.

From an organizational behavior perspective, this study demonstrates that CSR initiatives may directly impact employee outcomes that favor their organization. In this case, CSR initiatives contribute to both in-role and extra-role performance. Specifically, our findings suggest that employees may exert extra effort because of an organization's CSR practices, but only if they perceive these practices to be both intrinsic and extrinsic.

This study also contributes to the discussion of types of CSR practices that may generate these positive behaviors for employees. Our findings suggest that only when employees perceive that the CSR practices are both morally consistent (and done for the good of the community) and strategic for their organization, does their performance increase. This finding contributes to the literature on CSR as it emphasizes that different stakeholder perceptions may actually lead to different positive outcomes. For example, customers/consumers may

in some cases reject those practices that are viewed as strategic or defensive (Vlachos *et al.* 2009; Groza *et al.* 2011). However, if the organization's CSR is not intrinsic or extrinsic in their motives, it does not contribute to an increase in employee's performance, in-role or extra-role. We believe that this is related to the stakes employees have with the firm: while they wish the firm to behave in morally consistent ways, they also wish the firm to be smart about how they do it. They are more invested in the future sustainability of the firm, and they do not wish for the firm to invest in practices that may not generate value in return.

This finding goes hand in hand with earlier research highlighting that critical intervening processes are necessary for CSR to produce the intended results or it runs the risk of backfiring (Handelman & Arnold 1999; Forehand & Grier 2003). For example, in order for CSR to effectively influence consumer behavior, consumers need to trust the firm (Lafferty & Goldsmith 1999). Also, Lin *et al.* (2010) found that discretionary citizenship practices correlated negatively to two organizational citizenship behavior practices (altruism and courtesy). They justified these findings with the argument that employees may feel confused and potentially betrayed by organizational practices that invest heavily in external CSR to the detriment of internal stakeholders. Employees may be very sensitive to any confusion about CSR efforts. In fact, Giacalone *et al.* (2008) studied the interaction effects between postmaterialistic (similar to intrinsic) and materialistic (similar to extrinsic) values and hope, and found that they establish a positive link with CSR. Also, these findings shed some light on how CSR can influence firm performance through its relationship with in-role and extra-role employee performance.

Finally, our study uses data from two sources (employees and supervisors) in order to produce less biased results and minimize common method variance effects. To our knowledge this is the first study that looks into CSR effects on employees not only by using performance measures (i.e. in-role performance), but also by collecting independent and dependent variables from different sources. This reduces common method bias (Podsakoff *et al.* 2003), thereby providing extra support for the robustness of our findings.

Practical implications

The results of this study suggest to managers and executives that CSR practices can be an effective strategy for their organization as they are connected with employee performance. Our findings suggest that CSR can be a potential motivating strategy for employees, as it is important for employees and they in turn return those positive behaviors back toward the firm. However, our findings indicate that these effects take place only when employees perceive that CSR activities are both intrinsic and extrinsic.

Managers and executives therefore need to be careful about how the CSR strategy is formulated and how CSR is communicated. First, CSR practices need to be consistent with the moral values of the firm (i.e. intrinsic) and second they need to be strategic (i.e. extrinsic). Only practices that match the firm's values while retaining the focus on creating and adding value for business (bottom-line) improve employee performance. Aligning the core values, core business objectives, and core competencies of the organization is necessary in order to maximize both economic and social values over the long term (Bruch & Walter 2005; Franklin 2008; McElhaney 2008; Werther & Chandler 2011). In order to develop an effective CSR strategy there is no such thing as best practices, but effective strategic CSR initiatives are those derived from careful analysis of the organization (e.g. its culture, competencies, and strategic vision) (Heslin & Ochoa 2008), and these should be part of the strategy of the organization, not ad-hoc unrelated programs.

Limitations and future research

Despite the robust findings and implications of the present study, there are several limitations we need to acknowledge. First, although our study collected data from two different sources, thus minimizing concerns over common method bias, we need to be careful about the generalizability of the results. Although our study includes several industries, our small sample size does not allow for contextual variables to be analyzed. Future research should examine the impact of CSR practices in business sectors in which stakeholders may be more attuned to these practices. For example, employees of oil industry companies may emphasize the intrinsic side of CSR in light of the recent catastrophic oil spill in the Gulf of Mexico. Similarly, in a sector undergoing economic difficulties it is possible that employees would be more concerned with practices that contribute to the firm's survival and profitability.

Although our interest in this paper was to test whether employees differentiated between the two facets of CSR (and its implications for performance), future research should examine the mechanisms through which CSR is related to performance. Thus, while we theoretically described those mechanisms (by using social exchange and normative theory/deontic justice) we did not test them. While previous authors (e.g. Brammer *et al.* 2007) have suggested mechanisms such as organization identification, organizational commitment, even job satisfaction, these were not tested in our study. Testing those mechanisms can shed some light on how organizations can enhance the relationship between CSR and individual outcomes.

One more possible limitation of this research is that we tested CSR practices aimed only at the social and non-social stakeholders (Turker 2009a). Future research should also examine internal CSR practices as well. However, considering that external practices had a positive impact on employee performance, we can expect that discretionary practices for employees would lead to even more robust results. Indeed, this has to be tested empirically. Moreover, it would be interesting to examine how employees react to differences in internal and external CSR practices (e.g. the organization recycles waste but does not provide development opportunities to its employees). We therefore suggest that future studies examine different CSR practices targeting different stakeholders.

Finally, researchers should conduct multi-level research to test whether the CSR-employee performance relationship can be connected to firm performance. This would help explain one of the potential mechanisms behind various findings connecting CSR with firm performance (Pivato *et al.* 2008).

Conclusion

This study confirms the impact that CSR may have on employee behavior as we found that employees who perceive that their organization is investing in

CSR practices that are both morally consistent with the organization and strategic for the organization performed better at their job and revealed more discretionary behaviors on behalf of the organization. Moreover, employees are quite aware of CSR practices of their organizations and they can attribute different reasoning behind the CSR programs. This study was one of the first to test different CSR attribution mechanisms from an employee perspective. This is important because people may be more concerned about why they believe organizations are doing something vs. what they are doing (Gilbert & Malone 1995). Also, this study was the first to test the effects of CSR programs on employee performance (in-role and extra-role) by using multi-source data, thus reducing common method variance bias. Supporting the idea that CSR matters to employees, our results shed light on how practices of CSR may lead to firm performance.

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