The Influence of CSR on Organizational Identification as Mediated by Internal and External Organizational Factors: Evidence from a Philippine SME

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Abstract

The present study examines the influence of internal and external corporate social responsibility (CSR) dimensions on employee organizational identification of a Philippine SME. It also aims to explore the mediation of internal employee motivation, perceived internal respect, and perceived external prestige on the relationship between the independent and dependent variables. Employees (N= 88) of a Philippine SME participated in the study based on a 41– item survey questionnaire. Multiple regression analysis and mediation analysis using Jamovi were applied in this study. Internal CSR significantly influenced organizational identification, while external CSR did not significantly influence it. Internal employee motivation did not mediate the influence of internal and external CSR on organizational identification. Perceived internal respect also did not mediate the relationship between internal CSR and organizational identification.

Similarly, perceived external prestige did not mediate the influence of external CSR on organizational identification. These results are interpreted within the broader context that integrates stakeholder and social identity theories. The present study contributes to a greater understanding of the interrelation among CSR dimensions, organizational identification, and constructs that act as underlying mechanisms. Owners and managers of SMEs can benefit

from this study by considering the adoption of its proposed business system model that allows SMEs to integrate CSR effectively in their business models.

Keywords: Internal CSR, external CSR, organizational identification, internal employee motivation, perceived internal respect, perceived external prestige, stakeholder theory, social identity theory

Introduction

Housekeeper's Choice Incorporated is a Philippine corporation in the industrial and household cleaning equipment industry that specializes in manufacturing and distributing high-quality floor care products such as floor polishers, vacuum cleaners, vapor cleaning machines, and box sweeper cleaning machines. The company has an estimated asset size of P16, 000, 000 and currently employs 88 employees.

The company owner values the employees of Housekeeper's Choice Inc. The owner and the top management team believe that the employees are its most valuable asset. Given this, the company continuously improves its efforts geared towards the betterment of the well-being of all of its employees. The owner believes that upholding the welfare of the employees is vital in allowing them to have high levels of motivation. Motivation enables employees to find joy, satisfaction, and meaning in their jobs. One of the owner's purposes for developing holistic employee development that add value to the welfare of the employees is for them to experience high levels of motivation.

Consequently, the owner also gives significant value to having a high level of organizational identification. He defines organizational identification as a positive state or feeling whereby an employee firmly sees the organization in himself and himself in the organization. Organizational identification is manifested in the sharing between the organization and the employees of attitudes, beliefs, values, aspirations, purpose, and

direction or vision. The owner believes that organizational identification is another crucial phenomenon that must transpire for employees to successfully perform their roles and effectively contribute to attaining business objectives. He believes that promoting employee welfare is an essential antecedent of organizational identification. It is part of the owner's vision for the company to achieve a state whereby all its employees have an immensely strong sense of identification with the organization.

Housekeeper's Choice Inc. also recognizes the need to uphold the welfare of its customers, business partners, and the community it is part of. The owner values the customers as they are the lifeline of the company. It exists to satisfy their needs, and the company's responsibility is to serve them in the justest and fair manner. The company upholds the welfare of its customers by offering superior floor polishers, related products, and services, charging reasonable prices, providing a lifetime warranty for all products, and practicing honesty and transparency in its marketing and all other business dealings with its customers.

The present study is primarily interested in determining the possible influence of the company's efforts to uphold the welfare of its human capital, customers, and community on its employees' motivation and, ultimately, organizational identification. It aims to determine the employees' perceptions concerning these moral actions to analyze how they can potentially result in positive employee attitudes. Specifically, the study aims to address these research problems:

"Does CSR significantly influence the organizational identification of Housekeeper's Choice Inc. employees?"

"Do underlying mechanisms such as employee internal motivation, perceived internal respect, and perceived external prestige (pride) mediate the relationship between CSR and the organizational identification of the employees of Housekeeper's Choice Inc.?"

Research Questions of the Study

The manuscript aims to address the following specific research questions:

1. *Does internal CSR influence the organizational identification of Housekeeper's Choice Inc. employees?*

2. *Does employee internal motivation mediate the relationship between internal CSR and organizational identification?*

3. *Does perceived internal respect mediate the relationship between internal CSR and organizational identification?*

4. *Does external CSR influence organizational identification?*

5. *Does employee internal motivation mediate the relationship between external CSR and organizational identification?*

6. *Does perceived prestige (pride) mediate the relationship between external CSR and organizational identification?*

Review of Related Literature

Corporate Social Responsibility

CSR pertains to the continuous commitment of a firm to conduct operations ethically and contribute to society's aggregate progression, geared towards increasing the value of social, economic, political, and environmental aspects of life. (Lu et al., 2016). In broader terms, Hopkins (2005) defines CSR as the 'ethical treatment' or the socially responsible treatment of all firm stakeholders. Hopkins' understanding of CSR was adapted in a study conducted by Cornelius, Todres, Janjuha-Jivraj, Woods, & Wallace (2007) in raising the issue of the dynamic relationship between business and their stakeholders, including government sectors and various groups in society. Moreover, Cornelius et al. (2007) regard that the objective of CSR is to advance the societal quality of life while also maintaining business viability and meeting the aspirations of its internal and external stakeholders. In a

template for business organizations, however, Drucker (1974) believes that management must prioritize the company's economic performance in every action and decision. Drucker's template only justifies the existence and authority of a business through the results of its economic performance.

Over the years, scholars have proposed numerous approaches to understanding CSR. In this regard, Carroll (1999a) categorizes different CSR responsibilities into the company's discretionary, economic, ethical, and legal obligations. Another scholar (Cochius, 2006) calls for the study of CSR considering differing participants (i.e., customers, workers, shareholders, and community). Longo, Mura, & Bonoli (2005) also suggest developing an integrated approach to CSR with more emphasis on engendering moral values for all stakeholders, while several other authors (Ligeti and Oravecz, 2009; Aguilera et al., 2007; European Commission, 2001) study CSR upon classifying practices into internal and external social CSR. Carroll's (1991) CSR framework illustrates that business organizations' responsibilities must be thoroughly considered. In line with this, the author highlights four levels of social obligations comprising the entire hierarchy of CSR: monetary, legal, moral, and humanitarian obligations. While these levels exist, philanthropical and ethical responsibilities have only been formally studied recently.

First, putting economic responsibilities at the pyramid's end, Carroll (1991a) posits that the company's monetary performance premeditates its ability to fulfill other business responsibilities (legal, ethical, and philanthropical). Carroll (1991a) outlines the vital attributes of a firm's economic responsibilities as performing aligned with its goal of maximizing earnings, committing to profitability whenever possible, and upholding a strong position against competitors. Second, the placement of legal responsibilities in the hierarchy exemplifies the chronological order of its development over time but is often regarded to be of equal importance with the company's economic responsibilities in a 'free enterprise system.

In the same study by Carroll (1991a), vital attributes of a company's legal responsibilities include performing in a manner aligned with the law and government expectations, conforming to federal, state, and local regulations, and operating as legally compliant citizens. Third, the recent development in business ethics recognizes ethical responsibility as a fundamental CSR component. While it is placed third after economic and legal responsibilities, ethical responsibilities play an interceding role with legal obligations in developing the most suitable CSR practices for the business (Carroll, 1991). Carroll (1991) enumerates some key features of an ethically responsible organization as performing in a manner aligned with societal norms and moral values, recognizing and respecting new and evolving norms prevalent in society, and avoiding the need for compromising ethical norms only to meet corporate goals. Fourth, Mandl and Dorr (2007) denote philanthropy as the discretionary responsibilities that arise from the personal choice of managers and/or company owners. Bin Hossain et al. (2014) also define the responsibility to practice philanthropy as the altruistic need to aid others through charity, be it by individuals, non-profit organizations, or corporations.

Significance & Contributions of CSR to Businesses

Business organizations have only recently recognized CSR's significance. According to Barnett (2007), the rising popularity of CSR among organizations can be further explained by the stakeholder theory, wherein the need for CSR arises for 'successful businesses' to influence their public image to consumers, communities, and other stakeholders. Barnett also states that firms must act as socially responsible corporate citizens to thrive in competitive markets (Lu et al., 2016). According to Kuokkanen and Sun (2019), an in-depth understanding of CSR and the recognition of its strategic importance is essential to sustaining the long-term success of modern businesses. A recent study supports this claim that businesses adopt CSR practices to improve their relationship with stakeholders while

maintaining their competitive edge (Vishwanathan, Oosterhout, Heugen, Duran, & Van Essen, 2020). In modern times, business organizations are highly encouraged to invest in their CSR initiatives as these are significant to the sustainable development of business operations. Preceding studies determined CSR's significant effects on organizational identification, employee commitment, loyalty, morale, retention, satisfaction, and trust. (Aguilera, Rupp, Williams, & Ganapathi., 2007; Brammer, Millington, & Baxton, 2007; Mozes, Josman & Yaniv, 2011). Consequently, all concepts mentioned above that are reported to be positive outcomes of CSR are also within the scope of internal motivation among employees (Skudeiene & Auruskeviciene, 2012; Barnett, 2007).

Internal CSR

Internal CSR encompasses all aspects of business performance (Brammer et al., 2007). The European Commission (2001) further notes that human capital should be considered a highly important internal stakeholder in any business. In support of this premise is a wide range of literature studying CSR practices that satisfy the expectations and needs of employees. Longo et al. (2005) introduce the concept of "value classifications," a more specific classification for employee-centered CSR initiatives. Value classes are activities that 'create value for the organization's internal stakeholders, commonly relating to employee well-being, skills development, workplace well-being, and work eminence (Skudiene & Auruskeviciene, 2012).

External CSR

The external facet of CSR activities is the organizational behavior concerning a company's external processes that directly affect external stakeholders, including clients, business associates, and local societies (Skudiene & Auruskeviciene, 2012). Customers expect socially conscious firms to offer products efficiently while observing principled and environment-conscious practices (European Commission, 2001). Customers prefer products

and services that meet socially conscious standards (Longo et al., 2005). (Skudiene and Auruskeviciene (2012), therefore, posit that the CSR pursuits of a firm positively and significantly impact customer attitudes toward the institution and its products, along with other customer-related outcomes. Longo et al. (2005) believe that a company is responsible for encouraging collaborators to uphold the excellence of products by adopting common objectives of complying with quality control procedures and standards. In addition, regulating employment standards among business partners is a component of external CSR within the organization (Graafland and Van de Ven, 2006). External CSR efforts supporting a company's relationship with local communities entail philanthropic values (e.g., sponsorship activities for sports or cultural events). Large companies can also express their philanthropy through investments in public infrastructures like hospitals, schools, roads, and even water systems (Aguilera et al., 2007). A more common practice of CSR, as illustrated by European Commission (2001), is manifested in community development projects that uplift the well-being of children, handicapped, or other minority groups or provide financial support to social welfare projects (Graafland and Van de Ven, 2006).

Organizational Identification

Organizational identification is a societal classification wherein group members align themselves with group interests, practices, and values (Mael and Ashforth, 1992). Organizational identification is embodied when employees share the organization's core beliefs and objectives (Lythreatis, Mostafa, & Wang, 2019). The concept is also used to describe the wide range of attitudes and behaviors exhibited by employees of a business organization, such as citizenship behavior and disposition towards organizational identity (Article #888). Another presumption of the social identity theory entails that people are more willing to be in an organization that treats its members fairly and with a relatively high social status inside and outside the group (Zaman & Nadeem, 2019).

Internal Employee Motivation

As defined in earlier studies, motivation pertains to the 'psychological process that indicates one's willingness to work with maximum effort to satisfy needs and reach goals through voluntary actions. (Mitchell, 1982; Robbins and Pearce, 1993). From a different perspective, moreover, Locke (1997) perceives motivation as a driving force that stimulates action, whose foundations can be determined by answering two questions: "I am undertaking this for what?" and "I am aspiring to attain what?". With the use of a psychological viewpoint, in contrast, motivation is believed to manifest in the level of work effort, and motivation philosophies may be employed as philosophies of effort in further studies (Goldsmith et al., 2000). Brammer et al.'s study (2007) illustrates that motivated employees are likelier to yield favorable outcomes in their tasks, even if the motivation is grounded on compensation and unemployment. The same research also provides that monetary compensation is expressed in base pay, bonuses, and financial incentives. At the same time, compensation may also take its emotional form through compliments, verbal expressions of belongingness, and gratitude towards the employee upon demonstrating 'pro-social' behaviors in the workplace. Likewise, employee behavior in CSR activities of the organization features a particular kind of motivation to participate actively and contribute significantly to such initiatives, eventually generating a reciprocal benefit influencing employee motivation (Brammer et al., 2007)

Perceived Internal Respect

Tyler (2009), perceived internal respect is defined as the employees' understanding that they are valued by the organization (p. 219). A workplace where respect is commonplace reinforces a stronger organizational identification as the employees' perceived internal respect meets their psychological desire for self-development and self-worth (Fuller et al., 2006). To evaluate the level of internal respect within an organization, employees consider

various factors, including the degree of employee involvement in policymaking and a firm's concern for its employees' health, well-being, and safety. Tyler and Blader (2002) believe that the existence and implementation of such indicators are crucial in developing a workplace of dignity and respect. The same authors further consider that the employees' level of perceived internal respect must be measured by the individual's feelings of belongingness in the group through autonomous judgments about formal and informal criteria of judgment within the organization (p. 830).

Perceived External Prestige

The professed external prestige of a firm necessitates employee assumptions of the values and qualities that outsiders tend to associate with their firm (Smidts et al., 2001). Brown et al. (2006) define it as employees' assessment of their firm's reputation, often compared to similar firms. Employees value their employer's organizational image and reputation as it directly impacts their confidence, self-concept, and organizational identification (Dutton and Dukerich, 1991). Essentially, individuals have a stronger tendency to identify themselves as a part of the organization if it has a positive reputation with its external stakeholders (Mael and Ashforth, 1992). Furthermore, employees value working for prestigious, socially accountable firms and tend to associate themselves as part of the organization because it positively affects their self-esteem. (Dutton et al., 1994). Conclusively, sufficient empirical evidence supports the positive relationship between the professed external prestige and the employees' firm identification (Smidts et al., 2001).

Research Framework

The manuscript mainly assesses CSR's impact on employees' organizational identification. It contributes to this study area by distinguishing internal CSR from external CSR. Farooq O. et al. (2016) recommended that a clear distinction be made between these two types of CSR to gain a deeper understanding of how CSR impacts firm identification.

According to Hameed et al. (2016), such a distinction is critical from the perspective of human capital since internal CSR tends to be self-concerned while external CSR seems to be the opposite. Both elements of CSR may then influence associated attitudes and actions of employees contrarily. Their findings proved that internal CSR and external CSR impact organizational identification in unique ways. Their findings revealed that the difference in the impact of internal and external CSR on firm identification is attributed to their unique underlying mechanisms.

It is therefore hypothesized that:

H1. Internal CSR will significantly influence organizational identification.

H2. External CSR will significantly influence organizational identification.

According to Skudiene and Auruskeviciene (2012), prior studies have failed to examine employee internal motivation as an underlying mechanism that can potentially explicate CSR's significant influence on firm identification. Goldsmith et al. (2000) postulated that work effort is reflective of motivation and that philosophies of motivation are perceived as philosophies of effort. Highly driven human capital is more inclined to accomplish exceptional outcomes in their professions. A strong sense of employee belongingness can influence pro-social behavior (Lu et al., 2016). Moreover, prior research has proven the mediation of employee internal motivation on the positive influence of CSR on organizational identification (Lu et al., 2016; Mozes et al., 2011).

It is thus hypothesized that:

H3. Employee internal motivation will mediate the relationship between internal CSR and organizational identification.

H4. Employee internal motivation will mediate the relationship between external CSR and organizational identification.

Prior to adopting the group engagement framework by Tyler and Blader (2003), most studies on firm identification mainly examined the professed external prestige or pride employees experience without distinguishing it from perceived internal respect. Fuller et al., 2006 argued that employees develop an intense organizational identification when they feel they are treated with the utmost respect by their managers. They also argued that perceived internal respect satisfies the employee's need for self-development. In their study, Hameed et al. (2016) postulated that internal CSR, aiming to uphold human capital welfare, transmits signals that the firm is munificent and cares for its human capital. It constitutes perceived internal respect. Such argument is aligned with Fuller et al. (2006), demonstrating that human capital initiatives (e.g., prospects for wide-ranging training, appreciation, and organizational justice) are antecedents of professed internal respect. As a result, internal CSR that focuses on human capital as the beneficiary has a constructive influence on their professed respect and strengthens their firm identification. Such findings of Hameed et al. (2016) indicated that internal CSR has a positive relationship with professed internal respect, and perceived internal respect positively impacts firm identification.

It is therefore hypothesized that:

H5. Perceived internal respect would mediate the relationship between internal CSR and organizational identification.

Michal et al. (2011) and Hameed et al. (2016) recommend that succeeding studies examine other underlying mechanisms derived from internal and external CSR that impact firm identification. Bhattacharya et al. (2008) propose that greater emphasis should be given to the micro-mechanisms attributed to the behaviors of stakeholders as a means to gain insights into the probable connection between a firm's social responsibility and its overall outcome. According to Aguilera et al. (2007), there is a scarcity in the number of studies that focus on human capital as the unit of analysis among the different stakeholders examined in

this field of study. Studies have mainly evaluated the impact of CSR on employee accountability (Brammer et al., 2007; Peterson, 2004; Turker, 2009a). Even though they suggest a likely impact of CSR on positive employee behaviors, they still fail to shed light on the fundamental mechanisms that justify the relationship between such variables. To address this research gap, Bhattacharya et al. (2008) recommend that employees' psychological responses to CSR be given more attention to comprehend why, how, and under what events affect a firm's social responsibility and influence employee attitude and conduct. More specifically, Aguinis and Glavas (2012) and Farooq et al. (2014) advocate examining the mediation of professed internal respect and external prestige on the relationship between CSR and firm identification. They argue that such an approach will benefit firms by enabling them to evaluate the effectiveness of their CSR programs more effectively. According to Mael and Ashforth (1992), an individual is likely to identify more strongly with a firm that he or she perceives to be positively recognized by external stakeholders. Employees' pride as a result of being part of a respected and admired firm increases their confidence and sense of identification (De Roeck and Delobbe, 2012). In line with this proposition, empirical research consistently revealed a positive relationship between perceived external prestige (pride) and employee organizational identification (Mael and Ashforth, 1992). Dutton and Dukerich's (1991) research emphasized that employees' PEP and identification were impacted by institutional circumstances linked to social matters. This manuscript advocate that human capital gives considerable attention to CSR efforts as such societal actions are enacted by external stakeholders to render character judgments regarding the firm's repute and, through connection, that of its members.

Further, Morsing's (2006) study, as derived from the auto-communication theory, highlighted the possible contribution of CSR programs aimed at external stakeholders in the organizational identification of employees. Morsing (2006) argued that constructive

responses to CSR of external stakeholders ought to reinstate institutional pride and, ultimately, identification among employees. More lately, Kim et al.'s (2010) study underlined the role of perceived external prestige (pride) in understanding the association between employees' perceptions of CSR and their organizational identification. The results of their study indicated that perceived CSR (e.g., perceived philanthropic CSR) was positively associated with perceived external prestige (pride), which was proven to be associated with firm identification. Kim et al. (2010) posit that although reputation partially stems from a firm's capability to attend to the needs of its various stakeholders successfully, the influence of CSR on perceived external prestige (pride) demands further examination.

It is therefore hypothesized that:

H6. Perceived external prestige (pride) will mediate the relationship between external CSR and organizational identification.

Figure 1

Diagram of the present study's conceptual framework
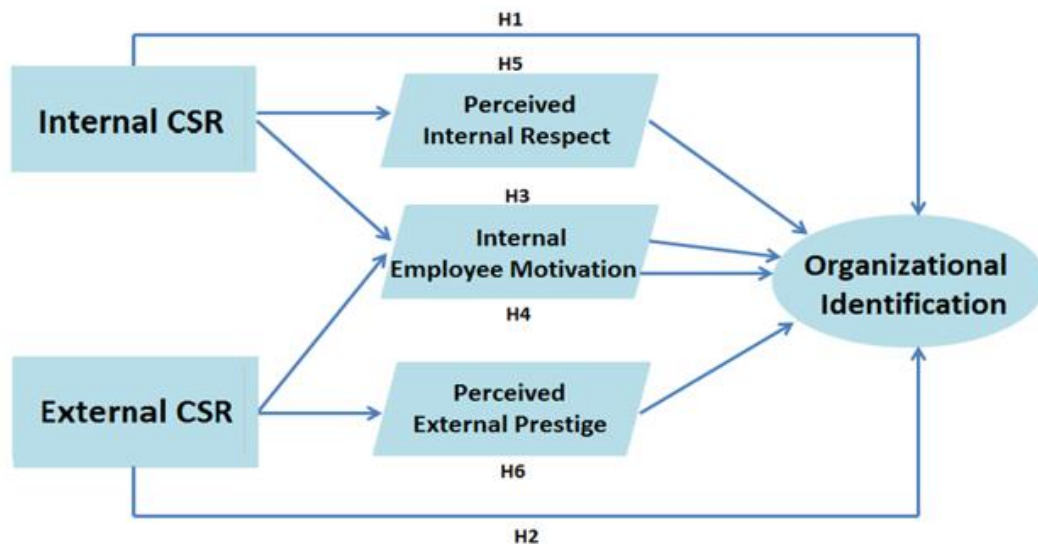
Methodology

This manuscript adopts a correlational descriptive research design to address its research problems and objectives. It employs causal research to evaluate the relationship between and among its variables. Furthermore, this manuscript adopts quantitative research, specifically the survey method.

This manuscript is being applied in the context of Housekeeper's Choice Manufacturing & Distribution, a 100% Filipino-owned Company with 88 employees. The study's respondents are the company's employees across its departments (general administration, human resources, marketing & sales, production, supply chain & logistics, and finance & accounting).

The research instrument was adopted from several well-established survey questionnaires used in prior studies. The items for internal CSR, external CSR (customers related), external CSR (local communities related), external CSR (business partners associated), and internal employee motivation are adopted from the study of Skudiene & Auruskeviciene (2010). The items for external CSR (natural environment & sustainability-related) are referenced from the study of D. Turker (2009). The items for professed internal respect, external prestige, and organizational identification are based on T.R. Tyler (2009). Scale reliability was determined using Cronbach's alpha (α). All of the research constructs generated acceptable internal consistency, with Cronbach's coefficient alpha (α) scores of .75 for internal CSR, .79 for external CSR (customers associated), .93 for external CSR (local communities associated), .93 for external CSR (business partners associated), .78 for external CSR (natural environment and sustainability associated), .72 for internal employee motivation, .82 for perceived internal respect, .77 for perceived external prestige, and .85 for organizational identification.

Data were analyzed, and the hypotheses were examined using Jamovi. Descriptive statistics, a test of correlation, multiple regression analysis, and a test of mediation are the statistical techniques used in the manuscript to address its research problems and objectives.

Discussion of Results

Descriptive analysis results

The average scores of employee demographics are as follows: $M = 31.2$ $(SD = 7.59)$ for age and $M = 7.77$ $(SD = 7.28)$ for company tenure.

The average scores for the CSR variables are as follows: $M = 5.88$ $(SD = 0.49)$ for internal CSR and $M = 5.93$ $(SD = 0.18)$ for external CSR. The average scores for the constructs under external CSR are as follows: $M = 6.69$ $(SD = 0.27)$ for external CSR-customers, $M = 6.63$ $(SD = 0.25)$ external CSR-local communities, $M = 3.92$ $(SD = 0.46)$ for external CSR- natural environment & sustainability, and $M = 6.48$ $(SD = 0.39)$ for external CSR- business partners.

The average scores for the mediating variables are as follows: $M = 5.51$ $(SD = 0.51)$ for internal employee motivation (IEM), $M = 6.16$ $(SD = 0.45)$ for perceived internal respect (PIR), and $M = 6.45$ $(SD = 0.30)$ for perceived external prestige (PEP).

Lastly, the average score of the dependent variable, organizational identification, is $M = 4.63$ $(SD = 0.36)$

Table 1

Descriptive statistics for the research variables and constructs.

Descriptives

	Age	Company tenure	ICSR_Mean	ECSR_Mean	IEM_Mean	PIR_Mean	PEP_Mean	OI_Mean
Mean	31.2	7.77	5.88	5.93	5.51	6.16	6.45	4.63
Standard deviation	7.59	7.28	0.490	0.183	0.513	0.453	0.300	0.359

Multiple regression analysis results

As predictors of organizational identification, the independent variables and mediating variables of the study explained 20.2% of the variance ($R^2 = .20$, $F (5, 82) = 4.14$, $p < .05$). Internal CSR significantly predicted organizational identification ($\beta = .2008$, $p < .05$), thus supporting Hypothesis 1. External CSR did not significantly predict organizational identification ($\beta = .3778$, $p > .05$), thus not supporting Hypothesis 2. Meanwhile, the three underlying mechanisms did not significantly predict the dependent variable. Internal employee motivation did not significantly predict organizational identification ($\beta = .0945$, $p > .05$). Perceived internal respect also did not significantly predict organizational identification ($\beta = -.0550$, $p > .05$). Lastly, perceived external prestige (pride) did not significantly predict organizational identification ($\beta = . 1960$, $p > .05$).

Table 2

Multiple regression results for internal CSR, external CSR, internal employee motivation, perceived internal respect, and perceived external prestige as significant predictors of organizational identification.

Model Fit Measures

Model	R	R²	Adjusted R²	Overall Model Test			
				F	df1	df2	p
1	0.449	0.202	0.153	4.14	5	82	0.002

Model Coefficients - OI_Mean

Predictor	Estimate	SE	t	p
Intercept	-0.2422	1.3346	-0.181	0.856
ICSR_Mean	0.2008	0.0945	2.125	0.037
ECSR_Mean	0.3778	0.1988	1.901	0.061
IEM_Mean	0.0945	0.0756	1.250	0.215
PIR_Mean	-0.0550	0.0984	-0.559	0.578
PEP_Mean	0.1960	0.1214	1.614	0.110

Mediation test results

Mediation of Internal Employee Motivation

First, the test is carried out on the influence of internal CSR and external CSR on organizational identification as the dependent variable. The mediation test indicates that internal CSR directly ($p > .05$) influences organizational identification. Likewise, external CSR directly influences organizational identification ($p > .05$). Then, the impact of internal CSR and external CSR on internal employee motivation is tested. The results indicate that internal CSR influences internal employee motivation significantly ($p < .001$). However, external CSR did not significantly ($p > .05$) impact internal employee motivation. Next, the mediation of internal employee motivation on the relationship between internal CSR and organizational identification is assessed. The result indicates that by adding internal employee motivation to the test, internal CSR did not significantly influence organizational

identification ($p > .05$), thus not supporting Hypothesis #3. Lastly, the mediation of internal employee motivation on the relationship between external CSR and organizational identification is tested. The result indicates that external CSR did not significantly influence organizational identification by adding internal employee motivation to the test ($p > .05$), thus not supporting Hypothesis #4.

Mediation of Perceived Internal Respect

First, the impact of internal CSR on perceived internal respect is tested. The results indicate that internal CSR influences perceived internal respect significantly ($p < 0.001$). Next, the mediation of perceived internal respect on the relationship between internal CSR and organizational identification is tested. The result indicates that by adding perceived internal respect to the test, internal CSR did not significantly influence organizational identification ($p > .05$), thus not supporting Hypothesis #5.

Mediation of Perceived External Prestige

First, the influence of external CSR on professed external prestige (pride) is tested. The results indicate that external CSR did not significantly ($p > .05$) influence perceived external prestige (pride). Next, the mediation of perceived external prestige (pride) on the relationship between external CSR and organizational identification is tested. The result indicates that by adding perceived external prestige (pride) to the test, external CSR did not significantly influence organizational identification ($p > .05$), thus not supporting Hypothesis #6.

Table 3

Mediation of perceived internal respect, internal employee motivation, & perceived external prestige on the relationship among internal CSR, external CSR, & organizational identification.

Indirect and Total Effects

Type	Effect	Estimate	SE	95% C.I. (a) Lower	95% C.I. (a) Upper	β	z	p
Indirect	ICSR_Mean ⇒ PIR_Mean ⇒ OI_Mean	−0.02886	0.0499	−0.12662	0.0689	−0.03941	−0.579	0.563
	ICSR_Mean ⇒ PEP_Mean ⇒ OI_Mean	0.02305	0.0186	−0.01344	0.0595	0.03147	1.238	0.216
	ICSR_Mean ⇒ IEM_Mean ⇒ OI_Mean	0.03989	0.0323	−0.02333	0.1031	0.05446	1.237	0.216
	ECSR_Mean ⇒ PIR_Mean ⇒ OI_Mean	−0.02061	0.0373	−0.09378	0.0526	−0.01052	−0.552	0.581
	ECSR_Mean ⇒ PEP_Mean ⇒ OI_Mean	0.02980	0.0380	−0.04470	0.1043	0.01521	0.784	0.433
	ECSR_Mean ⇒ IEM_Mean ⇒ OI_Mean	0.00306	0.0261	−0.04807	0.0542	0.00156	0.117	0.907
Component	ICSR_Mean ⇒ PIR_Mean	0.52471	0.0791	0.36970	0.6797	0.56745	6.635	< .001
	PIR_Mean ⇒ OI_Mean	−0.05501	0.0947	−0.24062	0.1306	−0.06945	−0.581	0.561
	ICSR_Mean ⇒ PEP_Mean	0.11759	0.0641	−0.00802	0.2432	0.19203	1.835	0.067
	PEP_Mean ⇒ OI_Mean	0.19603	0.1169	−0.03302	0.4251	0.16390	1.677	0.093
	ICSR_Mean ⇒ IEM_Mean	0.42213	0.1028	0.22068	0.6236	0.40321	4.107	< .001
	IEM_Mean ⇒ OI_Mean	0.09449	0.0729	−0.04833	0.2373	0.13508	1.297	0.195
	ECSR_Mean ⇒ PIR_Mean	0.37459	0.2115	−0.04003	0.7892	0.15145	1.771	0.077
	ECSR_Mean ⇒ PEP_Mean	0.15203	0.1714	−0.18394	0.4880	0.09282	0.887	0.375
	ECSR_Mean ⇒ IEM_Mean	0.03237	0.2749	−0.50647	0.5712	0.01156	0.118	0.906
Direct	ICSR_Mean ⇒ OI_Mean	0.20085	0.0924	0.01972	0.3820	0.27424	2.173	0.030
	ECSR_Mean ⇒ OI_Mean	0.37785	0.1921	0.00138	0.7543	0.19288	1.967	0.049
Total	ICSR_Mean ⇒ OI_Mean	0.23492	0.0726	0.09267	0.3772	0.32075	3.237	0.001
	ECSR_Mean ⇒ OI_Mean	0.39010	0.1941	0.00960	0.7706	0.19913	2.009	0.044

Note. Confidence intervals computed with method: Standard (Delta method)

Note. Betas are completely standardized effect sizes

Discussion

The results of the empirical analysis indicate that internal CSR significantly influences employee firm identification. The perceived internal CSR's impact on firm identification is significant even without underlying mechanisms such as perceived internal respect. Such a result aligns with the findings of earlier research on the direct impact of internal CSR on firm identification (Jacinto & Carvalho, 2008; Zaman & Nadeem, 2019). According to Zaman & Nadeem (2019), a high level of firm identification is realized when a firm engages in internal CSR. Human capital develops a greater connection and positivity towards the institution, and they genuinely see themselves as an essential part of it. This allows them to develop a stronger relationship and emotional attachment with the firm. A

high degree of firm identification allows employees to have loyalty to the firm without feeling obligated and work with vigor and enthusiasm (Zaman & Nadeem, 2019).

The outcomes of the empirical analysis show how external CSR did not significantly influence employee firm identification. The direct impact of perceived external CSR on firm identification is not significant. These findings do not factor out the presence of underlying mechanisms such as perceived external prestige. This finding deviates from past research on external CSR's direct impact on firm identification (Kim et al., 2010). Farooq et al. (2014) provide a possible explanation for the above research finding. They argue that institutions in developing economies practice CSR much smaller than those in advanced economies. In the context of developing nations, there is an expectation for the norms revolving around firms' CSR to be relatively less stringent. Furthermore, firms in developing nations are challenged to implement a wide range of CSR programs due to their limited institutional resources (Farooq et al., 2014). These realities may help justify why external CSR failed to impact employee firm identification directly.

The manuscript's findings do not support the theory that professed internal CSR mediates the relationship between internal CSR and organizational identification. When professed internal respect is used as an underlying mechanism, the influence of internal CSR on firm identification remains significant. This suggests that organizational identification is a direct outcome or consequence of internal CSR (Farooq et al., 2014). This finding deviates from prior studies that provided evidence on the mediation of perceived internal respect on the relationship between internal CSR and firm identification (Hameed et al., 2016). However, the manuscript's finding is supported by the findings of Farooq et al. (2014). In their study, internal CSR is the strongest antecedent of organizational identification among the different dimensions of CSR. Such a finding was generated without the mediation of an underlying mechanism. Internal CSR actions effectively signal to employees that their firm is

compassionate and respectful and gives value to them (Farooq et al., 2014). This, in turn, creates an intense firm identification among employees. Farooq et al. (2014) prove the proposition that internal CSR directly impacts firm identification even without any underlying mechanisms.

The manuscript's results do not support the hypothesis that professed external prestige acts as a mediator that explains the relationship between external CSR and firm identification. External CSR failed to significantly influence firm identification even with the inclusion of professed external prestige as an underlying mechanism. The study's finding veers away from earlier studies that have proven the mediation of professed external prestige on the link between external CSR and firm identification (Hameed et al., 2016). Farooq et al. (2014) provided some interesting insights as to why professed external prestige did not mediate the influence of external CSR on firm identification. In their study, only customer-related CSR positively impacted firm identification among various dimensions of external CSR. The authors posited that there lies the challenge of differentiating customer-related CSR activities from marketing actions aimed at creating customer satisfaction and loyalty. In such a situation, employees may find it challenging to associate actions with benevolence which leads them to think there is no need for them to respond (Farooq et al., 2014). Customer-related CSR is argued to be more closely associated with social identity. Customer-directed CSR signals prestige-related actions that aim to enhance an institution's external image.

The manuscript's results do not support the theory that internal employee motivation influences internal and external CSR on firm identification. Such findings do not coincide with other studies that offered evidence of the mediating effect of internal employee motivation (Lu et al., 2016; Mozes et al., 2011).

Implications of the Study

Theoretical Implications

The primary goal of this paper is to test the impact of internal and external CSR on firm identification and to investigate the underlying mechanisms that explain the relationship between the two CSR dimensions and firm identification. The study aims to determine internal and external CSR differences in organizational identification. As a result, it investigates the role of internal employee motivation, professed internal respect, and professed external prestige in mediating the relationship between the independent and dependent variables. While previous research has established a link between CSR dimensions and firm identification, the underlying mechanisms require further investigation. The manuscript contributes to the literature by investigating how internal and external CSR influences employee organizational identification.

Practical Implications/ Implications to Global Business

This manuscript recommends using the approach proposed by Bamber, C.J., Balvaroza, M.A., and Castka, P. to fully integrate CSR into the business model of House Keeper's Choice Inc. (2004). The authors conducted a case study to determine whether or not European SMEs can effectively implement CSR. An action research case study was conducted to observe how an SME has implemented CSR and benefited from it. Bamber et al. (2014) used the internal and external dimensions of CSR developed by the European Commission's Green Paper (European Commission, 2001) and the Dow Jones Sustainability Group Index in developing CSR and identifying a firm's key stakeholders (Knoepfel, 2001). In order to effectively implement CSR, Bamber et al. (2014) advised businesses to engage in stakeholder dialogue, in which firms engage in an ethical dialogue with key stakeholders who may be impacted by decisions relating to new business investments or ventures. Similarly, Bamber et al. (2014) advise firms to be more aware of the duties of company directors, which

require them to conduct a full assessment of all potential impacts of business action on the firm's various stakeholders before enacting them.

Bamber et al. (2014) recommend incorporating CSR into a firm's processes and procedures by establishing corporate objectives and targets based on stakeholder evaluation, implementing actions that meet corporate objectives and targets within appropriate processes, measuring and reviewing process effectiveness, and identifying areas for improvement as a result of measurement and review. A company should focus solely on assessing customer and market demands for a more comprehensive assessment of all key stakeholders' needs and impacts. Similarly, the company must consider how its stakeholders may affect its business operations and performance. Bamber et al. (2014) proposed a business system model that encompasses the process under consideration.

Furthermore, Bamber et al. (2014) advise business owners and managers to balance economic and ethical goals. Business people should base their decisions on the good created for most of their stakeholders. The authors advise business owners and managers to carefully consider who, among all potential stakeholders, should be given higher priority by the company. A company should pursue the CSR dimensions that are most relevant to its operations and will allow it to meet its goals. Bamber et al. (2014) say this is the key to balancing ethical behavior and improving a firm's performance. Such an approach is regarded as a strategic CSR viewpoint. It is critical always to consider stakeholders during the business planning process.

The proper execution of the firm's CSR objectives should be closely monitored in order to implement these recommendations successfully. Furthermore, all organizational members should know their respective roles in achieving such goals. If a company can successfully implement all of the recommendations mentioned above, it will reap significant benefits such as improved strategic and resource planning, triple bottom line performance

(economic, social, and environmental) and increased competitive advantage. Finally, Bamber et al. (2014) argue that a firm can achieve its economic goals while fulfilling its societal responsibilities. They promote this idea to encourage SMEs to incorporate CSR into their business models.

Limitations and Areas for Future Research

The manuscript has some limitations that may provide other researchers with new areas to investigate in the future.

First, the research was examined in the context of a single 100% family-owned business in the Philippines. Future research may consider applying this study to other organizational contexts, such as SMEs that families and large firms do not solely own in the Philippines. The study can also be applied in other developing economies to provide more insight into internal and external CSR use in different economic and cultural contexts. Second, the study used a quantitative research approach. Future research could use either qualitative or mixed methods approaches. Case studies, for example, could be used to investigate research phenomena for a single company. Case studies can also investigate employees' perceptions and suggestions regarding their employers' CSR. Another limitation of the manuscript is its small sample size due to the use of employees from a single SME firm. Successful research should consider expanding the study to include more employees. Furthermore, the study can be replicated by collecting data at the firm level and employing more than one company in a given industry.

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