

## Impact of Ethical Leadership on Organizational Performance and Mediating Role of Corporate Social Responsibility: Evidence from Banking Sector of Pakistan.

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### Abstract

*This paper aims to investigate the relationship between ethical leadership and Organizational performance, mean while studying the mediating role of corporate social responsibility between this relationship. Using survey data from public and private banking sector of Pakistan, we found that Ethical leadership positively affects the corporate social responsibility which in turn positively influences the organizational performance. Besides this, we found a partial mediating role of corporate social responsibility on the relationship between ethical leadership and organizational performance.*

**Keywords:** Ethical Leadership, Organizational Performance, Corporate Social Responsibility

### 1. Introduction

Consistent performance is the basic aim of any organization because performance enables the organizations for further expansion (Gavrea, Ilies & Stegareans, 2011). Currently, for increasing organizational performance, organizations go beyond their routine practices like initiating corporate social responsibility activities (CSR) to win positive public image that ultimately enhances the organizational performance. Organizations exercise CSR as a strategic tool because CSR have positive impact on organizational performance (Ali et al, 2010). But sometimes members from within the organizations indulge themselves in unethical practices and commit frauds that not only hinders the way to organizational progress but also increase organizational default risk. The world has seen major corporate scandals of last decade resulted from unethical practices. Ethical leadership have received considerable attention in recent years due to various corporate scandals that aroused around the world including Tyco International, WorldCom, Adelphia, HealthSouth, and Enron (Ponnu & Tennakoon, 2009) and many others. According to Conrad, (2013) ethical leadership is the basis for any organization's effective management and success and this is realistic in those countries where corruption is at higher levels. Brown & Trevino, (2006) argued that Ethical Leadership is still explore-able and require new researches. Over the last three decades, many studies have been conducted to examine the importance and impact of ethical leadership (Dinc and Aydemir, 2014, Conrad, 2013, Ponnu & Tennakoon, 2009, Spangenberg & Theron, 2005 Ferrell, Maignan, and Loe 1999) and Corporate Social responsibility (CSR) (Porter and Kramer, 2006, Grayson & Hodges, 2004, McWilliams & Siegel, 2000, Sen & Bhattacharya, 2001, Luo & Bhattacharya, 2006, Ali et al, 2010) on various outcomes. This paper examines the impact of ethical leadership on organizational performance, taking corporate social responsibility as a mediator. Since 2008 many corporate scandals in banking industry were also seen that includes Bear Stearns, Northern Rock, Lehman Brothers, Washington Mutual, Royal Bank of Scotland Group, ABN-Amara, Anglo Irish Bank, Banco Espirito Santo (BES). This study focuses on public and private banking sector of Pakistan to collect and examine the responses from randomly selected organizational members.

### 1.2 Problem Statement

Previous research have demonstrated relationships between ethical leadership and different factors like relationship between ethical leadership and employee outcomes (Ponnu & Tennakoon, (2009), relationship between ethical leadership and employee attitudes (Dinc & Aydemir, (2014) and the relationship between ethical leadership and corporate ethical values. (Aslan & Sendogdu, (2012). Yet, no study has tried to develop a model studing the mediating role of corporate social responsibility on the relationship between ethical leadeship and organizational performance. This study therefore attempts to fill this gap by examinig the impact of Ethical

Leadership (EL) style on the organizational performance (OP) and the mediating role of Corporate Social Responsibilities (CSR) activities on the relationship between EL and OP. This study especially attempts to focus organizational members of random public and private banking sector of Pakistan.

### **1.3 Research Question**

The present study focuses on the Ethical Leadership style, its impact on Corporate Social Responsibilities (CSR) activities (taken as mediator) and ultimately on the performance of the organizations. Following research questions have been proposed:

- a) What is the impact of Ethical leadership style on Corporate Social Responsibilities (CSR) activities?
- b) What is the impact of Ethical leadership style on organizational performance?
- c) Whether CSR mediates the relationship between EL and OP or not?

### **1.4 Objectives of the study**

The objective of the research is:

1. To find the impact of Ethical leadership style on Corporate Social Responsibilities (CSR) of public and private banking sector of Pakistan?
2. To find the impact of Ethical leadership style on organizational performance of public and private banking sector of Pakistan?
3. To find the mediating effect of CSR on the relationship between EL and OP of public and private banking sector of Pakistan?

### **1.5 Significance of the study**

This study is significant for both professionals and academicians in a way that a big proportion of them are interested to know the appropriate leadership style under which organizations could effectively and efficiently, moreover ethically perform CSR activities that could also contribute to enhance the performance of the organizations. Firstly this research will provide valuable data to practitioners/professionals as well as enhance the literature for the benefits of researchers. This study will also give some guidance to all stakeholders including the government, State bank of Pakistan and other interested persons to know that how ethical leadership style best suites their organization and how making it a part of their organizational structure could result in business success and its sustainability.

### **1.6 Organization of the Study**

The remaining paper is organized as follows: Section 2 discusses the past literature on the impact of Ethical leadership style on organizational Performance and mediating role of CSR, section 3 outlines the research methodology and measurement of the variables. Section 4 provides data analysis and results, Section 5 discussion followed by limitations and conclusions in section 6 and 7, respectively.

## **2. Literature Review**

### **2.1 Ethical Leadership**

According to Kanungo and Medonca, (1996), an organization itself cannot do good or bad in the society rather it happens because of ethical or unethical behaviors of the individual's working in the organization. Ethical behavior is highly demanded within the organization and to create an ethical culture within an organization not only demands a leader, but an ethical leader (Spangenberg & Theron, 2005). Ethical culture (Trevino,1990) or Ethical climate is defined as “the prevailing perceptions of typical organizational practices and procedures that have ethical content” or “those aspects of work climate that determine what constitutes ethical behavior at work” (Victor & Cullen, 1988, p. 101). The most necessary requirement for ethical climate creation is ethical leadership (Dinc and Aydemir, 2014). From the perspective of social learning theory (Bandura, 1986), Brown & Trevino, (2006) suggested that well-built ethical culture that promote ethical practices also support the continuation of ethical leadership in the organizations. Ethical Leadership is defined as “the demonstration of

normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (Brown et al., 2005: 120). Based on reviewing past literature and discussing the characteristics of Ethical Leaders, Brown & Trevino (2006) said Ethical leaders possess qualities of honesty, caring attitude and emerges as principled individuals, making balanced and fair decisions. They communicate with their followers about the ethics on frequent basis, defines ethical standards to be followed and also evaluates the followers that whether those standards are being followed or not. Most importantly Ethical leaders not only give directions to followers but they themselves participate in achieving desired ends. Brown & Trevino, (2006) while comparing and contrasting, Ethical Leadership style with authentic leadership, Spiritual leadership and Transformational leadership styles, find out some similarities and difference among these. They all show concern for others, make ethical decisions, show integrity and act as role model but ethical leaders focuses on ethical standards, moral management and other's awareness whereas authentic leaders, Spiritual leaders and transformational leaders focuses authenticity and self-awareness, hope/faith and intellectual stimulation, respectively.

## **2.2 Ethical Leadership and Organizational Performance:**

Besides some researchers (Waldman, Ramirez, House & Puranam, 2001) who found correlation between leadership behavior and organizational performance, few researchers including Fiedler (1996) and Hennessey (1998) opposed the argument that leadership is an important determinant of organizational performance, as they found no direct association between these two variables. Researchers like Steyrer, Schiffinger & Lang (2008), tried to establish mediating role of some factors on the relationship between leadership behavior and organizational performance. In their study on the impact of ethical leadership on organization performance, Khadimfar & Amiri (2013) concluded that ethical leadership not only make positive influence on employees attitudes and behaviors but also improves the organizational performance. Trevino et al (2009) argued that the question regarding relationship between executive ethical leadership and organizational performance is still open and should be investigated. Keeping in view these studies, in current study, we are attempting to examine the mediating effect of CSR on the relationship between ethical leadership and organizational performance. So, we hypothesized that:

H1: Ethical leadership have a positive influence on Organizational performance.

## **2.3 Ethical Leadership and Corporate Social responsibility**

Many companies are being ranked on the basis of performance of their corporate social responsibility (CSR), these ranking attracted the public response and as a result CSR has become important for business leaders in almost all countries (Porter and Kramer, 2006). Corporate Social responsibility (CSR) is defined as "the managerial obligation to take action to protect and improve both the welfare of society as a whole and the interest of organizations" (Davis and Blomstrom 1975, p. 6). Among the external factors that influence the outcomes of any organization, is the Perception of people about the organization. If the people's image about any organization is negative, then all strategies of that organization won't work, because people will not be willing to use and buy that organization's services and Products respectively. To keep the public image positive companies initiates many effective practices. Among those is a CSR activity. McWilliams & Siegel (2000) argued that CSR can be a way to create positive reputation. Under CSR organizations spend a lot to create positive image and strengthen their relationships with stakeholders (Ali et al, 2010). There are many controversies between Stockholder and stakeholders perspectives regarding CSR. The proponents of stockholders view says that stockholder have no concern with the social responsibility or social welfare rather it is a government's responsibility. Not a single penny of stockholder should be spent on social welfare. On the other hand advocates of stakeholders perspective says that it is a responsibility of businesses to spend some money for the social welfare, out of their total earnings. Past studies proved that basically both these perspectives focuses on profit maximization, as CSR is a sort of investment and ultimately contribute in

profitability. Jones, (1980) defined CSR under Stakeholders perspective that "Corporations have an obligation towards different groups in society other than stockholders and beyond that are prescribed by law and union contracts, indicating that stake may go beyond the law as well". If we look into the theoretical perspective of CSR, there are four major Perspectives.

### **1. Instrumental Perspective:**

Friedman, (1970) a major contributor gave the concept that "the only social responsibility of a business is to maximize profit for stockholders with the legal framework and ethical customer of the country". He said any activity which is backed by the objective of earning profit, fall under CSR. So, If a company is investing in environmental activity, it's purpose is not environment's protection rather its main objective is to maximize its profit.

### **2. Political Perspective:**

Davis, (1960) suggested that business have a power in society. This power should be used for social reforms. In some societies corporations have replaced the governments for social welfare reforms.

### **3. The Integrative Perspective:**

Ackermen, (1973) appeared as a major contributor. Corporate management should take into account social demands and integrate them in such a way that business operate in accordance with social values. Here organizations have to integrate corporate strategies with social values. So a company can operate best in that context where it integrates its corporate objectives/strategies with social norms of that context.

### **4. Ethical perspective:**

According to normative stakeholders theory " companies must create balance in giving attention to stakeholders. If there are no stakeholders then there is no need to take attention. when stakeholders value ethics then there is a need to focus ethics. Fort said Business acts as a mediating institution because of their influence in implementing ethics, CSR etc and should not involve in any harmful activity.

According to Porter and Kramer, (2006) Although corporations, by providing jobs, investing capital ,purchasing goods and doing everyday business activities creating a positive image in the society but the most important thing a corporations can do is, the prosperity of the economy.

In a discussion regarding CSR as an opportunity rather than a cost Grayson & Hodges, (2004) said the interdependence of corporations and society suggest that both parties must follow shared value principle. It means their choices must benefit both sides. If either of the party adopts a policy that benefits its interest at the cost of the other, It will face high risky situation. Porter and Kramer, (2006) identified two forms of interdependence between corporations and society. A corporation creates impact upon society through its ordinary course of business and every activity in its value-chain creates either positive or negative social impact. This they called inside-out linkage. Likewise external social conditions also create good or bad influence on the corporation. This they called outside-in linkage.

Linking business and social needs requires more than good intentions and strong leadership (Porter and Kramer, 2006). An organization itself cannot do good or bad in the society rather it happens because of ethical or unethical behaviors of the individual's working in the organization (Kanungo and Medonca, 1996). Ethical behavior is highly demanded within the organization and to create an ethical culture within an organization not only demands a leader, but an ethical leader (Spangenberg & Theron, 2005). In the evidences from the above past literature, I propose my second hypothesis that Ethical Leadership is suitable for effective and efficient CSR activities, having strong and positive impact on CSR.

H2: Ethical leadership have a positive influence on corporate social responsibility (CSR).

## 2.4 Ethical Leadership, CSR and Organizational Performance

Establishing a strong corporate ethical climate is necessary for avoiding from unethical practices (Ahmed and Machold, 2004). Leaders performs a dominant role in creating and maintaining ethical climate (Ponnu & Tennakoon, 2009) whereas the most necessary requirement for ethical climate creation is ethical leadership (Dinc and Aydemir, 2014). Organizations maintaining Ethical culture , receives as a reward, increased operational efficiency, employee commitment, quality product, customer loyalty, and financial performance (Ferrell, Maignan, and Loe 1999). Among the performance indicators, the most common are growth, profitability and efficiency (Murphy et al, 1996). According to Ferrell, (1999) Ethical leadership can be a mean to enhance organizational performance. For effective management and organizational success, ethical leadership serves as a foundation (Conrad, 2013). Ethical leaders can create shared values that influence ethical conduct of employees, enhance relationship with the customers, suppliers, investors and society as a whole (Ferrell, 1999). Ali et al, (2010) argued that organizations exercise CSR as a strategic tool for building strong relationship with both with internal and external stakeholders and CSR have positive impact on organizational performance as CSR builds a positive reputation of organizations among its stakeholders. In their study, examining the effect of CSR on corporate financial performance, Kim, Kim & Qian, (2015) found that under firm's high level of competitive actions, CSR activities increases the organizational financial performance. Based on the past literature , we hypothesize that:

H3: Corporate social responsibility (CSR) have a positive influence on Organizational performance.

H4: Corporate social responsibility (CSR) mediates the relationship between Ethical leadership and Organizational performance.

## 3. Research Methodology

### 3.1 Sample and Data Collection

The sample consisted of employees working in randomly selected public and private banking sector organizations located in Pakistan. Questionnaires (including items regarding Ethical leadership, Corporate Social responsibility and Organizational Performance) were distributed to employees working in bank branches along with that a cover letter explaining the purpose and scope of the study. Of the 200 questionnaires distributed, we received 128 usable responses, representing a response rate of 64 percent.

Frequency and descriptive statistics used to analyze the demographic information about respondents where as a multiple regression analysis, for testing the variables under study was used.

### 3.2 Measures

All items were measured on 5-point Likert scales ranging from 1 (*strongly disagree*) to 5 (*strongly agree*).

#### 3.2.1 Ethical Leadership

To collect data regarding Ethical leadership, 10-item ethical Leadership Scale (ELS) developed by Brown et al, (2005) was used. Sample items are: "Conducts his/her personal life in an ethical manner" and "Disciplines employees who violate ethical standards". Cronbach Alpha reliability of Ethical Leadership was .820.

#### 3.2.2 Corporate Social responsibility

To collect data regarding Corporate Social responsibility, 17-item CSR scale developed by Turker, (2006) was used. This scale is further subdivided into four scaled items that measures CSR to Social and Non-social stakeholders, CSR to Employees, CSR to Customers and CSR to government. Sample items are: "Our company makes investment to create a better life for the future generations", "Our company encourages its employees to participate to the voluntarily activities", "Our company protects consumer rights beyond the legal requirements"

and "Our company complies with the legal regulations completely and promptly". Cronbach Alpha reliability of Corporate Social responsibility was .772.

### 3.2.3 Organizational Performance

To measure the organizational performance, 12-item OP scale previously used by kim, (2004) will be used in this study. This scale consists of six dimensions of organizational performance mentioned by Brewer & selden, (2000). Sample items are: "My organization is trying to reduce cost in managing organization and performing works" and "In the past two years, the productivity of my work unit has improved". Cronbach Alpha reliability of Organizational Performance was .827.

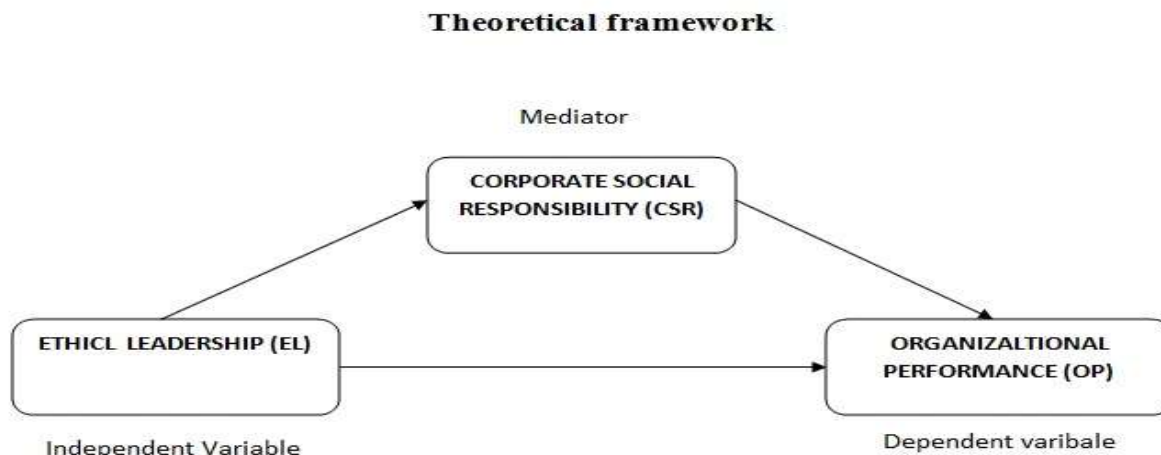


Figure: 1 Proposed model of the study

## 4. Data Analysis and Results

Table 1 Demographic Results

Variables	Scale	Frequencies	Percentages
Gender	Male	104	81.3
	Female	24	18.8
Age	20-30	68	53.12
	31-40	50	39.06
	50 and above	10	7.81
Experience	1-10	106	82.81
	11-20	17	13.28
	21 and above	5	3.90

Table 1 presents the respondent's demographics statistics with their frequencies and percentages. Percentage of male respondents was 81.3% which quite greater as compared to female respondents which was just 18.8%. The age results shows that 53 % of respondents had age between 20 to 30 years. 39 % had age between 31 to 40 years and the remaining 7.8% had age of 50 or above. Master's degree (54.1%) followed by Bachelor's degree (30.8%). Regarding job experience, statistics revealed that about 82.81% of the respondents had job experience between 1 to 10 years. Respondents that had job experience between 11 to 20 years were about 13.28% and the remaining respondents were just 3.9% who had job experience of 21 years or above. In this study we included demographics items were just for the composition of the sample and data but these statistics were not included in further analysis and making conclusions.

Table 2

## Means, standard deviations and correlations of main variables

Variables	Mean	S.D	1	2	3
1. Ethical Leadership	3.88	0.71	1 (.82)		
2. Corporate Social Responsibility	3.86	0.46	.77**	1 (.77)	
3. Organizational Performance	3.94	0.52	.66**	.69**	1 (.83)

$n = 128$  \*\* $p < 0.01$ ; alpha reliabilities are given in parentheses.

Table 2 presents the correlation among the dependent variable (Organizational Performance) and the independent variables which are ethical leadership and corporate social responsibility. The relationship between EL, CSR and OP appeared significant as well as positive. There is a significant positive relationship of EL with CSR and OP, which is statistically,  $r(126)=.77$ ,  $p=.00$  and  $r(126)=.66$ ,  $p=.00$ , respectively. Also there is a significant positive relationship between CSR and OP,  $r(126)=.69$ ,  $p=.00$ .

Table 3

## Model summary and Regression results for H1, H2, H3, H4

Hypothesis	Model Summary		Regression Results			
	R	R Square	Variables	Beta	t-Value	Sig.
H1 a. Predictors: (Constant), EL	.661	.437	<b>Organizational Performance</b>		10.880	.000
			<b>Ethical Leadership</b>	.661	9.883	.000
			a. Dependent Variable: OP			
H2 a. Predictors: (Constant), EL	.770	.593	<b>Corporate Social Responsibility</b>		13.101	.000
			<b>Ethical Leadership</b>	.770	13.549	.000
			a. Dependent Variable: CSR			
H3 a. Predictors: (Constant), CSR	.699	.489	<b>Organizational Performance</b>		3.397	.001
			<b>Corporate Social Responsibility</b>	.699	10.976	.000
			a. Dependent Variable: OP			
H4 (Mediation) a. Predictors: (Constant), EL	.661	.437				

For mediation and regression see Table 4

In regression analysis for hypothesis 1, in table 3, the value of R-Square is .437, confirms that 43.7% variation in the dependent variable (Organizational Performance) is explained by independent variable (Ethical Leadership). Beta coefficient value for ethical Leadership is .661 and is positive, as well as the sig. value is also less than 0.05 and is significant, this depicts that there is a positive and significant association between ethical leadership and organizational performance. This means the presence of ethical leadership in an organization, increases the organization performance. Based on this result, our H1 is accepted.

For hypothesis 2, in table 3, the value of R-Square is .593, which shows that 59.3% fluctuation in the dependent variable (Corporate social responsibility) is explained by independent variable (Ethical Leadership). The value for beta coefficient of CSR is .770 and positive also, along with the significant P-value. this portrays that there is a positive and significant relation between ethical leadership (EL) and corporate social responsibility (CSR).

This means that the organizations having ethical leadership initiates or indulge in more CSR activities. Based on this result, our H2 is accepted.

In the regression analysis (Table 3), for hypothesis 3, The R-Square value appeared .489. shows that 48.9% variation in the dependent variable (Organizational performance) is explained by independent variable (Corporate social responsibility). The beta coefficient of CSR is .699 and positive also, along with the significant P-value. this shows that there is a positive and significant association between corporate social responsibility (CSR) and organizational performance (OP). This means organization's more involvement in CSR activities increases the organizational performance. Based on this result, our H3 is accepted.

For hypothesis 4, Only direct impact of Ethical leadership on organizational performance is illustrated in regression analysis (Table 3), where the R-Square value is .437, which shows that 43.7% direct impact of ethical leadership on organizational performance.

**Table 4**  
**Hierarchical regression results for H4.**

Variables	Model 1			Model 2		
	Beta	t	Sig.	Beta	t	Sig.
Ethical Leadership	.661	9.883	0.000	.301	3.116	0.002
Corporate social Responsibility				.467	4.841	0.000
R Square Change	.437			.526		
Adjusted R Square	.432			.518		

a. Dependent Variable: OP

The mediation effect of corporate social responsibility (CSR) is presented on the above hierarchical regression results (Table 4). To test the mediating role of corporate social responsibility, we applied Baron and Kenny's (1986) four step approach. According to this approach for mediating effect, Some regressions are conducted and the significance of coefficients are noted at each step. So following conditions should met:

1. The independent variable (ethical leadership) should significantly relate to the dependent variable (organizational performance).
2. The independent variable (ethical leadership) should significantly relate to the mediator (CSR).
3. The mediator should significantly relate to the dependent variable.
4. Both independent variable and mediator when simultaneously included to run regression the mediator's influence should remain significant while the independent variable's influence should vanish (full mediation) or minimize in level (partial mediation).

Model 1 presenting the direct effect of ethical leadership (EL) on organizational performance, where, beta coefficient value for EL is .661 and is positive along with significant P-value. This confirms the positive and significant direct effect of ethical leadership on organizational performance.

In model 2 , a mediation test is performed, to check the additional effect of CSR on the relationship between ethical leadership and Organizational performance. Here, the beta coefficient value for CSR appeared .467. This value is positive, having significant P-value. Whereas, the beta coefficient value for ethical leadership reduced to .301, having still significant P-Value (i.e., .002). These results confirms the presence of partial mediation, according to Baron and Kenny's (1986) approach. So, based on these results, our H4 is accepted to some extent showing partial mediation.

## 5. Discussion

This study examines the impact of Ethical Leadership (EL) on organizational performance (OP) and the mediating role of Corporate Social Responsibilities (CSR) activities on the relationship between EL and OP of



public and private banking sector of Pakistan. In the correlation analysis, the correlation between EL, CSR and OP appeared significant as well as positive.

Ethical Leadership is significantly and positively related to ( $r = 0.661$ ;  $p < 0.01$ ) organizational performance. This signifies that ethical leadership positively influences the organizational performance. These results are in parallel with the past studies. Such as, In their study on the impact of ethical leadership on organization performance, Khadimfar & Amiri, (2013) found positive association between ethical leadership and organizational performance, moreover concluded that ethical leadership not only make positive influence on employees attitudes and behaviors but also improves the organizational performance. Also, a study by Waldman et al., (2001) found positive correlation between leadership behavior and organizational performance.

As per results of the current study, Ethical Leadership is significantly and positively related to ( $r = 0.770$ ;  $p < 0.01$ ) CSR. This signifies that ethical leadership positively influences the organizational CSR activities. According to Hoogh & Hartog, (2008), leaders possessing ethical values show high interest for corporate social responsibility. Aslan & Sendogdu, (2012) found positive association between ethical leadership and corporate social responsibility. So our results are consistent with the previous findings.

CSR is significantly and positively related to ( $r = 0.699$ ;  $p < 0.01$ ) organizational performance. This confirms that CSR activities positively influence the performance of organizations. This finding is consistent with recent study by Kim, Kim & Qian, (2015) who found positive association between social responsibility and organizational performance and concluded that under firm's high level of competitive actions, CSR activities increases the organizational financial performance.

Our results supported the fourth hypothesis and revealed that corporate social responsibility partially mediates the relationship between ethical leadership and organization performance in public and private banking sector of Pakistan. This concluded that ethical leadership affects partially, organizational performance via corporate social responsibility. This finding add newness in this study.

## **6. Limitations and Recommendations for future research**

Likewise many previous studies, this study also have some limitations, which demand for further study. First of all, this study is just focusing on the private and public banking sector of Pakistan so it is not appropriate to generalize these results to other sectors of the country. So further studies should include other sector of the economy. Secondly, the study's sample size, though satisfactory, is not so big, so future study can focus to include big sample size for more confirmatory results. Finally, in this study we have included corporate social responsibility (CSR) as mediator, on the relationship between ethical leadership and organizational performance. Future studies can include other factors that may have mediating or moderating effect on this relationship.

## **7. Conclusion**

As per results, it is concluded that ethical leadership positively influences the corporate social responsibility, which in turn positively affects the organizational performance. It is also concluded that corporate social responsibility partially mediates the relationship ethical leadership and organizational performance. The result of this study provides confirmatory finding which indicates that our results are parallel with the previous studies. The results also signify the importance of ethical leadership in banking sector organizations, that could lead towards the achievement of organization's desired ends, in an ethical way.

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## Appendix

**Table 5: Ethical Leadership Scale**

MY SUPERVISOR/MANAGER
1. Conducts his/her personal life in an ethical manner.
2. Can be trusted.
3. Asks "what is the right thing to do?" when making decisions.
4. Listens to what employees have to say.
5. Has the best interest of employees in mind.
6. Defines success not just by results but also the way that they are obtained.
7. Makes fair and balanced decisions.
8. Discusses business ethics or values with employees.
9. Sets an example of how to do the things the right way in terms of ethics.
10. Disciplines employees who violate ethical standards.

**Table 6: Corporate Social Responsibility Scale**

<b>CSR to social and non-social stakeholders</b>
1. Our company participates to the activities which aim to protect and improve the quality of the natural environment
2. Our company makes investment to create a better life for the future generations
3. Our company implements special programs to minimize its negative impact on the natural environment
4. Our company targets a sustainable growth which considers to the future generations
5. Our company supports the non-governmental organizations working in the problematic areas
6. Our company contributes to the campaigns and projects that promote the well-being of the society
<b>CSR to employees</b>
7. Our company encourages its employees to participate to the voluntarily activities
8. Our company policies encourage the employees to develop their skills and careers
9. The management of our company primarily concerns with employees' needs and wants
10. Our company implements flexible policies to provide a good work and life balance for its employees
11. The managerial decisions related with the employees are usually fair
12. Our company supports employees who want to acquire additional education
<b>CSR to customers</b>
13. Our company protects consumer rights beyond the legal requirements
14. Our company provides full and accurate information about its products to its customers
15. Customer satisfaction is highly important for our company
<b>CSR to government</b>
16. Our company always pays its taxes on a regular and continuing basis
17. Our company complies with the legal regulations completely and promptly

**Table 7: Organizational Performance Scale**

1. <b>(Internal efficiency)</b> My organization has made good use of my knowledge and skills in looking for ways to become more efficient.
2. <b>(Internal efficiency)</b> My organization is trying to reduce cost in managing organization and performing works.
3. <b>(Internal effectiveness)</b> In the past two years, the productivity of my work unit has improved.
4. <b>(Internal effectiveness)</b> Overall, the quality of work performed by my current coworkers in my immediate work group is high.
5. <b>(Internal fairness)</b> My organization provides fair and equitable treatment for employees and applicants in all aspects of personnel management without regard to their political affiliation, sex, hometown, marital status, age, or handicapping condition.
6. <b>(Internal fairness)</b> In general, all are treated with respect in my organization, with no regard to status and grade.
7. <b>(External efficiency)</b> My organization has conducted business relations with outside customers very promptly.
8. <b>(External efficiency)</b> It is rare to make big mistakes in my organization when conducting work.
9. <b>(External effectiveness)</b> The work performed by my work unit provides the public a worthwhile return on their tax dollars.
10. <b>(External effectiveness)</b> The occurrence of goal attainment is very high in my organization.
11. <b>(External fairness)</b> My organization provides fair and equitable services to the public, with no considering of their individual backgrounds.
12. <b>(External fairness)</b> The customer satisfaction toward my organization is very high.