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## Article

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## CORPORATE SOCIAL RESPONSIBILITY (CSR) AND LEADERSHIP: VALIDATION OF A MULTI-FACTOR FRAMEWORK IN THE UNITED KINGDOM (UK)

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**Abstract.** Global surveys indicate that employee engagement costs nearly £70 billion per year in the UK alone with nascent improvement from 2011 to this date. Recognising employee disengagement as a threat to global socio-economic sustainability, experts and scholars offer CSR and employee-centric leadership as practical solutions. Visionary and servant leadership incite superior employee efforts through fair and ethical work values, but past theory and research show limited research on the micro-processes that link CSR to employee outcomes. This study tested a value-centred model to examine if the two leadership styles and overall fairness can explain the positive relationship between CSR and extra effort. Data analysis of 512 employee self-reports using the structural equation modelling (SEM), the PROCESS approach and other techniques showed that executive's CSR values cue to employee visionary and servant leadership, which influence extra effort both directly and indirectly (through overall fairness). Even though employees strongly endorsed the positive influence of universal visionary prototype, overall fairness was more strongly perceived in servant leadership. The paper offers practical implications for organisational theorists and practitioners.

**Keywords:** corporate social responsibility (CSR), visionary leadership, servant leadership, fairness, employee extra effort, employee engagement.

**JEL Classification:** D23, M10, M14, M19, M51, M53.

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## Introduction

Since 2011, Gallup experts have been urging global organisations to adopt employee-focused, fair and spirited leadership to address the issue of employee engagement that costs nearly USD 300 billion globally, and 52–70 billion in the UK. Despite that, there has been little progress in global figures, since only 13–15% of organizations have taken appropriate actions (Gallup Consulting, 2017). Glavas (2016a) reports that Walmart Inc. (USA) generated 35,000 sustainable solutions using employee-driven CSR activities. As per Aguinis (2011, p. 855), CSR refers to “context-specific organisational actions and policies that take into account stakeholders’ expectations and the triple-bottom-line (TBL) of economic, social, and environmental performance”. With a predominant research focus on the macro-level factors, meta-analytical reviews of CSR indicate that micro-level studies are virtually absent. Out of 588 top journals and 102 books published on the topic, only 4% focus on the micro-level processes. Aguinis and Glavas (2012) identify this gap as the micro-CSR theory, a new field that focuses on the individual actions and interactions that interlink CSR to outcomes. Though two studies have attempted to connect CSR to employee outcomes via visionary and transformational leadership (e.g., de Luque, Washburn, Waldman, & House, 2008; Groves, 2014), advocates of this emerging field criticize top-tier journals for paying but little attention to promoting research on other underresearched micro-processes (antecedents, mediators, and outcomes) that may explain the employee engagement issue (e.g., Glavas, 2016b; Glavas & Kelley, 2014; Rasool & Rajput, 2017).

While several meta-analytical reviews offer servant leadership as an essential enabler between CSR and employee support (e.g., Carter & Greer, 2013; Hoch, Bommer, Dulebohn, & Wu, 2018; van Dierendonck, 2011), a parallel view from integrated theories of third-party justice and social exchange offers overall fairness–distributional, procedural, interactional and informational – as another micro-process addressing CSR (e.g., Cropanzano & Rupp, 2008; Glavas, 2016b; Glavas & Kelley, 2014). Although Van Knippenberg, De Cremer, and Van Knippenberg’s (2007) meta-analytical study called for addressing the organizational need to understand how overall fairness explains the relationship between leadership and organization citizenship behaviours (OCBs), and how it interacts with other leadership aspects as a mediating mechanism (e.g., CSR), the issue remains unresolved to date (see also, Janson, Levy, Sitkin, & Lind, 2008; Pillai, Scandura, & Williams, 1999). On the other hand, proponents of overall fairness offer few but promising results, while stressing the need to establish overall fairness as a global and more accurate measure of employee decision heuristics (e.g., Ambrose & Schminke, 2009; Colquitt & Zipay, 2015; Jones & Martens, 2008; Lind, 2001; Wu, Sturman, & Wang, 2013). Despite the above, current research remains largely deficient in studies that either explain how CSR values of servant leaders influence extra effort, or how overall fairness addresses CSR.

The study’s main purpose is to address these critical research gaps by empirically examining the indirect effects of executives’ CSR values on employee support through their followers’ perception of leadership and overall fairness; consequently, it responds to the several unattended calls in the prior theories of CSR (e.g., Aguinis & Glavas, 2012; Glavas & Kelley, 2014), strategic leadership (Carter & Greer, 2013), servant leadership (e.g., Jaiswal & Dhar,

2017; Linuesa-Langreo, Ruiz-Palomino, & Elche-Hortelano, 2017; van Dierendonck, 2011), leadership fairness (e.g., van Knippenberg et al., 2007). With socio-economic implications, the paper aims to unwrap employee engagement to address practical needs of organizations (Gallup Consulting, 2017; Hay, 2007; LinkedIn Learning, 2018).

The paper is structured as follows. The first section presents the literature review. Section 2 outlines the hypotheses built on empirical/theoretical studies, followed by the conceptual model at the end (shown as Figure 1 below). In Section 3, we explain the research methodology. From 512 survey questionnaires, the study used multiple analysis techniques to test both the direct and indirect hypothesized relationships, e.g., correlations matrix, average variance extracted (AVE), composite reliability (CR), Fornell and Larcker (1981) criterion, the SEM, PROCESS macros, Harmon's single factor approach, and post hoc analyses. Finally, we discuss key findings, practical implications, and contributions to theory and practice.

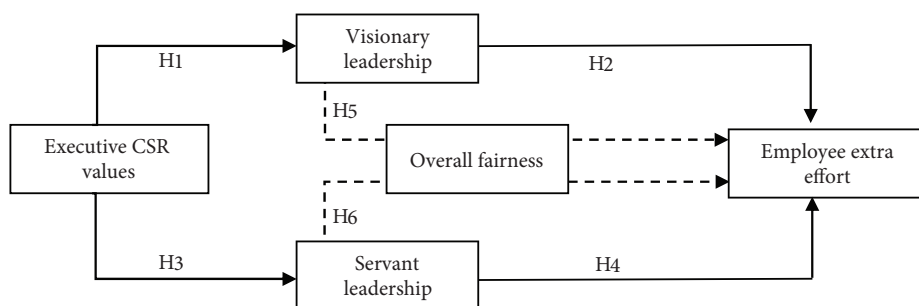


Figure 1. The conceptual model. The dotted line represents the mediated paths (H5 and H6)

## 1. Literature review

### 1.1. Previous research on the predictors, mediators/moderators, and outcomes of employee engagement

While criticising top journals, Aguinis and Glavas (2012) and other academics argue that micro-level perspective is *virtually absent* in the OB, HRM and management theory and research. Nonetheless, few authors have made ambitious attempts to uncover the antecedents, mediators, and outcomes of employee engagement. The following section briefly explores these contributions.

For antecedents, extant literature suggests that supervisor's commitment to CSR is critical to employee engagement in CSR (e.g., Muller & Kolk, 2010). Ramus and Steger (2000) found that supervisor's encouragement motivates employees to articulate sustainable business solutions for the benefit of multiple stakeholders. From a series of studies, Weaver, Treviño, and Cochran (1999) conclude that CSR initiatives lacking executive's commitment results in *de-coupled* CSR (seen as disconnected from regular operations). Other antecedents include individual values (Mudrack, 2007), employee-organisation value congruence (Bansal, 2003), employee psycho-developmental needs for self-actualisation and esteem (Aguilera, Rupp, Williams, & Ganapathi, 2007; Tuzzolino & Armandi, 1981). Conjoint theories of third-party

and social exchange suggest that fair and ethical conduct cue to the employees the overall fairness of organizational policies and practices (e.g., CSR, fair pay, and treatment), which generates employee engagement in CSR (e.g., Rupp, 2011; Rupp, Ganapathi, Aguilera, & Williams, 2006). More explicitly, Choi (2008) points out that the critical assessment of overall fairness is central to employee CSR engagement. Extant fairness literature offers four dimensions of overall fairness, often categorised into two exchange types. First, economic exchanges include distributive (perceived fairness of distributive outcomes, Adams, 1965). Second, social exchanges include *procedural* (perceived fairness of procedures that determine outcomes, Thibaut & Walker, 1975); *interactional* (perceived fairness of interpersonal respect and treatments from decision-makers, Bies & Moag, 1986); and *informational* (perceived fairness of explanations given by authorities about the procedures and distributive decisions, Colquitt, 2001). Colquitt and Zipay (2015) recently draw from past fairness theories to explain how employee form (and react to) overall fairness. The authors contend that, among other factors, employee use trustworthiness, as well as knowledge and experience of leaders as proxies to form overall fairness perception and infer decision about extra effort. Similarly, Shen and Benson (2016) also support that socially responsible human resource management (SHRM), an employee-focused CSR, enables extra-role behaviour and task performance.

Of the few mediators/moderators models, de Luque et al. (2008) universal theory has not drawn the academic focus it truly deserves. In a value-centred model of stakeholder-shareholder values, the authors found that emphasis on stakeholder values (predictor) elicits mental imageries of visionary leaders (mediator), which inspires extra efforts (outcomes) for CSR values. Groves (2014) also found that transformational leadership is a potent mediator that predicts CSR value congruence and identification (outcomes). Other mediators include organisational pride (Carmeli, Gilat, & Waldman, 2007; Jones, 2010), POS and meaningfulness (Glavas & Kelley, 2014; Rasool & Rajput, 2017), authenticity (Glavas, 2016b), and trust (Rasool & Rajput, 2017). Finally, some of the outcome variables studied to date include organizational citizenship (OCBs) e.g., extra-role behavior extra effort (de Luque et al., 2008; Glavas, 2016b; Jones, 2010; Lin, Lyau, Tsai, Chen, & Chiu, 2010; Rasool & Rajput, 2017), organizational identification (Groves, 2014), engagement and creativity (Glavas, 2016b; Glavas & Piderit, 2009), employee commitment (Maignan, Ferrell, & Hult, 1999), and in-role performance (Jones, 2010). From above, it appears that only a few multiple-factors models exist to explain the process underlying employee engagement.

## 1.2. Hypotheses development

Ghoshal and Moran (1996) propose that employee associate CSR values with individuals who espouse a compelling vision with a strong sense of mission for the greater good, they are more likely to give their whole selves at work for such individuals. Later, de Luque et al. (2008) empirically established that CSR values elicit cognitive structures (universal visionary prototypes) of individuals who consider multiple stakeholder groups in decision-making (e.g., employees, community, and customers), which triggers consummate support. Carter and Greer (2013) add that employee assign leadership styles to stakeholder salience based on two-dimensional characters (in the sequence from): dimension 1 (breadth of performance: financial, social, and environmental), and; dimension 2 (stakeholder salience: transaction,

self, organisation, others, and society). Below, we explain how visionary and servant leaders may address employee CSR engagement.

### 1.3. CSR values, Visionary leadership, and extra effort

Visionary leadership is a broader process of transformational, charismatic and value-laden leadership (Bass, 1985). While espousing beliefs that addressing the needs of multiple constituencies may become an impossible task without the active stakeholder engagement, visionary leaders select strategic choices that reflect stakeholder interests (de Luque et al., 2008; Judge & Piccol, 2004). Lord and Brown (2001) contend that visionary leaders greatly value employee feedback in the decision-making process to develop a vision based on stakeholder expectations (Bass & Avolio, 1997; Sashkin, M. & Sashkin, M. G. 2003). As communications of these leaders reflect references to moral justification and socially-based vision, employees may link such traits with CSR (House & Shamir, 1993). Conger and Kanungo (1998) add that visionary leaders scan the broader environment for long-term projects to address stakeholder interests, a quality often linked to CSR. Austin (1997) argues that the TBL performance requires a “long-term vision/commitment” that usually pays-off in the distant future. De Luque et al. (2008) posit that visionary leaders are more aligned with TBL as they actively seek to invest in future-oriented projects, e.g., employee welfare, community projects, and customer satisfaction. Such that, this socially-based vision inspires employees to forgo personal interests for the greater good (Sashkin, M. & Sashkin, M. G., 2003). This valence of leader-follower values establishes “shared destiny relationships with all stakeholders: customers, employees, suppliers, governments, and the communities” (Ghoshal & Bartlett, 1999, p. 18).

*H<sub>1</sub>. Employees relate executive's CSR values to visionary leadership behaviour.*

Extant theory and research support that visionary leaders stimulate positive feelings for the entity, resulting in employee support (Bass, 1985). Previous studies show a positive influence of visionary leadership on firm performance through the mediating effects of extra effort (House & Aditya, 1997; Yukl, 2010; Sashkin, M. & Sashkin, M. G., 2003; Yukl, 2006). For instance, de Luque et al. (2008) found that executive's CSR value inspire effort beyond the call of duty. Groves (2014) showed that visionary leaders, a broader process of transformational leadership, motivate employees as they possess altruistic and other-oriented values. Kantabutra and Avery (2011) found that shared-goals and a socially-based vision enables strong commitment to leaders and organisations. Many theorists contend that visionary leaders enact and operate ethical policies, fair practices, and focuses on the welfare of employees and community, a behaviour that inspires employee for the extra effort. Ultimately, a collective surge develops within the organisation to learn, innovate and deploy resources to deliver sustainable and profitable solutions (House & Shamir, 1993; Judge & Piccol, 2004; Lowe, Kroeck, & Sivasubramaniam, 1996).

*H<sub>2</sub>. Visionary leadership positively influences extra effort.*

### 1.4. CSR values, servant leadership, and extra effort

Since Greenleaf's seminal work (1977), many contributions have been made over years to develop servant leadership both methodically and conceptually (e.g., Barbuto & Wheeler,

2006; Laub, 1999; van Dierendonck & Nuijten, 2011). Servant leadership is more consistent with CSR as “[they] want to serve, to serve first...first to make sure that other people’s highest priority needs are being served...” (Greenleaf, 1977, p. 4). They develop employees, share power and make efforts to benefit employees, customers, suppliers, community, and environment (Smith, Montagno, & Kuzmenko, 2004). To create “servant-minded followers”, they set examples of better engagement, interpersonal relationships and community support (Winston & Fields, 2015). They inspire followers to show empathic sensitivity to others’ needs, demonstrate stewardship, and even make personal sacrifices to progress the mission of service (McGee-Cooper & Looper, 2001; Searle & Barbuto, 2011). Levering and Moskowitz (1998) found that shared enactment of humility and servant leadership values imbue beliefs that success resides in serving stakeholders from employee to organisation, community, and the environment. Gotsis and Grimani (2016) argue that employees view servant leaders as cultivators of an inclusive culture that promotes stakeholder agenda.

*H<sub>3</sub>. Employees relate executive’s CSR values to servant leadership behaviour.*

Of the few studies at the CEO-level, scholars have found empirical evidence for the positive influence of servant leadership on individual-level outcomes, e.g., commitment and self-sacrifice (Avolio, Walumbwa, & Weber, 2009; Carter & Greer, 2013; Lapointe & Vandenberghe, 2018). Trueman (2013) further elaborates that a servant leaders put great passion into their stakeholder-centred vision. They set examples of stewardship of authority by devoting longer time and efforts to serve the needs of employees and others, which can be contagious as employees often mimic such behaviours at work. Patrnchak (2015), former chief human resources officer at the Cleveland Clinics, shares a real-world success story in which “hardwiring” servant leadership into the organisations’ DNA (e.g., focusing on well-being programs, engagement, and reciprocity) incited personal sacrifices among employees to improve performance and customer experience. Sousa and van Dierendonck (2017) argue that servant leader’s humility and action-oriented behaviour instils loyalty and inspires employees to perform extra effort for the greater good (cf. Barbuto & Wheeler, 2006; Newman, Schwarz, Cooper, & Sendjaya, 2017; Yoshida, Sendjaya, Hirst, & Cooper, 2014).

*H<sub>4</sub>. Servant leadership positively influences extra effort.*

### **1.5. The mediating role of overall fairness in the relationship between visionary and servant leadership, and employee extra effort**

Past literature suggests that certain qualities of visionary leaders (e.g., trust, self-sacrifice, integrity, and moral virtue) improve employee overall fairness beliefs, which in turn, generates OCBs (e.g., Cho & Dansereau, 2010; De Cremer & Van Knippenberg, 2002; van Knippenberg et al., 2007). Both Krafft, Engelbrecht, and Theron, (2004) and Ehrhart (2004) argue that visionary leaders enable fair economic transactions to gain employee’s trust, a factor critical to employee overall fairness perception and extra effort (Colquitt & Zipay, 2015). Cho and Dansereau (2010) contend that the quality of ingratiation among visionary leaders as well as the exemplification of overall fairness incites enactment and institutionalisation of fair pay systems, respectful treatment, and timely/transparent communications. Bacha and Walker (2013) explain that intellectual stimulation allows the timely correction of unjust norms. When leaders engage their employees in open decision-making and institutionalising fair



procedures and policies, employees develop trust in leadership that translates into overall fairness perception (Parry & Proctor-Thomson, 2002). More so, the inspirational motivation and idealised influence can only occur when employees believe that visionary leaders display integrity, i.e., living the fair and ethical values, both publicly and privately (Bass & Steidlmeier, 1999; van Knippenberg et al., 2007). In short, Organ and Konovsky (1989, p. 162) explain that “so long as the individual can sustain an attitude of trust in the long-term fairness, he or she need not worry about the recompense for this or that specific OCB gesture”.

H<sub>5</sub>. *Employee overall fairness perception mediates the relationship between visionary leadership and extra effort.*

Congruent with the above, many researchers agree that servant leaders are well-suited to meet employee fairness expectations (Ehrhart, 2004; Liden, Wayne, Zhao, & Henderson, 2008). Through empathetic listening, they capture accurate information of varying fairness beliefs (Liden, Wayne, Liao, & Meuser, 2014), enabling leaders to implement justice norms that match an employee's overall fairness expectations. Van Dierendonck (2011) adds that self-sacrifice and reciprocity are central to positive fairness beliefs and employee support in servant leadership. Furthermore, servant leaders create a safe psychological climate where decisions about distributive rewards (e.g., pay, benefits and bonus) and procedures are mutually negotiated (McGee-Cooper & Looper, 2001). This transparent process of mutual information-sharing and reflection strengthens overall fairness perceptions (Wu et al., 2013). Mayer, Bardes, and Piccolo (2008) contend that interpersonal sensitivity towards employee needs generates respectful interactions, cueing interactional fairness. Rather than using a coercive way, servant leaders promote humility for self and others, and thus, followers view them as being respectful, valuing voices and employee opinions (cf. Lapointe & Vandenberghe, 2018; Panaccio, Henderson, Liden, Wayne, & Cao, 2015; Walumbwa, Hartnell, & Oke, 2010). Also, several researchers argue that altruistic calling is the primary source of the servant leader's integrity that promote fairness, trust in leaders, and pro-social behaviours. When servant leaders are seen giving a top priority to deliver on economic and social promises, overall fairness perception and extra effort are often the predictable outcomes (Flynn, Smither, & Walker, 2016; Liden et al., 2008; van Dierendonck, 2011).

H<sub>6</sub>. *Employee overall fairness perception mediates the relationship between visionary leadership and extra effort.*

## 2. Methodology

### 2.1. Participants and procedures

Participants were selected from a list of alumni, representing employees from diverse backgrounds in the UK. We integrated a structured questionnaire into an alumni workplace survey. With systematic sampling, we extracted 625 potential respondents (out of total 953) but discarded 328 questionnaires due to unfit business type (non-profit), invalid and missing information. Data was collected through emails with an informed consent form, survey, and a return address, while a team of experienced professors administered the whole data collection process. We analysed a total of 512 usable questionnaires (response rate = 81.92%). The demographic variables were controlled to reduce factor influence. Despite privacy and



legal restrictions, some demographic information was disclosed. The demographics data is as follows: White (243, 47.5%), British Africans (78, 15.3%), British Asians (74, 14.5%), British Asian–Pakistani (59, 11.6%), mixed (41, 8%), other (16, 3.1%); gender ratio–male (51.7%) vs. female (49.3%); age ( $M = 31.8$ ,  $SD = 6.5$ ), and; service tenure (6.61 avg.) years. Organizational sample included sectors such as, manufacturing (15%), trade (12%), IT (18%), services (37%), education (12%), and others sectors (6%); firm size (by no. of emp.) was found to be 6 (<50), 15 (51–100), 36 (101–300), 30 (301–500), 13 (>500), and by firm age (no. of years) the data showed that 22 (5–10), 53 (11–15), 18 (16–20), and 7 (>20). Finally, data were analysed using IBM's SPSS 21 and AMOS 21. We used the SEM and the PROCESS macros (SPSS v. 1.3) to examine non-directional/directional relationships to corroborate the regression analysis, commonly accepted methods that outperform standard regression for simultaneously estimating parameters (cf. de Luque et al., 2008; Flynn et al., 2016).

### 3. Measures

Survey items for stakeholder values, visionary leadership, and extra effort were adopted from the de Luque's et al. (2008) study of 62 societies, which showed acceptable reliability with factor loading scores exceeding 0.5 (on avg.), i.e., ranging from 0.55 to 0.85 (see Appendix for the survey items).

#### 3.1. Values

We measured CSR values through a 5-item scale with slight modification, i.e., changing the referent from leaders to employees, consistent with prior theories on stakeholder values and CSR (e.g., Hillman & Keim, 2001). On a 5-point Likert-type scale, respondents were asked to rate the level of importance assigned by their Chief Executive Officers (CEOs) on different factors, ranging from 1 = *of no importance* to 5 = *of most importance*. Sample items include: "Employee professional growth and development", "Effect on the environment", and "The welfare of the local community", when making critical management decisions.

#### 3.2. Leadership

Visionary and servant leadership were measured using the de Luque's et al. (2008) 6-item scale and Barbutto and Wheeler's (2006) 23-items scale, respectively. The scale responses ranged from 1 = *strongly disagree* to 5 = *strongly agree*. For visionary leadership, we asked respondents, "which of the following statements best defines your CEO?" Sample answers include: "Anticipates; attempts to forecast events; considers what will happen in the future", "Is highly involved; energetic; enthused; motivated", and "Makes plans and takes actions based on future goals". The servant leadership scale with six dimensions (emotional healing, wisdom, stewardship, altruistic calling, and persuasive mapping) included sample question such as "Puts my best interests ahead of his/her own", "Is good at anticipating the consequences of decisions", "Offers compelling reasons to get me to do things" and "Sees the organization for its potential to contribute to society". The mean values of subscales were calculated to form an overall servant leadership battery.

### 3.3. Overall fairness

A 20-item overall fairness scale was adopted from Wu's et al. (2013) scale, based on items developed and tested by (Moorman, 1991) for PF (procedural fairness), DF (distributive fairness), ITF (interactional fairness), and Colquitt (2001) for IFF (informational fairness). The scale items included information on DF, "I am fairly rewarded for the amount of work I have done", PF, "Fair procedures are followed in reaching a decision", ITF, "I am treated with dignity", and IFF, "I receive valid information from my leaders". Wu and her associates tested this scale in a longitudinal study to address the unique variance of individual fairness units on extra effort. The factor loading score was consistent with pre-set statistical parameters as all four dimensions scores were above 0.81 on avg. at  $p < 0.001$  with target coefficient reached to 0.99.

### 3.4. Employee extra effort

A 4-item scale was used to collect employee opinion about extra effort. Sample items include, e.g., "I am willing to make serious personal sacrifices to contribute to the success of this organisation", and "My effort is above and beyond that which is required".

## 4. Results

### 4.1. Descriptive, reliability and validity statistics

Table 1 below presents the summarised version of mean, standard deviation, Pearson's correlations, reliability and validity statistics. As seen, the correlation coefficients supported that stakeholder values (SV) had a significant and positive association with both visionary (VL) and servant leadership (SL), whereas extra effort (EE) showed a significant positive relationship with VL ( $r = 0.445$ ,  $p < 0.01$ ) than SL. Overall fairness (OF) showed a strong relationship with EE compared to SL and VL. At  $p < 0.001$ , the factor loadings (items to latent variables) were found to be higher than 0.60 (on avg.), as well as the AVE values and ( $\alpha$ ) reliabilities are all above 0.7 (on avg.) and significant at  $p < 0.01$ . According to Fornell and Larcker (1981), the squared correlations of AVEs and CR must be above 0.7 (on avg.) to establish discriminant and convergent validity. Table 1 supports that the dataset and constructs meet the pre-set criterion for internal consistency, reliability, and validity.

Table 1. Descriptive statistics, reliability and validity estimates, and intercorrelations.

Construct Dimensions		M	SD	( $\alpha$ )	1	2	3	4	5
1	CSRV	3.76	0.82	0.95	(0.86)				
2	VL	3.42	0.65	0.93	0.575**	(0.87)			
3	SL	3.48	0.82	0.96	0.466**	0.275**	(0.86)		
4	OF	3.98	0.82	0.81	0.369**	0.441**	0.449**	(0.56)	
5	EE	3.88	0.52	0.90	0.407**	0.445**	0.332**	0.518**	(0.75)

End of Table 1

Construct Dimensions		M	SD	( $\alpha$ )	1	2	3	4	5
				CR	Squared Correlations				
1	CSRV	–	–	0.98	0.91				
2	VL	–	–	0.98	0.67	0.89			
3	SL	–	–	0.99	0.52	0.86	0.94		
4	OF	–	–	0.89	0.82	0.67	0.58	0.67	
5	EE	–	–	0.94	0.64	0.76	0.75	0.63	0.77

Note: UK, N = 512. CSRV = Executive's CSR values, VL = Visionary leadership, SL = Servant leadership; OF = Overall fairness, EE = Employee extra effort, AVE = Average Variance Extracted shown in the diagonals. \* $p < 0.05$ . \*\* $p < 0.01$  (2-tailed).

## 4.2. Confirmatory factor analyses and Goodness of model fitness

Congruent with the best practices in the SEM approach, we first assessed a measurement model with five factors (cf. Weston & Gore, 2006). Overall, the structural model showed a good fit with the population data: Chi-square ( $\chi^2$ ) = 181.253 ( $p < 0.01$ );  $\chi^2/d.f.$  = 1.652; Tucker-Lewis index (TLI) = 0.954; comparative fit index (CFI) = 0.951; incremental fit index (IFI) = 0.956; the root-mean-square error of approximation (RMSEA) = 0.050 with 90% confidence intervals of 0.036 and 0.064. As per commonly acceptable standards, CMIN = < 3; CFI and TLI > 0.95; RMSEA < 0.07 (Hu & Bentler, 1999).

## 4.3. Post-hoc analyses

In line with Podsakoff, MacKenzie, Lee, and Podsakoff (2003) recommendations, the Harman's single-factor method was adopted to control for common method bias (CMB), in which a single factor accounted for less than 50% of the variance. A *post-hoc* analysis was performed using the marker-variable technique to address criticism on Harman's method (cf. Lindell & Whitney, 2001). The effects of a theoretically un-related marker variable were partialled out. Although all paths were accepted, the model showed a worse fit than the baseline model and was abandoned. The model fitness indices are as follows: Chi-square ( $\chi^2$ ) = 212.413 ( $p < 0.01$ ); SRMR = 1.936; TLI = 0.875; CFI = 0.896; IFI = 0.901; RMSEA = 0.088.

## 4.4. Hypotheses testing

Prior research indicates that testing the significance of effect sizes in models with four or more variables can be challenging due to small effect sizes (cf. Cohen & Cohen, 1983; Kline, 1998). After comparing mediation approaches, James, Mulaik, and Brett (2006) conclude that running separate models in SEM may prove to be futile to assess mediation as different relationships are estimated simultaneously. Supporting H1 and H2, visionary leadership was positively associated with executive's CSR values ( $\beta = 1.68$ ,  $p < 0.001$ ) and extra effort ( $\beta = 0.83$ ,  $p < 0.001$ ). Servant leadership was found to be positively associated with executive's CSR values ( $\beta = 1.55$ ,  $p < 0.001$ ) and extra effort ( $\beta = 0.71$ ,  $p < 0.001$ ), which offered support for

H3 and H4. Moreover, the path coefficients were also significant for the interaction terms of visionary leadership and overall fairness ( $\beta = 0.60$ ,  $p < 0.001$ ); servant leadership and overall fairness ( $\beta = 0.87$ ,  $p < 0.001$ ); and overall fairness and extra effort ( $\beta = 1.62$ ,  $p < 0.001$ ).

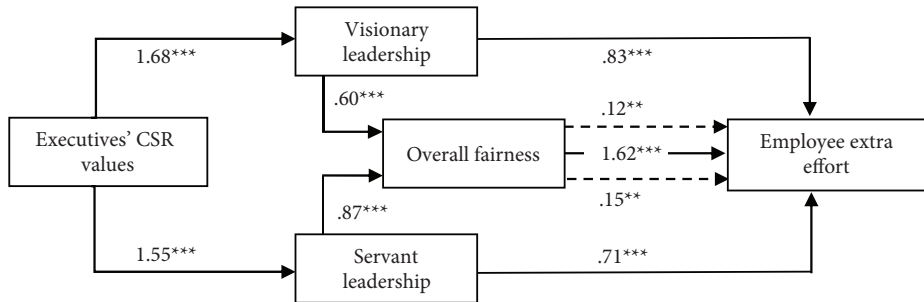


Figure 2. The structural model. The dotted line represents the mediated paths (H5 and H6). \*\*\*  $p < 0.001$ ; \*\*  $p < 0.01$

Although Kline (1998, pp. 150-151) argues that “if all of the path coefficients are significant, then the whole indirect effect/s can be taken as significant, too”, we went a step further to explore the indirect effects (mediation) of overall fairness in the relationship between the two leadership styles and extra effort. Based on the best practices in mediation/moderation testing, we used the PROCESS macros as specified by Hayes (2013). With 5,000 bootstrapped samples, the results supported that mediation had occurred. The two hypothesized indirect effect(s) were found to be significant and positive, suggesting that complementary partial mediation had occurred (cf. Zhao, Lynch, & Chen, 2010; Hayes, 2013) in both cases: visionary leadership ( $\beta = 0.1183$ ,  $t = 3.515$ ,  $SE = 0.0260$ ,  $p = 0.005$ , 95% CI [0.0721, 0.1750]) and servant leadership ( $\beta = 0.1471$ ,  $t = 7.666$ ,  $SE = 0.0287$ ,  $p = 0.005$ , 95% CI [0.0960, 0.2093]). Thus, H5 and H6 were supported.

#### 4.5. Discussion

The study's empirical model demonstrates that employees link executives' CSR values (strategic choices/values) to visionary and servant leadership, which in turn, generates extra effort. Of the two leadership styles, the effect sizes in the path from values to visionary leadership to the extra effort were found to be comparatively significant. Implicitly, this finding confirms previous cross-cultural studies by showing that employees more strongly identify with universal prototypes (cf. *culturally-implicit leadership theory* and the *GLOBE project*, de Luque et al., 2008; House, Hanges, Javidan, Dorfman, & Gupta, 2004). We could not, however, take these marginal differences as definitive evidence to validate the possible influence of negative connotations of servant leadership in certain cultures (e.g., passivity, weakness and indecisiveness). Perhaps, this limitation could be addressed in future research. Regardless, we add to the stewardship theory literature by showing the application of servant leadership in a low PD society (UK) (cf. Davis, Schoorman, Donaldson, Academy, & Jan, 2008). Additionally, we respond to prior concerns by establishing the incremental validity of servant leadership over visionary leadership (Hoch et al., 2018), and by validating Barbuto and Wheeler (2006) SLQ scales.

As an alternative explanation, our results show that perceived overall fairness (distributive rewards, procedures, interactions, and information) of visionary and servant leaders is another complementary mechanism that guides employees to decide whether [or not] to perform extra effort for executives who promote CSR. Given that servant leaders attracted more positive overall fairness ratings, executives may need to look beyond traditional visionary models and embrace servant leadership. This finding directly corresponds to van Dierendonck's (2011) implicit beliefs that fairness and trust (mediators) account for the positive interactions between servant leadership, CSR and OCBs. Recent surveys bear the testimony that executives who place greater focus on employee needs, well-being, humility, spirit, fair pay and respectful treatment – an informal description of servant leadership – generate superior employee engagement in the UK (cf. Gallup Inc., 2013; Gallup Consulting, 2017).

Apart from contributions stated above, the study's conceptual framework advances current knowledge in the instrumental stakeholder perspective that currently suffers from lack of causal theories that link values, practices, and outcomes (cf. T. M. Jones & Wicks, 1999; Margolis & Walsh, 2003). At the same time, we add to strategic management literature (e.g., House & Aditya, 1997) by empirically demonstrating the indirect influence of strategic choices (stakeholders vs. shareholder) on multiple outcomes. Moreover, the study's conceptual framework greatly benefits micro-CSR theory and research (cf. Choi, 2008; Cropanzano & Rupp, 2008; Glavas & Kelley, 2014) as it is one of the few multi-factor models that explain how executive personality and practices explain the link between CSR and employee support. More importantly, we contribute to concepts in the leadership theory by supporting that executives' values are a basis of leadership and that their personality influences multiple outcomes (cf. Carter & Greer, 2013; de Luque et al., 2008; House & Aditya, 1997). Broadly, our findings add to leadership fairness literature (cf. Pillai et al., 1999; van Knippenberg et al., 2007) by providing the first empirical evidence of the predictive power of overall fairness (four dimensions) in the relationship between leadership [visionary/servant] and OCBs, while offering credence to *one process perspective* by showing the effectiveness of overall fairness for measuring global reactions and guiding executive actions (cf. Ambrosethe & Schminke 2009; Colquitt & Zipay, 2015; Jones & Martens, 2008; Wu et al., 2013).

## Conclusions

The study findings from a sample of 512 UK employees suggest that CSR values of executives (as core decision-making criteria) elicit the perception of visionary and servant leadership among employees, which directly and indirectly (through overall fairness) generate superior employee extra effort. Thus, academics and practitioners must focus on unattended micro-level processes (leadership values, styles, and fairness), as demonstrated herein, to develop holistic frameworks (macro, meso, and micro) to promote citizenship behaviours among followers.

Moreover, the study offers practical implications for organisations and leaders. First, the current findings suggest that UK leader who place “more focus[ed] on the spirit of [their] employees” are rewarded with superior engagement, consistent with Gallup surveys. Thus, organisations should provide confidential and unbiased feedback to executives about their

moral identity and self-awareness – aspects critical in defining employee engagement in CSR. To do so, organisational practitioners can incorporate CSR, leadership, and fairness as vital elements of development and assessment systems using multisource/360-degree techniques. Given that low awareness of ethical norms and codes poses developmental challenges, firms should revisit selection, assessment, and competencies, especially focusing on formalising ethical and fair practices to nurture leadership talent that is capable of engaging employees at all levels. For instance, talent programs must integrate skills and competencies such as how to articulate and implement CSR programs and ways to develop a shared intellectual rationale for meeting TBL performance goals. Using different experimental leadership designs/approaches (e.g., servant leadership) for the effective CSR development programs can be fruitful. Alternatively, firms can also adopt a Co-CEO model for managing their social and economic expectations, separately. Firms like SAP, Deloitte, and Best Buy have been using this approach for a long time. Executive search committees, HR, and other channels can also be exploited to assess a candidate's ability through job samples, assessment centres, multistage interviews, and simulations. Some parallel initiatives may include compliance training to educate executives about how to translate CSR into practices (e.g., SHRM); skill-building activities; and roleplay exercises to enhance the practical knowledge of integrating CSR codes into business operations.

Another possible implication embodies the apparent need to integrate overall fairness assessment as an integral aspect of the employee engagement strategy. Thus, instead of traditional compensation systems that represent small fairness measures, a shroud of secrecy, limited or no voice, less participation, and poor control of employees, the present findings call for adopting more robust and global fairness matrices (e.g., SHRM and *total compensation approach*). In short, organisations are expected to actively engage their employee in matters concerning the amount/nature of rewards, processes, information, and interactions, which is more likely to yield positive global attitudes and employee engagement. Overall fairness is critical in a way that it can even fail an excellent selection system. Such that, if perceived fairness can motivate a low performer, unfairness can also demoralise a top performer. Besides focusing on training and career development, organisations should also abandon overarching decision-making practices in compensation management to allow more employee input and control so that they may feel more valued at work. Many agree that open communication and transparency generate a general sense of overall fairness, which in turn, improves employee citizenship behaviours. Furthermore, organisations should create the much-needed spiral of overall fairness to drive engagement through visionary and servant leadership approaches. To do so, we encourage both leaders and organization to create outlets for employees to display their emotions and grievances (e.g., team retreat, wellness programs, and open-door), offer work flexibility options; counselling services/psychologists for employee-mental well-being and promote fair practices through newsletters/memos. In addition to formulating more employee developmental opportunities, they should encourage social groups to share positive stories through activities, e.g., potluck, brown bag, happy hour.

Despite the theoretical and practical significance of this study, it suffers from a few limitations that open new lines of academic inquiry. First, the cross-sectional design poses a serious concern as we offer a causal process based on a relatively large sample of employee self-

reports. Perhaps a longitudinal design with leader-follower self-reports may help to address these limitations. Second, most past studies depict a two-dimensional model (shareholder vs. stakeholder). The study's focus on stakeholder perspective is considered another limitation, and thus, a two-dimensional model of the current idea in future research is more likely to address potential biases (e.g., conformity) and unresolved conflicts, especially in the context of employee engagement/disengagement. Third, current model in particular and micro-CSR theory, in general, would greatly benefit from concepts based on other unattended mediators/moderators (e.g., authentic leadership, trust, POS and authenticity) if the complex mechanism of why employee franchise/disfranchise with leadership values needs to be understood. Forth, researchers are expected to test other competing scales of servant leadership, and its incremental validity over the authentic and ethical approach. Finally, a comparative model tested in different cultures is more likely to enhance generalizability and address the contextual limitation of this study.

Finally, scholars can revisit the present framework for further research by testing its cross-cultural relevance and gauging the incremental validity of the two leadership prototypes against other prototypes (e.g., parental, responsible, transactional and autocratic). Researchers should also attempt to unwrap employee disengagement, perhaps through an integrated model of shareholder values, authoritarian prototypes, fairness, and employee extra effort. Moreover, the study has attempted to combine two academic disciplines – OB (leadership) and strategic management (choices/values) by examining the two separately viewed executive roles (strategic-decision-maker; social-leadership), and thus, it opens a new line of enquiry in the respective disciplines.

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## Author contributions

Dr. Khattak conceived the study, while he and Dr. Jiang were responsible for the design and development of the data analysis. Ms. Li and Dr. Zhang were responsible for data collection, interpretation and analysis. Dr. Khattak wrote the first draft of the article and Dr. Jiang served as the corresponding author in the entire review process.

## Disclosure statement

Authors do not have any competing financial, professional, or personal interests from other parties.

## Compliance with ethical standards

With the submission of this manuscript, the authors would like to undertake that all possible measures have been taken to ensure compliance with national and international ethical standards. All procedures performed in our studies involving human participants were in strict accordance with the Belmont Report, and Nuremberg Code and 1964 Helsinki declaration and its later amendments or comparable ethical standards. Informed consent was obtained from all individual participants.

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## APPENDIX

### Survey items

#### *Executive's CSR values*

1. In your opinion, how much importance is assigned by your Chief Executive Officer (CEO) to each of the following aspects when making critical management decisions: (1 = Of no importance – 5 = Of most importance)
  - a) Employee relations issues (well-being, safety, working conditions)
  - b) Employee professional growth and development
  - c) Effect on the environment
  - d) The welfare of the local community

#### *Visionary leadership*

2. Please rate your CEO on the following traits and behaviours: (1 = Strongly disagree – 5 = Strongly agree).



- a) Anticipates; attempts to forecast events; considers what will happen in the future.
- b) Is highly involved; energetic; enthused; motivated.
- c) Makes plans and takes actions based on future goals.
- d) Is knowledgeable; is aware of information.
- e) Has a clear understanding of where we are going.
- f) Has good intuition; is insightful.

#### *Servantleadership*

3. Please rate your CEO on the following traits and behaviours: (1 = Strongly disagree – 5 = Strongly agree).

- a) Puts my best interests ahead of his/her own.
- b) Does everything he/she can to serve me.
- c) Goes above and beyond the call of duty to meet my needs.
- d) Is one I would turn to if I had a personal trauma.
- e) Is good at helping me with my emotional issues.
- f) Is talented at helping me to heal emotionally.
- g) Has great awareness of what is going on.
- h) Seems in touch with what's happening.
- i) Seems to know what is going to happen.
- j) Offers compelling reasons to get me to do things.
- k) Encourages me to dream “big dreams” about the organization.
- l) Is very persuasive.
- m) Is good at convincing me to do things.
- n) Is gifted when it comes to persuading me.
- o) Believes that the organization needs to play a moral role in society.
- p) Believes that our organization needs to function as a community.
- q) Sees the organization for its potential to contribute to society.
- r) Encourages me to have a community spirit in the workplace.
- s) Is preparing the organization to make a positive difference in the future.
- t) Sacrifices his/her own interests to meet my needs.

#### *Overall fairness*

4. Please rate your CEO on the following practices and outcomes within your organization: (1 = Strongly disagree – 5 = Strongly agree).

- a) I am fairly rewarded considering the fulfilled responsibilities.
- b) I am fairly rewarded for the amount of experience I have.
- c) I am fairly rewarded for the amount of effort I put-forth.
- d) I am fairly rewarded for the work I have done well.
- e) I am fairly rewarded for the complexity of my job.
- f) I am fairly rewarded for the amount of work I have done.

- g) Makes sure that fair procedures are followed in reaching decisions.
- h) Investigates different views and feelings of employees.
- i) Makes sure that all sides affected by the decision are fairly represented.
- j) Gives full attention to those affected by decisions.
- k) Treats me in a polite manner.
- l) Shows concern for my rights.
- m) Treats me with dignity.
- n) Never cheats me.
- o) Never underestimates my value.
- p) Ensures dissemination of key information to employees.
- q) Ensures that procedures are thoroughly explained.
- r) Communicates details in a timely manner.
- s) Provides us with valid information.
- t) Tailors his or her communications to our specific needs

*Employee extra effort*

5. To what extent do you agree with the following in relation to your Chief Executive Officer (CEO): (1 = Strongly disagree – 5 = Strongly agree).

- a) Others are stimulated to put forth efforts above and beyond the call of duty and make personal sacrifices for my leaders.
- b) I contribute to this organization 100% of my ability.
- c) I often make serious personal sacrifices.
- d) My effort is above and beyond that which is required.