

The Ripple Effects of Discrepancies Between Employees' Expectations of Corporate Sustainability and Perceived Performance

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Corporate social responsibility (CSR) is one of the most important and essential strategies for today's corporations to implement (Sharma & Henriques, 2005). However, CSR approaches may vary. Some firms appear to truly embrace CSR, while others use CSR as simply a rhetorical strategy in their communications (Ha-Brookshire, 2015). With this discrepancy in intentions toward CSR initiatives, there are many inconsistencies in CSR performance across various industries, including fashion (Fassin & Buelens, 2011). These discrepancies can cause employees, as internal stakeholders, to experience a gap between their expectations as to what CSR standards the industry should achieve, and their perceptions toward their own firms' CSR performance (i.e., CSR perception gap). This, in turn, reduces employees' commitment to their firms (Rupp et al., 2013). However, this gap has yet to be demonstrated with empirical data; thereby this study aimed to empirically examine how a CSR perception gap reduces employees' commitment.

The Moral Responsibility of Corporate Sustainability theory (Ha-Brookshire, 2015) argues that for corporations to become truly sustainable, individual members of those corporations must perceive corporate sustainability as a perfect duty (i.e., the moral duty to which all others are ascribed) and act accordingly. When a company's CSR practices are not as consistent as employees expect them to be, a gap between the actual CSR practices of their firm and their expectation with regards to CSR performance could emerge, and thus employees may reduce their commitment toward their firms (Lee & Ha-Brookshire, 2017). Therefore, when employees' expectations for CSR is higher than their own firm's perceived CSR performance, employees would have lower levels of commitment toward the organization (OC) (**H1**). Furthermore, based on a multi-level analysis conducted by Otaye-Ebede et al. (2019), connection with others (e.g., the sense of community or group level) plays an important role in the organization's ethical climate. That is, even within the same organization, the unit or department's size in which an employee operates can affect group dynamics in a way that could create or diminish the employee's motivation to work (Otaye-Ebede et al., 2019). Hofer (1975) also classified the organization's size, the number of people with whom one interacts within the organization, as a critical moderating variable in the relationship between organizational strategy and performance. Therefore, we posited that the size of the employee's department moderates the relationship between employees' CSR perception gap and their organization's commitment (OC) (**H2**).

Organizational citizenship behavior is defined as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the effective functioning of the organization” (Organ, 1990, p. 4). Employees’ positive CSR perceptions increase organizational citizenship behavior and decrease turnover intentions because employees’ attitudes and behaviors are heavily influenced by how consistent they consider their firm’s CSR actions to be (Rupp et al., 2013). Likewise, when employees perceive their current company’s CSR performance as truly substantial, they will develop a strong commitment, organizational citizenship behavior, and even help improve the firm’s sustainability performance (Rupp et al., 2013; Vlachos et al., 2014). Therefore, organizational commitment (OC) was expected to **(H3a)** increase organizational citizenship behavior (OCB), and **(H3b)** decrease employees’ turnover intentions (TO).

Qualtrics, an online survey company, collected employee data from ZARA and H&M in 2019. Amongst the various fashion brands that were recognized as the Global 100 Most Sustainable Companies in the World (corporateknights.com, 2018, 2019), ZARA and H&M were selected for this study, as they are the only fast fashion companies on the list with similar positions in the marketplace in terms of pricing and target customers. Only full-time retail employees were invited to respond to the survey and from this, 153 usable responses were obtained, including 74 samples from ZARA and 79 samples from H&M. Individuals’ expectations toward the CSR performance of the fashion industry and their perceived performance of their own firm were measured to estimate the CSR gap (Jung & Ha-Brookshire, 2017). Organizational commitment (Allen & Meyer, 1990), organizational citizenship behavior (Podsakoff et al., 1990), and turnover intentions (Bozeman & Perrew, 2001) were measured, using a 7-point Likert scale. The department size was measured by the number of employees of the department where the respondent is currently working. We also added individual annual income level as a control variable since income highly influences the variety of desirable behaviors in organizations (Gao-Urhahn et al., 2016).

Multi-Group Confirmatory Factor Analysis (MCFA) ensured configural ($\chi^2 = 578.89$, $df = 334$, $p < .001$, CFI = .82, RMSEA = .07) and metric invariances ($\Delta\chi^2 = 20.36$, $\Delta df = 17$, $p > .05$). Therefore, we deemed it appropriate to combine the samples from ZARA and H&M to test the model. Confirmatory Factor Analysis confirmed that the measurement model mostly fit the data ($\chi^2 = 281.24$, $df = 167$, $p < .001$, CFI = .92, RMSEA = .07), and then a path analysis tested the hypotheses with IBM AMOS 23.0 ($\chi^2 = 11.52$, $df = 7$, $p = .12$, CFI = .99, RMSEA = .07). After controlling for individual annual income level, employees’ perceived CSR gap was found to negatively affect OC ($\beta = -.98$, $p < .001$), supporting H1. That is, when the organization’s CSR performance is perceived as not meeting employees’ expectations, employees showed low OC. This negative relationship became greater in larger departments, indicating the moderating effect of department size ($\beta = .75$, $p < .001$); thus, H2 was supported. As expected, OC increased OCB ($\beta = .51$, $p < .001$) as well as reducing TO ($\beta = -.64$, $p < .001$), supporting H3a and H3b.

With this empirical data set, the findings of this study indicated that a higher CSR perception gap between expectations and perceived performance of CSR negatively influenced the participants' organizational commitment. Supporting previous literature (Rupp et al., 2013; Vlachos et al., 2014), organizational commitment increases organizational citizenship behavior, while significantly decreasing turnover intentions. However, the study notably found that as the number of people with whom the participants' interacted in their department increased, the negative effect of the gap on organizational commitment became greater. These findings imply that it is more critical for large size department to reduce the CSR perception gap, thereby positively influencing organizational commitment, leading to high organizational citizenship behavior and low turnover. Although income level was controlled for in this study, future studies need to consider other variables of corporate culture which may affect the OCB or retention rates of employees.

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