

**AN EXAMINATION OF FACTORS OF EMPLOYEE-CENTERED CORPORATE
SOCIAL RESPONSIBILITY AND THEIR RELATIONSHIP WITH THE
EMPLOYEE'S MOTIVATION TOWARD GENERATING INNOVATION**

A Doctoral Dissertation Research Proposal

Submitted to the

Faculty of Argosy University Campus

In Partial Fulfillment of

The Requirements for the Degree of

Doctor of Business Administration

By

Niloofar Namjoofard

Argosy University-Schaumburg

June 2014

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Abstract of Dissertation

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by

Niloofar Namjoofard

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ABSTRACT

The purpose of this study was to examine the relationship between factors of employee-centered corporate social responsibility and the employee motivation to innovate. The researcher utilized a mixed method methodology. The Unit of analysis was the employees with information technology and engineering job functions who worked for telecommunication, electronics, manufacturing, Internet, and technology corporations in United State of America. The researcher concluded involvement in decision-making had a significant relationship with employee motivation to innovate. Employees' responses were analyzed based on gender, ethnicity, salary, organization size, and education. Two marginal significant differences were emerged for organization size and salary in comparing employee's responses concerning their encouragement to be innovative. Reward was recognized as the most important employee's motivational factor to innovate based on thematic analysis on respondents' responses to open-ended question. Further research recommendations center on replicating this study for employees with different job functions and industries, and in other countries.

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DEDICATION

I would like to take this opportunity to thank my enlightened and supportive husband for all of his love, patience, and encouragement in this pursuit. I would like to thank him and my children for tolerating my unforgiving hours of sitting behind the computer and endless talk of assessments and data analysis.

I dedicate this work to my inspiring son Salar and my beautiful daughter Shahkar, my biggest cheerleaders, I pray that you will grow strong, and hope that you too will someday attain your own doctorate degree. You always said I could do it, even when I was not sure I could. Your quiet and unshakable faith in me is humbling. I could not ask for better children. I hope this shows you that there is nothing out of your reach: nothing you can't do. I wait eagerly to see you tackle your limitless potential. It is an honor to be your mother. Thank you and I love you.

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CHAPTER ONE: THE PROBLEM

Study Overview

The purpose of this study was to examine the relationship of factors of employee-centered Corporate Social Responsibility (CSR) on the employee motivation to innovate including employee empowerment, training, availability of resources, job satisfaction, vertical communication, horizontal communication, recognition and rewards, and high-exchange dyadic relationships with supervisors. The study also found out any significant differences in participant responses based on demographics such as age, gender, salary, ethnicity, size of the organization, and education.

The focus of Chapter 1 was on the statement of the problem, background of the problem, purpose of the study, and method of the study. Additionally, Chapter one included the research question, limitations and assumptions of the study, the theoretical framework, terms and definitions, and significance of the study. Chapter two presented a detailed literature review of CSR, innovation, and relationship between them. Chapter three presented the methodology used to conduct this study (mixed method). Chapter four showed the result of the study and Chapter five included the conclusion and recommendations.

Problem Statement

In recent years, a handful of research studies were conducted and published mainly focused on investigating the effect of CSR on organizational commitment (Maignan, Ferrell, & Hult, 1999; Peterson, 2004c), and social performance on organizational attractiveness (Luce, Barber, & Hillman, 2001; Turban & Greening, 1997). Other studies mainly aimed on external CSR practices such as consideration for

society (philanthropic actions), environment, firm's profitability and their relationship with organization's performance, suppliers, and customer satisfaction. However, there was a very little attention concerning the employee-centered CSR activities and its influence on employee work motivation (Kim & Scullion, 2013). In addition, theories of CSR mostly assumed that employees as internal stakeholders are unaffected by CSR practices and mainly focused on external stakeholders such as customers and the community at large. However, employees may significantly be interested in the organization's CSR practices. Hence, lack of understanding the effect of CSR on employees, could lead to making faulty conclusions concerning the utilization of CSR policies as well as its impact on these internal stakeholders (employees). Many organizations may ignore or undermine the fact that maybe by providing support for employees they can have a significant impact on employee behavior and attitude (Ellis, 2008).

In 2010, Skudiene and Auruskeviciene stated that there was a gap in understanding the impact of CSR activities on internal employee motivation. They also stated that since different organizations have different perceptions of CSR activities, there was also a gap in understanding the impact of different dimensions of CSR activities on internal employee motivation. Hence, the focus of their study was to find the relationship between the different elements of CSR (internal CSR and external CSR) activities and internal employee motivation. The result of their Lithuanian study suggested that there was a positive relationship between internal and external CSR activities and internal employee motivation, and this effect was stronger for internal CSR and internal employee motivation (Skudiene & Auruskeviciene, 2010). The result of their study cannot be

generalized to all other nations due to cultural differences. However, by considering the importance of employees as stakeholders, as well as the impacts that internal CSR strategies could have on them, further theoretical, empirical attention into the relationship between implementation of employee-centered CSR and employee motivation toward innovation in United States of America was warranted, because no one study was found that focused on this relationship.

Problem Background

In 2010, Fauzi, Svensson, and Rahman stated that the concept of CSR has been measured by financial, social and environmental aspects that were also known as the Triple Bottom Line (TBL). The TBL as a tool to achieve sustainability for corporations' performance has been measured based on the followings: (1) profit, (2) people, and (3) planet. For many companies the measure of corporate performance (the bottom line) refers to financial aspects. This means that many organizations generally believe that increasing profits means that the company is more successful (Alshboul, 2012). The modified version of this belief is that an organization's performance influences the society and environment and these two aspects should be added to the conventional measurement (only profit) for corporate performance. Many studies have revealed that companies could be more profitable by growing the market for their services or products while they are being socially responsible (Alshboul, 2012).

In order to be more profitable, organizations must revolutionize their economic structure from within. This objective can be accomplished by innovating an efficient business process and products (Schumpeter, 1943). In 1982, Engelberger asserted that the following three elements are needed for innovation: (1) need for innovation that is

recognized, (2) knowledgeable (trained) and competent individuals (employees) with the relevant technology, and (3) financial resources. Innovation requires the creation or adoption of an idea or behavior new to the organization (Damanpour & Evan 1984; Damanpour 1996).

“In the organizational context, innovation may be linked to positive changes in efficiency, productivity, quality, competitiveness, market share, and others” (Salge & Vera, 2012, pp. 550-560). Thus, in order to satisfy the customer’s needs, entrepreneurs should constantly improve the quality and price of their products and services by catching up with technological advancements and adopting the strategy to achieve these goals (Heyne, Boettke, & Prychitko, 2010). Borger and Kruglianskas (2006) stated that there is a strong relationship between the adoption of a CSR strategy by organizations and the efficiency of their environmental and innovative performance.

According to Asongu (2007), organizations with sustainable policies in place have more tendencies to be technological leaders, as they look for innovative methods to reduce pollution, increase efficiency, and outpace most of their competitors. Many companies have pursued CSR initiatives and developed innovative products or services that are beneficial to the company’s financial performance (Asongu, 2007). Stigson (2002) stated that more and more organizations are adopting CSR strategies and approaches in order to ensure efficiency, encourage innovation and foster continuous organizational growth.

Organizations cannot solely rely on reducing the cost or reengineering to grow. The key success for aggressive progress, growth, and achieving the bottom line objectives is innovation (Davila et al., 2006). Measures of innovation vary widely among

different organizations. Some of these measurements for different companies could be about cost of the innovation, efficiency of the innovation, contributions of employees and the level of their motivation toward innovation, and the profit associated with that innovation (Davila, Tony, Epstein, & Shelton, 2006).

According to research studies, organizations should become more entrepreneurial, adaptive, and increase their flexibility while being innovative. These practices help them to meet the changing demands of today's environment more effectively (Orchard, 1998; Parker and Bradley, 2000; Valle, 1999). Borger and Kruglianskas (2006) stated that there were many indications suggesting that there was a strong association between adopting CSR strategies in organizations and corporate performance concerning with environment and innovation.

In 2009, Übius and Alas conducted an empirical study in order to find the relationship between CSR and the innovation climate for Estonian enterprises. The results from this study showed that CSR does influence the innovation climate and there is a positive correlation between these two variables (Übius & Alas, 2009). Bocquet and Mothe (2010) conducted a similar study to investigate this relationship in France for Small and Medium Enterprises (SME). They also found a positive relationship between CSR and innovation climate. The results of these studies are not generalizable to the United States or other countries due to cultural differences.

There are many other research studies on CSR and its relationship with organizational performances. For example, studies on CSR and its relationship with financial performance have been done by Greenley and Foxall (1997), Hillman and Keim (2001), Marom (2006), Orlitzky, Schmidt, and Rynes (2003), Pava and Krausz

(1996), Ruf, Muralidhar, Brown, Janney, and Paul (2001), and Waddock and Graves (1997). Studies on CSR and its relationship with consumer behavior have been done by Drumwright (1994, 1996), Ellen, Mohr, and Webb (2000), Ellen, Webb, and Mohr (2006), Luo and Bhattacharya (2006), Maignan and Ferrell (2004), Simmons and Becker-Olsen (2006), and Webb and Mohr (1998). Study on CSR and its relationship with advertising has been done by Reich (2007). Studies on CSR and its relationship with external stakeholder values have been done by Brammer and Millington (2004), and Ohreen and Petry (2011). Studies on CSR and its relationship with crisis/risk management have been done Bauman (2011), Francis and Armstrong (2003). These studies have not focused on employees and it is evidenced that employees were missed in these debates. Hence, there was a need to place the employees in the same frame with CSR by evaluating how internal or employee centered CSR can influence the employee motivation (Kim & Scullion, 2013). It was clear that the notion of the importance of the employee were absent from theoretical and empirical debate (Boddy et al. 2010; De Cieri et al. 2005, p. 99; Matten et al. 2003; Pinnington et al. 2007).

Theoretical Framework

In this study, the main emphasis was on employees as internal stakeholders. The researcher examined to find out the relationship between individual considerations through employee-centered CSR and employees motivation for taking initiative toward generating innovation. Hence, the theoretical framework for this analysis was based upon the CSR Theories, Leader- Member Exchange Theory (LMX), and the Expectancy Theory of Motivation.

Theories of Corporate Social Responsibility

In 2008, Alas and Tafel stated that research studies concerning CSR were divided in three categories. These three different categories were as following: (1) developmental research (Carroll, 1991, Hoffman, 1997, Schwartz and Carroll, 2003, Reidenbach and Robin, 1991), (2) structural research (Wilenius, 2005), and (3) normative research (Gatewood & Carroll, 1981).

The developmental point of view by Carroll's (1999) CSR model introduced the four following components: economic, ethical, legal, and voluntary (discretionary). Economic performance of an organization is addressed by economic aspect of CSR and the other three were concerned about society. Structural point of view covered the following three dimensions of CSR: economic performance, social accountability and environmental management (Übius & Alas, 2010). According to normative point of view, different levels of social responsibility could be differentiated based on organization's CSR activities that meet the social expectations of the society (Übius & Alas, 2010).

Expectancy Theory of Motivation

“Expectancy theory is a cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance” (Lunenburg, 2011, p. 1). In other words, people will be motivated if they believe that a strong effort will lead to good performance and good performance will lead to desired rewards (Lunenburg, 2011).

Leader- Member Exchange Theory

The LMX theory's focus is on a dyad, which means, a leader's and employee's relationship is considered independently, not on the relationship between the leader and the team. Hence, each relationship has a different quality. Some relationships may be poor (out-group nature) and some may be very open and trusting (in-group nature). Employees who are considered in-group can participate in decision-making, have more responsibilities, have open communication with their leaders, and they are trusted. As a result, it is assumed that they are more committed to successes of their organizations. Member of out-groups are provided by very limited support mandated by a leader's duty and not beyond that. These employees only do what they are supposed to do and not beyond that (Lunenburg, 2010).

Purpose of the Study

The purpose of this study was to examine the relationship between the factors of employee-centered CSR and employee motivation to innovate including employee empowerment, training, availability of resources, job satisfaction, vertical communication, horizontal communication, recognition and rewards, and high-exchange dyadic relationships with supervisors. The researcher utilized a concurrent mixed method methodology for this study. This means that data from quantitative approach (broad numeric trends) and qualitative approach (detailed views) was gathered and brought together at the same time for data analysis in order to provide a better understanding of the research problem (Creswell, 2008). The independent variables were the employee-centered CSR (employee's empowerment, training, availability of resources, job satisfaction, vertical communication, horizontal communication, recognition and rewards,

and high-exchange dyadic relationships with supervisors) and the dependent variable was employee motivation toward innovation. In addition, this central phenomenon was explored in more depth by adding an open-ended question to the questionnaire (qualitative research). The strategy of inquiry was to utilize a survey questionnaire as an instrument for this investigation. The Unit of analysis (participants) was the employees with information technology and engineering job functions who work for telecommunication, electronics, manufacturing, Internet, and technology corporations located in United State of America.

Research Question

One research question provided a basis to examine the relationship between implementation of employee centered CSR practices and employee motivation toward innovation. The research question was “what relationship, if any, exists between employee-centered CSR factors of employee empowerment, involvement in decision-making, training, high-exchange dyadic relationships with supervisors, availability of resources, vertical and horizontal communication, job satisfaction, and rewards and employee motivation toward generating innovation?”

Hypothesis

The research question led to following hypothesis and null hypothesis:
The null hypothesis (H10) is: “none of employee-centered CSR factors has any significant relationship with employee motivation to innovate”. The directional hypothesis (H1) is: “at least one of the employee-centered CSR factors has significant relationship with employee motivation to innovate”.

Research Method

As indicated previously, the researcher utilized the concurrent mixed method of research for this study. The researcher used the quantitative method of research as main part of this study, because this method served to achieve the objective of this research, which was to examine the relationship between the independent variables (employee's empowerment, training, availability of resources, job satisfaction, horizontal communication, vertical communication, recognition and rewards, and high-exchange dyadic relationships with supervisors) and the dependent variable (employee motivation toward innovation).

The researcher measured the variables by utilizing the proper instrument by obtaining permission from the author for full use and modification for gathering the data. Analysis was done through the application of a statistical software program. The participants were chosen randomly from a sample that represents the population (Ledgerwood, White, 2006; Brand, 2003). The population for this study was organizations from diverse industries including telecommunication, technology, manufacturing, Internet, and electronics in United State of America. The subjects were employees who have information technology and engineering job functions.

Ultimately, the researcher gained a deep understanding of respondents' attitudes (Ledgerwood, White, 2006; Brand, 2003) from the organized data retrieved from respondents' answers to open ended questions (qualitative part of mixed method), which helped the researcher to develop a consistent and coherent picture of the issue at hand and to extract themes (thematic analysis) or generalization from data (Neuman, 2005), along with mathematical results retrieved from quantitative part of the research.

Hence, mixed method allowed the researcher to use the quantitative analysis on a survey result from large sample and to come up with a valid statistical result (reliability) along qualitative research that covers up for the disadvantage of quantitative research, which only provides “superficial understanding of participants’ thoughts and feelings” (VanderStroep & Johnson, 2010).

The researcher used survey questionnaire as instrument for this mixed method approach of study. In quantitative part, questions were structured (same questions, same order, and fixed response) in order to increase the reliability and validity. The majority of questions were according to Likert Scale, which attempt to measure on an interval level (1-to-5 rating). Survey had no restrictions or stratification and it was conducted electronically via Survey Monkey. Items in the survey were congregated by topic. Researcher used a simple vocabulary with a formal grammar and composition. Respondents answered with numbers for close-ended questions and they used their own words to answer the open-ended question. This questionnaire did not have any sensitive or threatening questions.

Assumptions

There were six assumptions for this study. The first assumption was that utilizing the mixed method was more advantageous than using only qualitative or quantitative approach, because it enabled the researcher to conduct a research that included both postpositivist and constructivist assumptions with both deductive and inductive testing. The second assumption was that utilizing the self-reporting questioner was the most appropriate way for collecting the data concerning respondents’ perception and attitude (Glick et al., 1986). The third assumption was that utilizing this self-reporting

questionnaire via internet enabled the researcher to study a large sample easily and quickly. The fourth assumption was that participants agreed to be honest in expressing their feelings and their responses. The fifth assumption was that the result of this research can be generalized to the population which was employees with engineering job functions who work for telecommunication, internet, technology, and electronics organizations of United State of America. The sixth assumption was that the instrument chosen was appropriate for the research study.

Limitations

The first limitation is that, PI administrated the self-reporting questionnaire, which was dependent on accuracy of respondents self-reporting. There is always a chance that respondents do not respond truthfully or respond in a way that portrays them in a good light. Second limitation is that there is chance that some respondents may not really understand the questions, which may result in lack of the validity for data. The third limitation is concerning the research method, which is mixed approach. This can create discrepancy due to having a combination of qualitative and quantitative approach (Ellis, 2008). The researcher acknowledges that the information gathered in this study cannot be generalized to other countries due to cultural differences. The fourth limitation was the cost associated with purchasing the targeted audience for this study.

Definition of Terms

In order to facilitate the readability, PI included the following definitions of key terms and phases.

Concurrent mixed method: This refers to collecting the data from quantitative approach (broad numeric trends) and qualitative approach (detailed views) at the same time for data analysis (Creswell, 2008).

Corporate social responsibility: “The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (Holme & Watts, 2000).”

Internal CSR practices: The activities related to organization’s internal operations (Brammer et al., 2007).

Innovation: "Something original, new, and important - in whatever field - that breaks in to (or obtains a foothold in) a market or society" (Frankelius, 2009, pp. 40–51).

The employee motivation toward innovation: This refers to employees taking the initiative to be more innovative (Martins, & Terblanche 2003; Mumford, & Gustafson 1988).

Significance of the Study

According to Übius and Alas (2009) who found a positive correlation between CSR practices and innovation climate in Estonian private and public organizations, such results cannot be generalized to other countries and cultures. Conducting this mixed method research was important, because it provided an opportunity to gain a broader perception on the effect of implementation of employee-centered CSR on employee motivation toward innovation for telecommunication, electronics, manufacturing, technology, and Internet in the United State of America. The result of this investigation filled in the gap in literature in this regard, because according to the researcher, the

relationship between employee-centered CSR and employee motivation toward innovation has still not been evidenced.

For example, many organizations have developed two types of perceptions concerning the relationship between CSR and innovation. For some organizations, implementation of CSR is directly oriented towards innovation and recognizing the leading opportunities toward a much better competitive advantage. On the other hand, some organizations may perceive the implementation of corporate social responsibility as engaging social activities that will facilitate learning and adaptation (Bocquet & Mothe, 2010).

According to Kim and Scullion (2013), even though organizations' involvement in CSR activities rarely are focused on employee motivation, by evaluating the results of this research, the concept of employee motivation toward innovation could be recognized as a very beneficial reason to be engaged in employee centered or internal CSR practices. In addition, the major audiences for this research will likely be interested in the outcome of this investigation. The results have significant leadership implications by illustrating to organizations that employee-centered CSR can influence employee motivation toward innovation. Hence, the research study provided information that can facilitate effective strategic planning to enhance the innovation climate in organizations. Finally, the information on gender, education, salary, size of the organization, and ethnicity and their association with this relationship provided additional insight for the development of employee-centered CSR strategies. The results of this study may serve as a beneficial source to increase the leadership skills. The findings contains information that enables the organizations to design proper training for future leaders concerning with employee-

centered CSR that could increase the employee's motivation be more innovative, which can lead to organization's competitive advantage.

CHAPTER TWO: LITERATURE REVIEW

Corporate Social Responsibility

The role of organizations and businesses in society has received increasing attention both in academia and in practice as the concept of Corporate Social Responsibility (CSR) (Benn & Bolton, 2011; Grayson & Hodges, 2004; Pearce & Manz 2011). Society has become more sensitive concerning the businesses' behavior due to many corporate scandals, threats to environment, and critical financial situation to see whether they are acting ethical and responsible or not (Buchholtz & Carroll, 2008).

“It is by now fairly widely accepted that businesses do indeed have responsibilities beyond simply making a profit” (Crane & Matten, 2010, p. 51). Social responsibility of organizations has been labeled as CSR, corporate sustainability, and corporate citizenship, but one may not find common and accepted definitions for these terms (Grafström & Windell, 2011). In 2008, Crane et al. stated, “field of scholarship that CSR represents is a broad and diverse one, encompassing debates from many perspectives, disciplines, and ideological positions” (p. 7).

According to Windsor (2001), organization leaders adhered to the idea of responsibility and responsiveness since 1920s. Others suggested that the concept of CSR emerged in the 1930s from Merric Dodd who emphasized the role of managers and their social responsibilities (Post 2003; Turner 2006). In 1953, Bowen defined CSR as social responsibility that obligates the organization, “the obligation to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives and values of our society” (p. 6). In 1999, Carroll stated that Bowen's work was the beginning of modern CSR and for that reason; he described Bowen as the

father of corporate social responsibility. According to Windsor (2001), Bowen's approach covered a broad area of organizational responsibilities such as "responsiveness, stewardship, social audits, corporate citizenship and rudimentary stakeholder theory" (p. 230). Drucker explicitly addressed CSR in his 1954 book as organization's social responsibility, which he introduced as one of the eight key areas for business objectives. Even though, Drucker stated that manager's first responsibility is to make profit, he also said that management must consider the impact that organizational policies and actions may have on society (Joyner & Payne 2002, p. 302). In 1984, Drucker asserted that businesses should tame the dragon by tuning a social problem into benefits such as economic benefits, human competency, and jobs with good salaries.

In the 1960s, Carroll (1999) asserted that CSR grew significantly and many writers such as Keith Davis, Joseph W McGuire, William C. Frederick, and Clarence C. Walton attempted to formulate the meaning of CSR more accurately. For example, Davis (1960) believed that "some socially responsible business decisions can be justified by... having a good chance of bringing long-run economic gain to the firm, thus paying it back for its socially responsible outlook" (p. 70). Later on Davis (1967) suggested, "the substance of social responsibility arises from concern for the ethical consequence of one's acts as they might affect the interests of others" (p. 46), which introduced the idea of business ethics to corporate social responsibility (Thomas, 2006).

In 1960, Frederick stated that social responsibility ultimately refers to a voluntarily public posture toward the economic situation of a society and its human resources in order to use these resources in a broader social end and not only for interests of private persons and organizations. Walton (1967) believed that "the essential

ingredient of the corporation's social responsibilities includes a degree of voluntarism, as opposed to coercion" (p. 18), which is the same argument that organizations continuously are putting forth today (Thomas, 2006). According to Lucas, Wollin, and Lafferty (2001), Friedman offered his 'minimalist' perception of corporate responsibility. This view was so business-centric that even today in terms of CSR, there are still debates about it (Thomas, 2006). According to Friedman (1962), the only social responsibility that businesses have is to utilize their resources and get involved in activities that increase the firm's profit, while complying with rules of the game, which refers to engaging in open and free competition, without involving in any fraud. "Today, many would not be comfortable with such a profit-oriented statement" (McAleer, 2003, p. 450; Oketch, 2004, p. 5).

In 1971, another model of CSR emerged from the US Committee for Economic Development (CED), which revealed perceptions of CSR. This view related CSR to products, jobs, and economic growth as well as to expectations from society and activities that aim to improve the social environment of the organization (US Committee for Economic Development [CED], 1971). Carroll (1999) described the CED model as a changed relationship between organization and society.

"In 1974, Eells and Walton's discussion of CSR could perhaps be seen as moving toward the issue of a social license that was to emerge more fully nearly thirty years later" (Thomas, 2006, p. 6). They argued that the concern of CSR is beyond only profit and it is about society's needs and goals. Business's survival is based upon functioning effectively in a free society with implementing CSR practices that supports and improves the society (Eells & Walton, 1974). In 1975, Sethi stated, "social responsibility implies

bringing corporate behavior up to a level, where it is congruent with the prevailing social norms, values, and expectations of performance” (p. 70). Carroll (1979) asserted that society’s expectations at a given point, concerning organization’s ethics, legality, discretionary actions, and profitability can be encompassed by their social responsibilities.

In the 1980s, organizations adapted a more responsible approach in their corporate strategies to meet shareholders’ needs as an important element for the value adding process (Freeman, 1984). “Freeman’s 1984 paper continues to be identified as a ‘seminal paper on stakeholder theory’, and stakeholder theory as the ‘dominant paradigm’ in CSR” (McWilliams & Siegel, 2001, p. 118). Carroll (1999) stated that in the 1980s, development of new definitions led to a variety of studies on CSR and other concepts such as “corporate social responsiveness, CSP, public policy, business ethics, and stakeholder theory/management” (p. 284). The World Commission on Environment and Development (WCED) published the Brundtland Report called ‘Our Common Future’ in 1987, which stated that “sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future” (World Commission on Environment and Development, [WCED], 1987).

The WCED (1987) reported that aside from the requirement for economic growth, problems such as poverty and underdevelopment need to be solved and this requires us to enter a new era, where developing countries can benefit by playing a greater role. This report linked economic growth and sustainable development by providing a direction for CSR debates in the future (Thomas, 2006). Carroll (1999) explained that in 1980s scholars became interested to find out whether implementing the CSR could also be

profitable for firms. If CSR activities demonstrated that they are profitable, then this would be additional support for CSR practices (Carroll, 1999). In 1985, Aupperle, Carroll, and Hatfield studied the relationship between CSR and profitability, which resulted in prioritizing CSR four components: “economic, legal, ethical, and discretionary” (Carroll 1999, p. 287).

According to Carroll (1999), in the 1990s there was not much of an expansion in CSR definitions, however, the CSR concept was used as a building block for other emerging and related themes such as corporate citizenship, business ethics, and stakeholder’s theory. In 1991, Wood made an important contribution to CSR literature. She put CSR into a wider context by developing a new framework based on emphasizing CSR outcomes and performance. Then, Carroll designed the pyramid of responsibilities by enhancing the Wood’s model. He put the economic responsibilities at the base of the pyramid and the philanthropic activities at the apex (Carroll, 1999; Windsor, 2001).

Wood (1991) introduced three types of motivation for CSR: “environmental management, issues management, and stakeholder management. Once implemented throughout the organization, these processes help the firm to keep abreast of, and to address successfully, stakeholder demands” (p. 498). However, this may be a somewhat of a simplistic view of CSR and its relationship with stakeholders. Swanson (1995) also described three motivational principals of CSR: (1) the utilitarian perspective; CSR practices are used as an instrument that help the organization to achieve their objectives, (2) the negative duty approach; businesses get involved in CSR activities in order to conform to stakeholders, (3) the positive duty view; organizations are self-motivated to be socially responsible despite social pressure and CSR as part of the corporate identity.

According to Thomas (2006), in the 1990s, the concept of stakeholder broadened to find out whether organizations should utilize “a flexible multi stakeholder approach to promoting CSR” (Aaronson 2003, p. 312). In 1997, Solomon asserted, “now that businesses are often the most powerful institutions in the world, the expanse of social responsibility have enlarged to include areas formerly considered the domain of governments. The more powerful business become in the world, the more responsibility for the well-being of the world it will be expected to bear” (p. 303). In 1999, as the new millennium was approaching, Carroll stated that CSR would stay as a crucial part of an organizations’ practice, because it is consistent with public expectations as well as an essential underpinning to a variety of other related theories.

In 2001, McWilliams and Siegel defined CSR as a situation, where organizations go beyond only complying with regulations and they engage in practices that result in a benefit to society. These activities are beyond an organization’s interest or law requirements (McWilliams & Siegel, 2001). In 2005, Kotler and Lee suggested that CSR is firm’s commitment for improvement of community well-being, which is done by contributing organization resources and discretionary actions. Hopkins (2007) asserted that CSR concern is to treat the stakeholders ethically with a responsible manner in a civilized society. He stated that stakeholders are both internal and external. As an example, he argued that the natural environment is considered as an external stakeholder. He suggested that social responsibility means creating better living standards, while ensuring the profitability of the organization and its internal and external stakeholders (Hopkins, 2007).

In 2010, Fauzi, Svensson, and Rahman stated that concept of CSR or Corporate Social Performance (CSP) is measured by financial, social and environmental aspects that are also known as a Triple Bottom Line (TBL). Since an organization's business has an impact on the population and earth, it should be well aware of its surroundings by considering the triple-bottom-line. Organizations have responsibility toward society. Society and the environment are linked together, because a society always has an obligation to protect the earth (Castka et al., 2004).

In 2007, Husted's and Allen's study shed light on ambiguous issue for many Spanish companies. Their study examined, whether the implementation of CSR could really be a good source of competitive advantage, value creation, and innovation. This study revealed that despite the fact that many CEOs and government leaders claim publicly that CSR activities lead to value creation for the firm, they have admitted in private that they are not sure whether these activities really pay off. Hence, Husted and Allen (2007) examined the impact of visibility, appropriability, and voluntarism as three CSR strategic variables on value creation such as developing new products and services (innovation) that lead to obtaining new customers, and opening new markets among large Spanish corporations. The results of this study suggested that it is crucial for managers and leaders to understand the proper conditions under which CSR strategies could lead to creating value and competitive advantage. An example of that is for managers to learn how the implementation of CSR could provide possibilities for innovation (Husted & Allen, 2007).

According to Crane et al. (2008), it seems unusual that CSR as a concept that has been evaluated for such a long time, still does not have a common definition and there is

a lack of paradigm to this field. However, Crane et al. (2008) stated that this is not considered as a weakness to the field. In a contrary, Marrewijk (2003) argued CSR with its many definitions is too ill defined to be useful for organizations implementation or academic debates. In addition, Crane et al. (2008) suggested that CSR is placed where many contributing disciplines intersect and it has to be viewed with many different ideological positions. Dahlsrud (2008) recommended that similarities and differences between these available definitions must be studied. According to his analysis of thirty seven CSR definitions, he found five different dimensions (stakeholder, social, economic, voluntariness, and the environmental dimensions), and that the lowest attention is in regard to environmental dimension (Kraus & Brtitzelmaier, 2012). Dahlsrud (2008) concluded, “it is not possible to separate the definitions into different schools of thought” (p. 5). In addition, he concluded, “the definitions do not provide any description of the optimal performance or how these impacts should be balanced against each other in decision-making” (p.6).

However, Hopkins (2007) stated that it is very important to define CSR. He believed that his definition is robust enough for framing the CSR meaning. He defined CSR as following:

CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. Ethically or responsible means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation. (Hopkins, 2007, p 15)

Another inclusive overview from CSR's different definitions is as following:

There is only consensus among scholars on the core of the CSR idea and further points out that social responsibility, according to these definitions, refers to idealistic views on organizations performing activities that protect and improve society's wellbeing beyond the extent required to serve the direct economic and technical interests of these organizations, thus the society at large. (Russell, 2010, p. 44-50)

Russell (2010) further discussed that all these practical and localized attempts for understanding CSR are mostly focused on sustainability. She stated that organizations understanding of CSR is incorporated in its manageability and examining its actual implementation. Marrewijk (2003) also believed that CSR and Corporate Sustainability (CS) are synonymous. In 2008, Montiel defined CSR and CS as “company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (p. 264).

Blowfield and Murray (2008) suggested that it is impossible to come up with a universal definition for CSR due to the variety of variables. Hence, organizations need to create their own strategies around their stakeholders' perspective (Blowfield & Murray, 2008). Since, Hopkins's (2007) and Marrewijk's (2003) attempts covered all five aspects of CSR, which was introduced by Dahlsrud (2008), “these definitions shall be adopted as basic understanding of CSR” (Kraus & Brtitzelmaier, 2012, p. 286). Werther and Chandler (2006, p 13) argued that since an organization's operation is within the expectations of society and different societies have different norms and expectations, therefore, organizations need to take this issue into account that, what is considered

acceptable within their society. However, according to Argandoña and Hoivik (2009), a CSR definition from a European perspective is still lacking from the literature.

According to Nord and Fuller (2009), CSR literature has been developed with a dominant paradigm both by scholars and by writers. This paradigm is about viewing CSR organizational change as a matter of top-level strategy (centralization). However, the authors suggested that this traditional view of organizational change creates a limitation for study of CSR. Nord and Fuller (2009) sought to increase awareness of an alternative model that can complement the traditional strategic view. The authors asserted that CSR organizational change could be accomplished at lower organizational levels as well as the top level. In order to understand and improve the organization with contemporary and dynamic environments, the employee-centered viewpoint has been receiving more attention in recent years (Nord & Fuller, 2009). Brown and Eisenhardt (1997) stated that these contemporary organizations are continuously changing. They need real time information to be able to respond effectively to these changes and their organization's decision-making process centralizes and decentralizes simultaneously. Decentralization in responsibilities, power, and decision-making enhances the organization effectiveness. Hence, the employee-centered view that focused on small accomplishments and wins was a valuable way to help an organization achieve the objective of enhanced CSR activities.

However, this action cannot be accomplished unless the traditional focus on CSR that considered the top level of the organization as only decision maker, changes (Nord & Fuller, 2009). "Increasing employee-centered CSR involves both viewing small steps (rather than organizational goals) as legitimate change and recognizing that the change

can come from lower-level employees” (Nord & Fuller, 2009, p. 288). This approach can be challenging for some organizations. “One potential problem is that although lower-level grassroots activities occur spontaneously in many organizations, the top-down view is engrained” (Nord & Fuller, 2009, p. 288). Some employees and managers in organizations with this type of system in place often prefer to have the traditional hierarchical structure, and they may even become disoriented by the absence of such structure. That is why sometimes even intentional actions to decentralize can cause stress for some employees. In that case, organizations need to consider a comprehensive diagnosis and need to come up with a meticulous prescription for decentralizing to introduce such a drastic social change to their employees (Nord & Fuller, 2009).

In 2008, Alas and Tafel stated that studies concerning CSR are divided into three categories. These three different categories are as follows: (1) developmental studies (Carroll, 1991, Hoffman, 1997, Schwartz & Carroll, 2003, Reidenbach & Robin, 1991), (2) structural study (Wilenius, 2005), and (3) normative study (Gatewood & Carroll, 1981).

The developmental point of view proposed by Carroll’s (1999) CSR model introduces the four following components: economic, ethical, legal, and voluntary (discretionary). Economic performance of an organization is addressed by economic aspects of CSR and the other three are concerned with society. The structural point of view covers the following three dimensions of CSR: economic performance, social accountability, and environmental management (Übius & Alas, 2010). According to the normative point of view, different levels of social responsibility can be deciphered based

on an organization's CSR activities that meet the social expectations of society (Übius & Alas, 2010).

Internal and External CSR

According to Skudiene and Auruskeviciene (2009), internal and external CSR are referred to differently in academic and non-academic literature: "internal and external dimensions (European Commission, 2001), internal and external social roles (Ligeti & Oravec, 2009), actions within and outside the firm (Aguilera et al., 2007)" (Skudiene & Auruskeviciene, 2009, p. 51). Longo et al. (2005) classified CSR activities in more detail. They stated that CSR activities are integrated practices in relation to all stakeholders.

External CSR. External CSR practice is about an organization's external operations involving external stakeholders such as customers, community and partners (Skudiene & Auruskeviciene, 2009).

Customer related CSR. According to the European Commission (2001), one of an organization's social responsibilities is to provide products and services efficiently, ethically, and environmentally friendly. Customers' preferences are to consume products that are provided in compliance with social criteria (Longo et al., 2005). Hence, CSR practices can significantly impact an organization and its relationship with customers (Skudiene & Auruskeviciene, 2009).

Business partners related CSR. Socially responsible organizations need to develop a good relationship with their business partners by being a good partner. Organizations should encourage partners to improve their products and services. They need to share a quality goal, adapt to standards, and have agreements on quality control

procedures with their partners (Longo et al., 2005). According to Graafland and van de Van (2006), CSR practices requires organizations to control the labor standards of their business partners and make sure that they are in compliance with the law, as well as having a complaints procedure for them in place.

Community related CSR. Socially responsible organizations normally are involved in philanthropic actions toward the community such as investments in making new roads or hospitals, supporting local sports, and sponsorships (Aguilera et al., 2007). Some other examples of philanthropic initiatives are concerned with encouraging employees to get involved in community projects (Papasolomou-Doukakis et al., 2005); “help children, diseased or the handicapped or the ethnic minorities, for example recruit socially excluded people (European Commission, 2001; Ligeti & Oravecz, 2009); provide financial support to social and other non-commercial community projects (Graafland & van de Van, 2006)” (Skudiene & Auruskeviciene, 2009, p. 52).

Internal CSR. Internal CSR practices are referred to as activities related to organization’s internal operations (Brammer et al., 2007). The European Commission (2001) has a more elaborate framework concerning internal CSR; recognizing the employees as one of the most important groups of internal stakeholders. The academic literature has provided a range of CSR activities concerning employees’ needs and expectations (Skudiene & Auruskeviciene, 2009). In 2005, Longo et al. (2005) asserted that CSR activities related to employees are categorized in four different groups, called value classes. These practices create value for organization’s stakeholders; hence, they result in stakeholder’s satisfaction concerning the variety of their expectations (Longo et al., 2005). “Employee ‘value classes’ relate to development of workers’ skills, social

equity, health and safety at work, well-being and satisfaction of the workers, and quality of work” (Skudiene & Auruskeviciene, 2009, p. 52).

According to Van Buren III (2005), employees are usually left out of Corporate Social Performance (CSP) in studies. An employee-centered CSR is concerned about justice in the employment relationship. Van Buren III (2005) emphasized that the negative duties where descriptive fairness is not assured and activities that may harm the employees must be avoided at the workplace. He indicated that employee-CSP has a positive association with Corporate Financial Performance (CFP), because employees are more efficient when they feel that they are being treated fairly. However, some employee-centered CSP such as paying employees above the minimum wages cannot be justified on CFP grounds. Hence, CSP and CFP are considered as two perspectives that are constantly in tension (Van Buren III, 2005). Theory of the stakeholder identifies the employees as important stakeholders and emphasizes that organizations should take into account the employees’ interests (Clarkson 1995; Freeman 1984; Mitchell, Agle, & Wood 1997), because employees are playing the major role in success or failure of any organization (Clarkson 1995). Hence, employees as critical source for any firm need to feel secure, and such practice influences the organizational performance as well as their ethical evaluation (Pfeffer & Salancik, 1978). According to Van Buren III (2005), if organizations cannot treat their own employee as close stakeholders fairly, they are not likely to treat their distant stakeholders fairly either.

According to Kim and Scullion (2013), many studies have been conducted on CSR and its relationship with issues such as advertising (Reich 2007, p. 170), external stakeholder values (Brammer & Millington 2004; Ohreen & Petry, 2011), and crisis/risk

management (Bauman 2011; Francis & Armstrong, 2003). However, there has been very little attention concerning employee-centered CSR activities and its influence on employee work motivation. It was clear that the notion of the importance of the employee was absent from theoretical and empirical debate until recently (Boddy et al. 2010; De Cieri et al. 2005, p. 99; Matten et al. 2003; Pinnington et al. 2007). Therefore, there was a need to place the employees in the same frame with CSR by evaluating how internal or employee-centered CSR can influence employee's motivation (Kim & Scullion, 2013), because employees are very important stakeholders (Redington, 2005). Hence, Kim and Scullion (2013) examined the relationship between employee-centered CSR and its impact on employee work motivation. This study was conducted in the UK and Korea to discover the differences of this phenomenon between different institutional settings. The results of this study revealed that even though organizations rarely get involved in CSR activities that mainly focused on employee motivation, by evaluating the results of this research, the concept of individual motivation would emerge as one of the main benefits of engaging in CSR. In addition, this empirical analysis concluded that the complexity of different cultures, and political factors influence the link between CSR and employee motivation across the nations (Kim & Scullion, 2013).

Extrinsic and intrinsic rewards. In 1991, Latham and Huber stated that rewarding is a main component of motivation theory. Rewarding is a more effective strategy to produce change in behavior than punishment (Sherman, 1990). According to Vroom (1964), an individual's level of effort depends on knowing what the outcome of that effort is and whether it leads to any rewards or values (expectancy theory). Even though, the relationship between rewarding and results has been identified, the

relationship between effectiveness of rewarding and motivating toward innovation and creativity is not as clear (Light, 1998). Pay, as an extrinsic reward can be considered as a motivating tool in the public sector. For example, public managers have less opportunity to use pay as a tool for rewarding employees for their good performance, lower-level employees seem to be attached to pay as reward as much as employees in private organizations (Rainey, 2009). On the other hand, when public sector employees have job security (an intrinsic reward), they achieve results, and they do meaningful works like serving the public's interest, they could get equally or more motivated compared to extrinsic rewards. These intrinsic rewards could possibly influence the employee's motivation toward innovations as well (Perry 1996; Perry, Mesch, & Paarlberg, 2006).

Employee empowerment. Organizations can empower their employees through variety of means. For example, decentralized organizations usually allow their employees to participate in the process of decision making, especially if it affects their work group. They consult with their employees and ask for their point of views and ideas. They even delegate authority to their employees for important decision-making (Thompson, 1965; Pierce & Delbecq, 1977; Damanpour, 1991). Implementing decentralization in organizations by relaxing the controls and authority empowers the employees and creates an environment for them to act creatively and in more innovative ways (Thompson, 1964, 1965; Bowen & Lawler, 1992; Scott & Bruce 1994; Pitts 2005; Matheson, 2007).

Such practice offers a safe environment for employees to deviate from routines, standard practices, and work processes if they want to. One of the inhibiting factors of innovative behavior is risk-taking. Hence, decentralization as a procedure that leads to

sharing authority among employees; decreases the fear concerning loss of power or status. Additionally, employees who are involved in the process of decision-making in their organization, feel more motivated toward innovation than others do. Many practitioners have offered that organizations should be ambidextrous in order to enhance the innovative climate. Ambidextrous organizations establish a structured department that is specifically responsible for innovation and this unit is insulated from the hierarchy in an organization (Tushman, Anderson & O'Reilly, 1997).

In these units, employees have the ability and power to decide freely and responsibly for developing new ideas without feeling fearful from failure. For example, the US office of personnel management has its own innovation lab in its basement in Washington, DC for experimenting new ideas such as new technology, new work procedures, and even a new office space configuration (Fernandez & Pitts, 2011). As a Government Executive (2010) stated, let us create a flexible situation for employees where they feel comfortable by creating their own work environment.

Job satisfaction. According to Hage's and Aiken's (1967) findings, job satisfaction has a positive relationship with the rate of program change. This means that the more employees are satisfied with their organizations, the more they are committed to them. Thus, these satisfied individuals are more likely to participate in innovative and search behavior that are beneficial to organizational process and structures. Additionally, in 1965, Thompson stated that employee commitment, which is also positively associated with job satisfaction, has a positive influence on innovative climate. Hence, Fernandez and Pitts (2011) believed that employees with higher level of job satisfaction are more likely to feel motivated toward innovation.

Horizontal and vertical communication. The solution for having a higher quality problem solving ability within organizations is the development of horizontal communication, which fosters a better information exchange across organization (Kanter, 1982, 1988; Tjosvold & McNeely, 1988; Monge, Cozzens, & Contractor, 1992). According to Kanter (1982), cross-functional communication between different departments has a positive effect on innovative behavior, because it allows the organization's members to have access to necessary information required to assess their innovative ideas. Hence, employees can be informed about the effect of their innovative ideas across their organization through horizontal and vertical communication (Van de Ven, 1986; Monge, Cozzens & Contractor, 1992).

Vertical communication is also very necessary in organizations, because it enables the management to direct the employees' attention and effort towards organization's objectives and priorities (Locke & Latham, 1990). Once employees achieve their goals, they feel more motivated toward innovation in order to create new plans and procedures that enable them to achieve their objectives easier (Fernandez & Pitts, 2011).

Providing training for employees. According to Senge (1990), the objective of providing training is to create mastery of knowledge for employees, which could potentially lead to employees' behavioral change in a way that make them more adaptive to their environment and more productive. Training based on practice or theory increases the employees' capabilities as well as enhancing the necessary and required skills that they need to perform well. In addition, training and development are linked to employees' responsiveness to new ideas that lead to innovation

(Thompson, 1965; Katz & Tushman, 1981; Damanpour, 1991; Hurley & Hult, 1998). Training and development can diffuse innovation, because they provide an environment where employees can learn, introduce their ideas, and be exposed to a broader pool of ideas that they can utilize to solve problems that require novel solutions. Hence, training and development can improve employees' abilities for diagnosing and solving technical problems, as well as increasing the odds that accepted innovative ideas will be executed successfully (Dewar & Dutton, 1986). "Highly trained and skilled employees are able to modify and fine-tune an idea to achieve a better fit between it and the unique organizational context in which it is being translated into action" (Fernandez & Pitts, 2011, p. 209).

Leadership relationships. According to recent leadership theory, the role of leadership is shared among the organization's members across different levels of the hierarchy (Fernandez, Cho, & Perry, 2010). Focus of the Leader Member Exchange Theory (LMX) is on a complementary and influencing process between a leader with direct authority and an employee, which creates a vertical dyad (Dansereau, Graen, & Haga, 1975; Graen & Cashman 1975; Graen & Scandura, 1987).

Leader-member exchange theory. According to Lunenburg (2010), some of leadership theories assume that leaders' behaviors are the same toward subordinates. However, the fact is that leaders usually act differently toward different employees that lead to contrasting types of relationships with them. This viewpoint of leadership process is developed by the LMX theory (Graen & Uhl-Bien, 1995). The LMX theory's focus is on a dyad, which means, the leader and employee's relationship is considered independently, not on the relationship between the leader and the team. Hence, each

relationship has a different quality. Some relationships may be poor (out-group nature) and some may be very open and trusting (in-group nature). Employees who are considered in-group can participate in decision-making, have more responsibilities, have open communication with their leaders, and they are trusted. As a result, it is assumed that they are more committed to the success of their organizations. Member of out-group are provided by very limited support mandated by leader's duty and nothing beyond that. These employees only do what they are supposed to do and nothing beyond that (Lunenburg, 2010).

Employees with high exchange relationship (in-group) with their leaders are expected to work harder, have more commitment, and loyalty. High exchange relationships develop less frequently overtime compare to low exchange relationship (out-group). Employees with high exchange relationships usually have higher job satisfaction, stronger commitment, and better performance (Bass, 1990). For example, public employees with higher level of trust in their managers have reported that they have been granted to “deviate from standard procedures in order to come up with creative and innovative solutions to problems affecting their work group. They may be more likely to feel that their supervisor will recognize and reward innovative behavior when it generates positive results and not punish them when new ideas fail to reap benefits for the work unit” (Fernandez & Pitts, 2011, p. 210).

Expectancy theory of motivation. According to Lunenburg (2011), the purpose of need theories of motivation (Alderfer, 1972; Herzberg, 1968; Maslow, 1970; McClelland, 1976) was to explain what could motivate employees in the workplace, while expectancy theory's concern was more about the cognitive antecedents that lead to

motivating individuals and how they are related with each other. Hence, “expectancy theory is a cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance” (Lunenburg, 2011, p. 1). This means that employee could be motivated, if they realize their hard work leads to good performance as well as a desired reward. In other words, people will be motivated, if they believe that strong effort will lead to good performance and good performance will lead to desired rewards (Lunenburg, 2011). This theory was first developed by Vroom (1964) and it was expanded by Porter and Lawler (1968) and Pinder (1987).

The resource-based view theory. The Resource-Based View (RBV) theory of strategic management (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984) evaluates the organization’s capabilities and resources that create competitive advantage and lead to an above average rates of return. According to this theory, companies can obtain a competitive advantage and superior financial performance, if they possess assets that are valuable or assets that are not replicable (Barney, 1991; Grant, 1991; Roberts & Dowling, 2002). The RBV theory emphasizes the importance of intangible resources such as CSR, reputation, human resources, culture, the training and expertise of employees, and their commitment and loyalty, making them ideal to study as variables since they are hard to imitate and they lead to competitive advantages (Branco & Rodrigues, 2006).

Stakeholder theory. According to stakeholder theory by Freeman (1984; 1994), an organization’s relationship with stakeholders and treatment of the natural environment are a central way of understanding the firm’s operations and how it adds value as a

business. According to Porter and Kramer (2006), the stakeholder theory is considered as the traditional theory for CSR. This theory stresses placing the financial goals in the front of the line and adapting an instrumental procedure when organizations incorporate stakeholder's objectives into their strategy. In 1995, Donaldson and Preston stated that the central part of these procedures is the stakeholders, which could be beneficial concerning the explanation and guidance for organization's operations. The ultimate result of this approach is the implementation of CSR. This approach must be considered, evaluated, and measured in all kinds of decision-making processes. Thus, the stakeholder theory emphasizes on the importance of developing CSR processes in organizations. "CSR formalization implies the availability of written documents describing CSR practices, especially in relation to the various stakeholders, codified processes, establishment of CSR targets and objectives, etc." (Bocquet & Mothe, 2010, p. 4).

According to Van Buren III (2005), there is no preferred way of evaluating CSR, however, by integrating the ethical practices concerning the stakeholders, organizations can enhance their CSR practices.

Stakeholders' roles concerning CSR are as following:

- stakeholders are the source of expectations about what constitutes desirable and undesirable firm performance;
 - stakeholders experience the effects of corporate behavior; that is, they are the recipients of corporate actions and output; and
 - stakeholders evaluate how well firms have met expectations and/or how firms' behaviors have affected the groups and organizations in their environment
- (Wood & Jones, 1995, p. 231).

Hence, any model of CSP related to employee relations and stakeholders must be taken into account by managers and organizations (Clarkson, 1995; Freeman, 1984; Mitchell, Agle, & Wood, 1997). According to Clarkson (1995), employees are very important for the success or failure of organizations and their perception of CSP must be of special concern to any company. Organizations need to secure the firms' important resources like employees (Pfeffer & Salancik, 1978), which is important and beneficial for the organization's performance and evaluation of the organization's ethical issues.

Employee Internal Motivation

In 2004, Meyer et al. noted that there are about 140 attempts in the literature for defining work motivation. According to Locke and Latham (2004), there is not a general acceptance of the definition of work motivation and this term sometimes is used incorrectly. Latham and Pinder (2005) suggested that "work motivation is a set of energetic forces that originate both within as well as beyond an individual's being, to initiate work-related behavior and to determine its form, direction, intensity, and duration" (p. 486). A review of literature concerning work motivation reveals that individuals are intrinsically motivated at their workplace when they enjoy their work, when they have interest in their work, when their curiosity is satisfied, and when they have opportunity for self-expression (Amabile, 1993). In 1973, Deci suggested that competency and self-determination are two feelings that people need to have in order to be intrinsically motivated.

There are two strands for defining internal motivation. The first strand is the one concerning the intrinsically motivated behaviors that are not dependent on reinforcements; like engagement in interesting activities that are rewarding by themselves

(Deci & Ryan, 2000). Hence, the satisfaction from doing an activity and the sense of accomplishment at work are derived from the doing what people like, find it interesting, and challenging (Deci, 1973; Deci & Ryan, 2008a; Gagne' & Deci, 2005; Ryan & Deci, 2000). Other influencing factors on motivated behaviors are as follows: (a) when individuals feel that they are doing something important, (b) when they feel empowered by having the freedom to act and having control over resources, (c) when they can utilize their skills, and (d) when they have the opportunity to achieve their objectives (Armstrong, 2006). Hence, individuals with such positive feelings are intrinsically motivated and they can become "ego-involved with their jobs, emotionally committed for doing well and take pride from evidence that they are effective in furthering the objectives of the company" (Minbaeva, 2008, p. 8).

The second strand of internal motivation is based on following individuals' psychological needs: competence, autonomy, and relatedness (Deci & Ryan, 2000). Motivated employees are not doing what they do only to receive extrinsic rewards; they do it because they feel a close and trusted relationship with their organization and they are more engaged with their organization (Skudiene & Auruskeviciene, 2009).

Cultivation the Culture of Motivation

According to Musselwhite (2011), one of the major challenges that managers are facing is to motivate their employees. Managers, especially the young ones need to receive special training to gain the necessary skills to be able to motivate employees effectively, so they can encourage a better performance. Therefore, one of the main jobs of human resources is to educate and inform the managers about the benefits of motivating individuals. Leaders who can effectively motivate their employees and reward them have

observed that those employees can handle a variety of assignments, while they have a high level of job satisfaction. They also have a greater contribution to the success of the organization, which leads to the success of their manager as well (Musselwhite, 2011).

According to Musselwhite (2011), key practices for successful managers who are seeking to motivate their employees are as follows: (a) getting reacquainted with employees, (b) encouraging them to ask questions, (c) establishing clear expectations, (d) setting measurable objectives, (e) being a role model for employees, (f) providing good feedbacks for them, (g) coaching not criticizing, (h) parsing the employees, (i) rewarding them openly and often, (j) taking time to listen to them, delegating more, and (k) celebrating team success. Hence, creating a culture of motivation where individuals feel valued and empowered will lead to having a capable group of workers that make the entire organization become more agile and ready to change (Musselwhite, 2011).

Corporate Social Responsibility and Employee Attitude and Behavior

According to Ellis, (2008), many previous studies have addressed the relationship between CSR and financial performance (e.g., Greenley & Foxall, 1997; Hillman & Keim, 2001; Marom, 2006; Orlitzky, Schmidt, & Rynes, 2003; Pava & Krausz, 1996; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Waddock & Graves, 1997), customer behavior (Drumwright, 1994, 1996; Ellen, Mohr, & Webb, 2000, 2006; Luo & Bhattacharya, 2006; Maignan & Ferrell, 2004; Simmons & Becker-Olsen, 2006; Webb & Mohr, 1998), but very few have investigated the contribution of CSR on the attitudes and behavior of employees. According to Skudiene and Auruskeviciene (2009), many factors implanted in an organization's CSR strategies can affect employees' responses.

It has been proven that an organization's CSR has a positive effect on the following factors:

“Employee commitment, satisfaction, trust, loyalty, company image and motivates people to choose that company as the employer, strengthens employees' self-image, helps to identify themselves with the certain group (organization), fulfills the need for belonging and membership, encourages employees to receive lower salaries, positively effects employee retention, impacts employees' willingness to initiate, participate and contribute social change initiatives, inspires the team work, and boosts employee morale (Aguilera et al., 2007)” (p.54).

An organization's particular corporate social responsibility practices are considered as motivational factors for individuals who are choosing those companies as their employers (Aguilera et al., 2007; Melynyte & Ruzevicius, 2008; Strautmanis, 2008; Turban & Greening, 1997). In addition, students also like to choose companies that are involved in CSR activities (Heslin & Ochoa, 2008). An empirical study in Latvia revealed that appealing to an organization as potential employer is affected by “the labor relations, relations with the society, environment protection and quality of the production” (Strautmanis, 2008, p. 348).

According to Aguilera et al. (2007), the reason that employees are concerned about CSR is that they feel; they have something in common with the employer. This feeling can strengthen the employees' self-image, and helps them to feel that they belong to a certain group (Turban & Greening, 1997). Employees may even pass over a good salary and accept a lower salary, just because they want to work for an organization that implements the CSR (Heslin & Ochoa, 2008).

Additionally, in 2003, Turban and Cable declared that organizations with good reputations are more likely to raise employees' morale, improve retention and recruitment, and increase productivity.

Corporate social responsibility and employee commitment. Many researchers have evaluated CSR's contribution to organizational commitment. Brammer et al. (2007) suggested, "the contribution of CSR to organizational commitment is at least as great as job satisfaction" (p. 1701). The result of this empirical study revealed that CSR is positively correlated with organizational commitment (Brammer et al., 2007). In 2007, Collier and Esteban (2007) stated that organizations are responsible for ethical conduct not only concerning their operations, but also for their stakeholders. The researchers argued that organizations must make sure that their employees as stakeholders are motivated and committed to effectively deliver on CSR activities, especially when organizations are operating globally in a multicultural environment. Organizations should manage and minimize risks by ethical decision making that leads to ethical objectives and outcomes. Employees who have aligned values and visions with their organizations can effectively handle these types of situations. Hence, having just a code of ethics in place is not sufficient. Ethical conducts should be embedded in organization's culture and its employees and managers' minds and hearts. Leaders are responsible for implementing the strategies and directions that enable and nurture employee commitment to ensure a sustainable future (Collier & Esteban, 2007).

In addition, according to other empirical studies, employees who work for organizations with CSR strategies in place are more satisfied with their jobs and they are more committed and loyal to their employers as well (Aguilera et al., 2007; Brammer et

al., 2007; Heslin & Ochoa, 2008; Viswesvaran et al., 2004). The result of a survey studied by Environs International in 25 countries showed that 80 percent of employees had more loyalty to their organizations and they had more motivation when their organizations were involved in CSR practices (Melynyte & Ruzevicius, 2008).

Corporate social responsibility and employee engagement. In 2012, Albdour' and Altarawneh conduct a research study in Jordan to evaluate the impact of internal CSR activities on employees' engagement. The independent variables for this study were the following five internal CSR practices: training and education, human rights, health and safety, work life balance and workplace diversity. The dependent variables were two dimensions of employees' engagement: job engagement and organizational engagement. The researchers found a significant relationship between these variables as well as finding that CSR activities are not highly practiced within banking sectors in Jordan. They found out that work life balance is adopted less compared to other dimensions of internal CSR and the impact of internal CSR was stronger on organizational engagement compared to job engagement. Hence, this study had significant contributions at academic and practical levels because it extended the knowledge concerning the impact of internal CSR on employees' attitudes and behaviors (Albdour & Altarawneh, 2012).

An opposite view. Ma (2011) explored the relationship between CSR and employee engagement. The ultimate goal for this study was to find out and inform the companies of how an effective design of CSR activates could improve employee engagement. This study was conducted by performing a series of qualitative and quantitative research method. Results revealed that most of respondents were willing to know more about their organization's CSR activities and they wanted to be more

involved. Those who participated in such activities were happier and more engaged at work. Despite of this fact, majority of employees disagreed that CSR is an important factor for employee engagement, and ultimately CSR was not recognized as a top driver for employee engagements in this study (Ma, 2011).

Innovation

There is a disagreement among experts on what innovation should be regarded as. Many authors have used the term innovation as inventing new products, services, or even processes within an organization (Becker & Stafford, 1967; March & Simon, 1993). Hence, it can be referred to as something that no other organization has generated before. The researchers who studied technological innovations mostly used this definition in their work (Pavitt, 2005). Another common name for innovation was coined as the ingested innovation (Simon, 1997). This type of innovation happens when adopted and implemented processes, services or products are used for the first time regardless of whether other organizations have already used them or not (Pierce & Delbecq, 1977:28; Mohr 1969; Lewis & Seibold, 1993).

“An innovation is something original, new, and important - in whatever field - that breaks into (or obtains a foothold in) a market or society” (Frankelius, 2009, p. 40–51). In order to satisfy the customers’ needs, entrepreneurs should constantly improve the quality and price of their products and services by catching up with technological advancements and adopting a strategy to achieve these goals (Heyne, Boettke, & Prychitko, 2010). “In the organizational context, innovation may be linked to positive changes in efficiency, productivity, quality, competitiveness, market share, and others” (Salge & Vera, 2012, pp. 550-560).

Revolutionizing the economic structure of an organization occurs from within. This objective can be accomplished by innovating an efficient business process and products (Schumpeter, 1943). Hence, innovation requires the creation or adoption of an idea or behavior new to the organization (Damanpour & Evan 1984; Damanpour 1996). In 1982, Engelberger asserted that the following three elements are needed for innovation: (1) need for innovation that is recognized, (2) knowledgeable and competent individuals with the relevant technology, and (3) financial resources.

Organizations cannot solely rely on reducing the cost or reengineering to grow. Therefore, the key success for an aggressive progress and growth, and achieving the bottom line objectives is innovation (Davila et al., 2006). The measure of innovation varies widely among different organizations and can be examined by conducting a survey, consulting and conducting workshops. Some of these measurements for different companies could be about cost of the innovation, efficiency of the innovation, contribution of employees and level of their enthusiasm and motivation toward innovation, and the profit associated with that innovation (Davila, Tony, Epstein, & Shelton, 2006).

In 2010, Ahlstrom suggested that even though according to Milton Friedman profits are the main goal of every organization, today we understand how business can contribute to society while making profit (corporate social responsibility). Cultivating innovation in firms will facilitate the economics; it can create more employment, and ultimately improve people's lives. Ahlstrom (2010) argued that the main goal of business should be about developing new and innovative products or services that not only generate economic growth, but also deliver important benefits to society, because even

small changes in economic growth can lead to a large difference in people's income over time. Additionally, he explained the different types of innovation such as sustainable innovation and disruptive innovation. Sustainable innovations are the ones concerning product advancements, which are done by established firms. These types of products are usually sophisticated, they may be hard to understand by customers, and they are rather expensive. However, disruptive innovations are cheaper, they require less skill to operate, and they are usually portable. These types of innovations create significant new growth in industries by enabling completely new users to enter the market. Therefore, disruptive innovation can serve the societal good by creating jobs, generating revenues for firms, while raising standards of living by making useful products available to increasingly large numbers of customers and organizations that were not able purchase the sustainable innovation, because they were expensive, big, or very complex (Ahlstrom, 2010).

The Architects of Innovation

For many public companies, the main concern is where in the company innovation emerges. Do employees or top management generate innovation in an organization? According to the literature, both parties play important roles in the process of innovation. Initial planning and designing for innovation includes developing a clear goal, having a detailed plan, while implementing it (Mazmanian & Sabatier 1983; Majone & Wildavsky, 1984).

For some public organizations, innovation generates from within the organization (employees) (Thompson, 2000). Some innovations in federal agencies are developed by

the expertise of practitioners (Kamensky, 1996). Many federal agencies have created a reinvention lab to encourage the employees to innovate (Fernandez & Pitts, 2011).

According to Altshuler and Zegans (1997), who reviewed the government's award winning innovations, most of these winning innovations were discoveries not inventions. Some of these ideas were adopted from other organizations and then evolved through the process of trial and error. Responsible organizations do not simply copy the innovation; they reinvent the innovation instead by modifying it to match special structures or conditions that their organization is facing (Fernandez & Pitts, 2011).

In 1990, Golden argued that "because we cannot know the results of our ideas, we need to try them out in action and learn from experience; based on that learning, we may need to modify not only our actions but also the policy idea and the original objectives" (p. 226). In 1997, Thompson and Sanders explained a process of innovation called the 'gardening model' of innovation. In this model, top managements creates a proper environment, where innovation can cultivate and flourish by encouraging and rewarding employees' innovative behaviors as well as facilitating the process of implementing the innovation (Light, 1998). In this model, front line employees are engaged in innovation process while selected top management creates an appropriate environment to promote innovative behavior. However, the predicting motivational factors for innovation must be measured. This means that there is a need to find out whether these employees feel encouraged and motivated toward innovation (Fernandez & Pitts, 2011).

Leonard and Straus (1997), attempted to promote the successful innovation in organizations. They indicated that innovation relies on people. When it comes to solving

problems, people have different approaches. Some may be more logical and analytical and others may be thinkers who rely on nonlinear and more intuitive approaches. Some people like to solve a problem individually and some may like to do it as a group and, because of these differences, many conflicts may arise in the work place. Leonard and Straus (1997) mentioned that managers should avoid surrounding themselves with people who think alike or have similar interest all the time, just because they dislike conflicts. Even though valuing the intellectual diversity is a very difficult task, it is the best way for achieving “creative abrasion” which means creating an environment that new ideas continuously are challenged in a productive way. In order to manage such an environment, managers need to make sure that everyone gets to talk and acknowledge their differences. Hence, managers should create a cognitively diverse environment by hiring individuals with diversity to avoid the clone syndrome in the work place, because conflict is essential to innovation (Leonard & Straus, 1997).

In 2012, Bell and Patterson (2012) provided some tips for leaders on how to cultivate innovation. They encouraged the leaders to be bold and transfer this boldness to employees, which is a key to an innovation’s growth. Innovation cannot grow in an organization that avoids transparent communication and does not offer more information to employees than it is necessary (culture of reticence). Bell and Patterson (2012) suggested that bold leaders should often talk about the mission and vision as well as informing the employees of what the organization should be and not just what to do, while communicating the whys instead of the whats and whens. Beside the suggestion about clear communication, Bell and Patterson (2012) advised leaders to encourage boldness among employees by fostering a healthy attitude toward mistakes. Fear of

failure or error is one of the major obstacles for employees resistance toward change or risk taking and without risk and change there will be no creativity or innovation. Instead, leaders should praise and recognize employees' excellent effort even if it failed to work. Hence, if employees gain trust and feel the optimism in their work environment, they would feel more freedom and empowerment, which will help them to step outside of themselves and serve a higher purpose (Bell & Patterson, 2011).

According to Übius and Alas (2009), "an organization's climate plays an important role for the innovation of an organization" (p. 71). In 1999, Ekvall and Ryhammar asserted that there is relationship between creative organizations and innovative climate. In addition, an innovative climate and its relationship with the support and encouragement that employees receive to take the initiative to generate innovation was examined by Martins and Terblanche (2003) and Mumford and Gustafson (1988). They also explored the innovative approaches that influence the intensity of innovation in organization (Martins & Terblanche, 2003; Mumford & Gustafson, 1988).

According to many researchers (Van de Ven, 1986; Amabile, 1988; Smith, 2002; Unsworth & Parker, 2003), the success of an organization can be attained by employee's innovation. Individual's interactions with others in an organization influence their innovative behavior (Anderson et al., 2004; Zhou & Shalley, 2003).

In 2006, Damanpour and Schneider claimed that innovative climate directly results from top management's attitude and characteristics. In order to survive the continuously changing environment, organizations must be adaptive and innovative; hence, they should stimulate employees' innovative behavior (Ekvall, 1999).

In an environment, that supports innovation, creative ideas can be generated and implemented more effectively (Nyström, 1990). According to Mumford and Gustavson (1988), innovation depends on an innovative climate in an organization. Buckler and Zien (1996) stated that innovation, as a broad activity is the purpose of organizations. Thinking outside of the box and generating new ideas happen in an enthusiastic and supportive atmosphere (culture), where individuals desire to contribute to them, even though, they may know that the majority of these innovations may not even make it to the market (Buckler & Zien, 1996).

Providing Resources for Innovation

In 1970, Blau insisted that even though innovation is mainly perceived as gaining greater efficiency and adaptability, in the short run, it could also be inefficient and detrimental to the organization's operations. According to Rosner (1968), "organizations must be willing and able to accept the costs and the temporary dislocations associated with change" (p. 615). Hence, slack resources must be made available by organizations if they want to implement and adapt innovations (Fernandez & Pitts, 2011). "The distribution of slack makes resources available for projects that would not be approved when resources are scarce and control over the budget is tight" (Cyert & March, 1963, p. 188-189). In addition, availability of slack resources relaxes the acceptability criteria for a course of action. However, in the absence of slack resources, it is much more difficult to overcome conservative rules and obtain approval for allocating budgets for spending on new projects (Fernandez & Pitts, 2011).

Connections between the Innovation Climate and CSR

Many socially responsible pioneer enterprises attempt to incorporate social entrepreneurship into their practices. They try to increase research and develop capabilities and they challenge them to develop innovative products and services that have social benefits (Schwab, 2008). In 2006, Borger and Kruglianskas (2006) considerable evidence was found that there is a strong association between an organization's innovative performance and its adaptive CSR. In 2007, Asongu stated in order to have advantageous innovations in an organization, from a CSR point of view, organizations must communicate with local authorities and the public who would ultimately benefit from them. According to Asongu (2007), organizations with sustainable policies in place have more tendencies to be technological leaders, as they look for innovative methods to reduce pollution, increase efficiency, and outpace most of their competitors. Many companies have pursued CSR initiatives and developed innovative products or services that are beneficial to the company's financial performance.

In 2008, Phills et al., asserted that to develop socially beneficial innovations, organizations should create a new business model that meets the underserved people's needs more efficiently and effectively. This business model should provide a plan that even if these innovations are not profitable, they could at least maintain the organization's sustainability.

“In 2009, Übius and Alas stated that many innovations tackle social problems or meet social needs, but the distribution of financial and social value is only tilted

toward society as a whole for social innovations. A social innovation can be a product, production process or technology, but it can also be a principle, an idea, a piece of legislation, a social movement, an intervention or some combination of them” (p. 73).

In 2007, Asongu stated that many organizations have been able to develop profitable innovative products or services in the implementation of CSR initiatives. Hence, it is not impossible for organizations to be more innovative while pursuing CSR initiative (Übius & Alas, 2009). “Innovation will also include the serendipitous identification of more efficient methods of doing business or new types of products or services that may not have occurred to a business if it has no CSR initiatives in the first place” (Übius & Alas, 2009, p. 73).

According to Manning (2004), innovation that satisfies the needs of the people would represent opportunities for implementing CSR to an organization’s advantage. Stigson (2002) stated that more and more organizations are adopting CSR strategies and approaches in order to ensure efficiency, encourage innovation and foster continuous organizational growth. Innovative organizations thoughts and actions are based on a triple bottom line ethic. This means that they incorporate social justice and environmental quality considerations into their strategies and decision making process (Larsen & Peck, 2001). Hence, leaders can take advantage of unpredicted opportunities to use the outcome of their CSR activities in an innovative way (Asongu, 2007). “Because innovations can span the entire range of a company’s operations, the manner in which CSR initiatives can be used to accomplish them are virtually limitless, and are

constrained only by the imaginations of the players involved” (Übius & Alas, 2009, p. 74).

According to Bhattacharya, Sen and Korschun (2008), one of the roles of CSR is revealing a firm’s values. Thus, CSR initiatives could be part of the "employee value proposition". Corporate social responsibility humanizes the organization that other strategies cannot and this is an indication that companies are not only an entity concerned about the profit but also they are contributors to society as well. Hence, “successful CSR strategies must be based on a clearly articulated and contingent input-output perspective” (Bhattacharya, Sen, & Korschun, 2008, p. 44). Satisfied employees whose needs have been met are more encouraged to be co-creators especially when they are involved in CSR activities. Therefore, employees could be the actual enactors and organizations should act as enablers. This means that leaders should be committed to produce tangible results by paying more attention to employees in order to improve their performance and involvement in CSR activities (Bhattacharya, Sen and Korschun, 2008).

Übius and Alas (2010) conducted an empirical study in order to find the relationship between CSR and the innovation climate for Estonian enterprises and compared the result to the same type of investigations conducted for other countries’ enterprises. There were six enterprises from Estonia, six from China, six from the Czech Republic, three from Slovakia, four from Finland, and six from Japan in the study (Übius & Alas, 2010). This comparison was made due to the social and cultural differences in these countries, as well as differences in their economy, and political and historical environment. These companies were not chosen randomly, but respondents from each enterprise were chosen randomly.

According to Übius and Alas (2010), the total number of respondents was 5,297, who were selected according to a stratified random sampling design from two subpopulations (employees and managers) among the chosen companies:

- 623 respondents in Estonian enterprises;
- 1150 respondents in Chinese enterprises;
- 1570 respondents in Japanese enterprises;
- 605 respondents in Slovakian enterprises;
- 684 respondents in Russian enterprises;
- 1110 respondents in Czech enterprises;
- 239 respondents in Finish enterprises; and
- 113 respondents in German enterprises (Übius & Alas, 2010, p. 74).

A standardized CSR questionnaire developed by the Denki Ringo research Group (Ishikawa et al, 2006) included 19 items was translated for each country. Another questionnaire concerning innovative climate developed by Ekvall et al. (1983), included the following thirteen scales: “commitment, freedom, idea-support, positive relationships, dynamism, playfulness, idea-proliferation, stress, risk-taking, idea-time, shared view, pay recognition and work recognition” (Übius & Alas, 2010, p. 75). Übius and Alas (2010) performed an ANOVA on the data for the comparison of different groups of participants from different countries as well as linear regression analyses for the measurement of the relationship between corporate social responsibility and the innovation climate (Übius & Alas, 2010).

The results from this study showed that CSR influences the innovation climate and there is a positive correlation between implementation of CSR in organizations and

their innovation climate (Übius & Alas, 2010). This relationship was influenced by the social, economic and political environment the organization operates in (Übius & Alas, 2009). As a result, according to Übius and Alas (2009), findings as such are not generalizable to other countries and cultures.

Engagement in societal programs provides valuable resources for organizations (Sharma & Vredenburg, 1998), and it fosters innovation (Husted & Allen, 2007b). Employees' involvement appears to have an important role in strategies concerning environment, since they enhance innovation (Sharma & Vredenburg, 1998). In 2009, Nidumolu et al. asserted that sustainability and CSR are the “key drivers for innovation” (p. 57). According to Porter and Kramer (2006), organizations can be involved in CSR activities in two ways; responsive CSR and strategic CSR. Responsive CSR identified as “0 level” of CSR is, “acting as a good corporate citizen, attuned to the evolving social concerns of stakeholders, and mitigating existing or anticipated adverse effects from business activities” (Porter & Kramer, 2006, p. 85). This type of CSR (good will) will improve the relationship between the organization and its stakeholders and has a limited and modest impact on innovation (incremental). However, strategic CSR goes beyond just implementing a good practice.

“In 2010, Bocquet and Mothe stated that it is based on the exploitation of complementarities between inside-out and outside-in linkages (when external social conditions affect the company) in order to achieve a unique and distinctive position as compared to competitors ('lower cost, better service'). From this point of view, the relationship between CSR and technological innovation is well established: strategic CSR based on a symbiotic relation between society and a companies' own competitiveness appears to be a main determinant for (radical) product and process innovations. This approach therefore explicitly allows space for the link between (the type of) CSR and (the type of) innovation: the more strategic the CSR, the more radical the technological innovation” (p. 6).

In 2010, Bocquet and Mothe conducted a research study to investigate the relationship between implementation of CSR and innovation climate for French Small and Medium Enterprises (SME). They found out that there was a clear relationship between CSR practices and innovation at different degrees. "Companies engaged in responsive CSR mainly developed incremental innovations, whereas those who have adopted strategic CSR were more inclined for more radical technological innovation" (Bocquet & Mothe, 2010, p. 15).

Summary

This chapter summarized the research literature on important areas of Corporate Social Responsibility (CSR) including the relationship between CSR and the influential success factors for organizations. The problem being addressed was that, while some of the potential benefits of CSR and its relationship with areas such as financial performance (e.g., Greenley & Foxall, 1997; Hillman & Keim, 2001; Marom, 2006; Orlitzky, Schmidt, & Rynes, 2003; Pava & Krausz, 1996; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Waddock & Graves, 1997), customer behavior (Drumwright, 1994, 1996; Ellen, Mohr, & Webb, 2000, 2006; Luo & Bhattacharya, 2006; Maignan & Ferrell, 2004; Simmons & Becker-Olsen, 2006; Webb & Mohr, 1998), organizational commitment (Maignan, Ferrell, & Hult, 1999; Peterson, 2004c), and social performance on organizational attractiveness (Luce, Barber, & Hillman, 2001; Turban & Greening, 1997) are known, very few studies have investigated the contribution of CSR on employees attitude and behavior.

Instead of analyzing the relationship between external CSR with respect to employee behavior and attitude, studies can be conducted to analyze the internal CSR

relationship with regard to employee motivation toward innovation and investigate whether or not such utilization from internal CSR contributes to the employee innovative behavior. To get a clear understanding about Internal CSR practices and its relationship with employee innovative behavior, the salient literature reviewed in this chapter fell under four sections: brief CSR history, employee internal motivation, innovation, and the relationship between CSR and innovative climate.

The review also included some of the recent studies on the benefits of applying CSR on innovative climate. A combination of books, online databases, web sites, and journal articles were utilized as the sources of data to extract the information used in this literature review. The keywords used to perform the search, included; innovation, corporate social responsibility, internal and external CSR, employee internal motivation, stakeholder theory, expectancy theory of motivation, and innovation climate.

CHAPTER THREE: METHODOLOGY

Appropriateness of the Research Method

According to Johnson et al. (2008) and Lichtman (2006), the purpose of a quantitative study is to examine hypothesis by looking at the relationship between the cause and effect, so that a prediction can be made about future outcomes based on past events. Qualitative researchers seek to identify a pattern, theme, or a feature, whereas quantitative researchers look for identifying statistical relationships (Johnson et al., 2008; Lichtman, 2006). Hence, in a qualitative study, a researcher cannot precisely determine the entire research plan. This means that unlike the quantitative research, this type of research has an emergent design that develops throughout the process as data are being collected (Creswell, 2008).

In a quantitative study, the researcher and participants do not know each other. Therefore, researcher bias is not known to the respondents and respondents' characteristics are not known to the researchers. That is why quantitative study is a double blind study (Johnson et al., 2008; Lichtman, 2006). The objective of a quantitative research design is to measure the degree of participants' attitude as well as measuring the extent of the attitude (Ledgerwood, White, 2006; Brand, 2003). A quantitative method of study as a postpositivist approach is advantageous, because it enables the researcher to deductively test the hypothesis, create protection concerning bias, have control for alternative explanations, and creates opportunity for replication and generalization of the findings (Creswell, 2008).

Some other advantages of this conclusive type of study (quantitative research) are as followings:

- it provides a specific level of certainty which supports the confidence level;
- it is done by utilizing a structured technique;
- researcher can project the results to the rest of population; and
- it enables the researcher to measure the frequency and degree of participants' behavior (Ledgerwood, White, 2006; Brand, 2003).

Additionally, the participant's identity remains anonymous throughout the survey, and data collection will generate a large amount of data (Denscombe, 2004).

However, quantitative methods of research have their own disadvantages; for example, the questions in the survey should not have a wording effect that may create bias in respondents' responses. If researcher neglects to pay attention to this issue, he/she can create bias and jeopardize the validity of the instrument and the gathered data (Molenaar, 1982). Other disadvantages of utilizing this methodology are that it could be expensive and time consuming (Ledgerwood, White, 2006; Brand, 2003).

Mixed Methods Design

Developing and utilizing a mixed design helps the researcher to overcome the disadvantages of using only a quantitative or a qualitative methodology by integrating both designs together. Each method brings its own advantages and strengths to the research study and that can help balance out each of their disadvantages.

A qualitative study provides an in-depth exploration of a problem, and it provides a better understanding of the study participants' behaviors (Ledgerwood & White, 2006; Brand, 2003). "Validity is one of the strengths of qualitative research, and it is based on

determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account” (Creswell & Miller, 2000, p. 191). Hence, qualitative research provides a framework that is authentic, credible, and trustworthy (Creswell & Miller, 2000).

According to Creswell and Clark (2007) a mixed methods study is a way of research that combines qualitative and quantitative approaches that “involves philosophical assumptions, the use of qualitative and quantitative approaches, and the mixing of both approaches in a study. Thus, it is more than simply collecting and analyzing both kinds of data; it also involves the use of both approaches in tandem so that the overall strength of a study is greater than either qualitative or quantitative research” (Creswell & Clark, 2007, p. 4). The purpose of qualitative research as an additional approach to quantitative research in mixed methods research is to understand and explore the meaning for different groups concerning a social issue or human behaviors (Creswell, 2008).

“A mixed methods design is useful when either the quantitative or qualitative approach by itself is inadequate to best understand a research problem or the strengths of both quantitative and qualitative research can provide the best understanding” (Creswell, 2008, p. 18). Quantitative research is only expressed in the form of variables, while mixed method includes both quantifiable measurements as well as the respondents’ motives by utilizing the qualitative approach alongside the quantitative approach. This combined approach will help the researcher to come up with better and stronger generalization (Robson, 2002).

Measurements for quantitative method are mostly universal among researchers. Some examples of these universal measurements are formulas to find means, medians or modes. However, one of the advantages of using the mixed is that in this method, in addition to these universal measurements, researchers will be able to develop individual measurements for the interpretation of the gathered data using open-ended questions or interviews. A quantitative method provides numeric and measurable data that can be depicted in tables, charts and graphs, while mixed method provides data in the form of words. A quantitative research includes questionnaires with close-ended questions that further require mathematical calculations to determine their results, while mixed method includes both close-ended questions and open-ended questions (Robson, 2002).

Utilizing the mixed methodology is more advantageous than using only qualitative or quantitative approach, because it will enable the Principal Investigator (PI) to conduct research that includes both postpositivist and constructivist assumptions with both deductive and inductive testing. Hence, the PI will not only benefit from postpositivist assumptions that will represent the assessment of causes (independent variable) that impact the outcomes (dependent variable) based on numeric measurements (quantitative study), but also she/he can back up the outcomes with constructivists assumptions (qualitative study). Thus, the PI will be seeking the subjective meanings of outcomes by utilizing open-ended questions that help the researcher to understand what respondents have to say (Creswell, 2008).

Research Design

In this study, the researcher utilized a mixed method approach research to benefit from the strengths of both quantitative and qualitative method of research. This methodology provided a better understanding of the research problem and it enabled the researcher to explore the meanings of respondent's comments and to find out about the way they are thinking. The researcher developed a theme for specific responses among participants, which further supported the interpretations of the statistical and mathematical analysis that was provided by statistical software. The quantitative part of research played the main role to achieve the objective of this study, which was examining the relationship between the independent variables and the dependent variable. Additionally, the researcher was able to compare and contrast the responses to the open-ended question by different age groups, gender, and ethnicity.

Research Variables

The researcher measured the variables by utilizing the proper instrument by obtaining permission from the author for full use and modification for gathering the data. Analysis was done through the application of a statistical software program. In the quantitative part of this research, the researcher examined the degree of employee motivation toward innovation as dependent variable. Dependent variable, employee motivation to innovate, was measured using the following five-point ordinal survey indicator: "I feel encouraged to come up with new and better ways of doing things". Responses to this survey item are coded one for 'strongly disagree' through five for 'strongly agree'. Employee's empowerments, involvement in decision-making, training and development, availability of resources, job satisfaction, recognition and rewards,

vertical communication, horizontal communication, and high-exchange dyadic relationships with supervisors were chosen among employee-centered CSR practices as independent variables in this study. Hence, the researcher was after testing the potential stimulus relationships of the above employee-centered CSR practices and employee motivation to innovate as well as finding, which one of these independent variables was the strongest statistically significant predictors of employee motivation to innovate.

Results of this part of mixed method of study was compiled as statistics and codified. The participants were chosen randomly from a sample that represented the population (Ledgerwood, White, 2006; Brand, 2003).

Ultimately, the researcher gained a deep understanding of respondents' attitudes (Ledgerwood, White, 2006; Brand, 2003) from the organized data retrieved from respondents' answers to open-ended questions, which helped the researcher to develop a consistent and coherent picture of the issue at hand and to extract themes (thematic analysis) or generalization from data (Neuman, 2005). This was combined with mathematical results retrieved from quantitative part of the research. Hence, a mixed methods allowed the researcher to use the quantitative analysis on the survey data collected from a large sample and to come up with a valid statistical results (reliability) along with qualitative analysis that mitigates the disadvantage of using a quantitative method, which only provides "superficial understanding of participants' thoughts and feelings" (VanderStroep & Johnson, 2010).

Figure-1 depicts the nine independent variables and one dependent variable for this study:

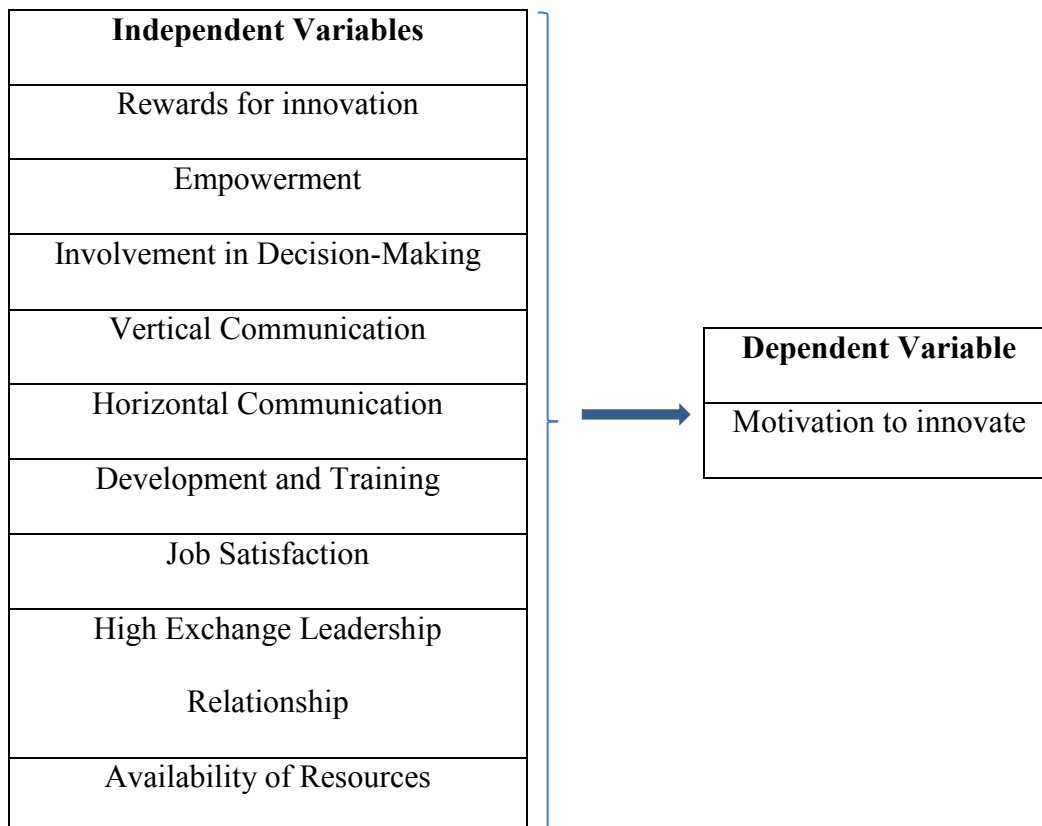


Figure 1. Independent variables and dependent variable

Research Question

One research question provided a basis to examine the relationship between selected employee-centered CSR practices and employee motivation toward innovation. The research question was “what relationship, if any, exist between employee-centered CSR factors; employee empowerment, involvement in decision-making, training, high-exchange dyadic relationships with supervisors, availability of resources, vertical and horizontal communication, job satisfaction, and rewards and employee motivation toward innovation?”

Hypothesis

The research question led to following hypothesis and null hypothesis:

The null hypothesis (H10) was: “none of employee-centered CSR factors has any significant impact on employee motivation to innovate”. The directional hypothesis (H1) was: “at least one of the employee-centered CSR factors has significant impact on employee motivation to innovate”.

Hence, the researcher used the following model for this study:

Dependent Variable= f (Independents Variables)

Population and Subjects

Population for this study was employees with information technology and engineering job functions who work for telecommunication, technology, manufacturing, Internet and electronics organizations in the United State of America. A total of 100 employees voluntary and anonymously completed the full instrument, and thus became the subjects for this study.

Instrumentation

The CSR and innovation climate survey was used for data collection as an instrument for this study by permission of the author Ülke Übüs PhD, who gave permission for full use, and full reproduction.

In quantitative part, questions were structured (same questions, same order, and fixed response) in order to increase the reliability and validity. Survey questionnaire was according to Likert Scale, which attempted to measure on an interval level (1-to-5 rating).

The survey had no restrictions or stratification, which increased the reproducibility and duplication (Creswell, 2008).

Among four ways of gathering data; personal interview, phone interview, mail, and internet, the researcher utilized the internet to conduct the survey. The reason for this choice is that it would take too long to secure information from a large number of companies via personal interview. This method of data gathering could very expensive as well. In addition, the geographical coverage would be very limited due to travel, time, and costs. A phone interview was a possibility, however, it also can be very time consuming and requires the contact information of the participants. A mail survey would have not proved unless the names of the specific individuals who are eligible for participation in the study were available. Hence, these obstacles led the researcher to use the internet in order to gather the needed information, which is a very common way of conducting surveys. Therefore, the survey for this study was conducted electronically via surveymonkey.com. Items in the survey were congregated by topic. In wording the survey, the researcher used simple vocabulary along with formal grammar and composition. Respondents answered with numbers for close-ended questions and they used their own words to answer the open-ended question. This questionnaire did not have any sensitive or threatening questions.

For qualitative part of this study, the researcher asked the respondents to answer to one open-ended question. Since, employee's attitude was the subject of this survey; this means that the researcher used the questionnaire to gather information concerning how employees would act toward innovation, if their organizations practiced some specific employee-centered CSR that were used as independent variables in this study.

The employee-centered CSR factors for this study were as followings: employee's empowerment, employee involvement in decision- making, training, availability of resources, job satisfaction, vertical and horizontal communication, recognition and rewards, and high-exchange dyadic relationships with supervisors.

The survey was electronically housed on SurveyMonkey. For this study, qualified members of Survey Monkey who met the criteria of the targeted audience chosen by the researcher, responded to an online survey, which was administrated via Survey Monkey. Survey Monkey has many members who have identified their demographics and other characteristics when applied for membership. One of the options for researchers is to choose their population from a customized targeted audience. This option provided many choices for researchers to choose from, such as audience's organization type, job function, gender, education, age, salary and so on. After indicating informed consent, the participant was provided with an online survey, which included five screening questions, four demographics questions, 16 Likert-like scaled questions and one open-ended question.

Survey was divided in to three sections. Section one of the survey asked employees to respond to screening questions. Section two started with an open-ended question followed by statements that respondents had to rate using 1-5 Likert scale. Section three of the survey asked employees to respond to demographic questions such as their age, gender, ethnicity, income, and level of education.

The open-ended question at the beginning of the survey provided the participants with the opportunity to explain their opinions about the best employee-centered CSR that their organization can practice in order to motivate them most toward innovation; “In your opinion, what are the most important factors or practices that your organization can implement to encourage you to innovate?” Upon completion of the survey, the participants were thanked for their time.

The survey was open for four days from April 21, 2014 to April 24, 2014. At the end of the time period, the survey was closed. The data were downloaded to Excel and ultimately transferred to SPSS software for analysis. A total of 128 participants responded to the survey. However, some subjects had incomplete responses were disqualified and removed from the data set. The final data set consisted of 108 respondents. The qualitative responses were coded based on themes to explore the factors that motivate employees toward innovation. The two data sets were compared to determine if the qualitative data supports the quantitative data in response to research question presented in this study.

To increase the validity and reliability, the purpose of this structured survey questionnaire as well as definitions for employee-centered CSR and innovation were included at the beginning of the survey. The purpose of the survey was explained as exploring the employee's perception about employee-centered CSR and innovation, and how they feel about the topic or how it is valued, and the likelihood that they will be more motivated toward innovation based on chosen employee-centered CSR practices in their organizations.

Corporate social responsibility was defined as “commitment demonstrated by a company to operate in an economically, socially and environmentally sustainable manner, upholding ethical business conduct” (Oxfam Hong Kong, 2008, p. 2). The employee’s motivation toward innovation was defined as employees taking the initiative to be more innovative (Martins, & Terblanche 2003; Mumford, & Gustafson 1988). Internal CSR practices were defined as activities related to organization’s internal operations (Brammer et al., 2007). Innovation was defined as "something original, new, and important - in whatever field - that breaks in to (or obtains a foothold in) a market or society" (Frankelius, 2009, pp. 40–51).

Übius (2009) Survey

In 2009, Übius conducted empirical research in Estonian, Chinese, Japanese, Czech Republic, Finnish, German, Russian, and Slovakian enterprises. Following procedures were used in the data gathering process:

- interview questions for evaluating the innovation and corporate social Responsibility;
- a scale for evaluating the innovation climate; and
- scales for evaluating 4 types of organizational culture – clan, market, hierarchy and adhocracy (p. 9).

Übius (2009) used the “CSR and innovation climate” questionnaires for this study to determine corporate social responsibility, job satisfaction, meaning of work, employee attitudes toward the firm, the powerfulness of the firm in competition with rivals, and the behavior of the management.

Procedure

The data collection for this study included obtaining permission through SurveyMonkey from employees with information technology and engineering job function of telecommunication, technology, manufacturing, Internet, and electronics organizations in the United State of America. A SurveyMonkey email database was provided to the researcher and a survey was distributed and retrieved through surveymonkey.com. Upon receiving IRB approval from Argosy University-Schaumburg, SurveyMonkey emailed; the survey questionnaire to employees with information technology and engineering job function of organizations mentioned at the above location.

Both the researcher and SurveyMonkey respected and maintained the privacy and anonymity of the survey participants. Respondents signed an informed consent form provided by the researcher. The intent of the questions was to gather information about employees' behavior, opinions and knowledge concerning employee-centered CSR, innovation, their opinions about the relationship between employee-centered CSR and innovation, and how implementing CSR will affect their motivation and enthusiasm toward innovation.

The survey items listed in the instrumentation section was imported into SPSS (Statistical Package for Social Sciences V. 22), a computer-based software program for analysis. Then, retrieved text data was converted to numeric codes and analyzed.

Data Analysis

The survey site was open for four days. Following closure of the site, the data

was downloaded and stored in a secure location. The respondents who did not substantially complete the survey were eliminated from the analysis. As indicated previously, the quantitative data was entered into the SPSS for analysis.

The following statistical analysis was performed on data from the close-ended questions: descriptive analysis to calculate the means, modes, ranges and standard deviations. The frequency and the percentage from each of the questions in the survey were calculated. Analysis of variance was used to identify whether the mean of one group (salary, size of the organization, and years of education) differed significantly from the mean of another, from the result of selected survey questions. Independent-samples *t* test analyses were conducted to determine, if any significant differences in responses existed based on employee's gender and ethnicity, in regard to employee's motivation to innovate. Multiple regression analysis was used to determine significant correlations and to identify whether two or more variables are significantly related to each other. All data was analyzed using an alpha set at .05, and a 95% confidence interval.

The qualitative information was coded and analyzed for themes and overall issues that emerged from the questions. In order to analyze the data from the open-ended questions (qualitative part of the study), the researcher employed the following steps:

- reading through all the data;
- using the coding process to generate categories or themes for analysis; and
- making an interpretation or meaning of the data (Creswell, 2008, pp. 185-189).

The results are presented in chapter four, and discussions of the results are

presented in Chapter Five.

Study Delimitations

Population for this study was telecommunication, Internet, manufacturing, electronics, and technology companies in the United State of America. The sample was the voluntary anonymous participants who completed the full instrument. The researcher utilized a mixed methodology for this investigation instead of a strictly qualitative or qualitative study, because employing a mixed methods approach to the research was more beneficial than using either a qualitative or a quantitative methodology. This combined method provided the authentic and in-depth interpretation of the phenomena that could be supported by the statistical analysis and vice versa. Respondents signed the informed consent form provided by the researcher. Use of structured questions increased the reliability and validity of the instrument. Additionally, survey had no restrictions or stratification, which increased the reproducibility and duplication.

Summary

The researcher concluded that utilization of mixed methodology for this investigation was more beneficial than using either a qualitative or a quantitative method of research by itself. This means that addition of qualitative factors to the investigation truly enhanced the findings from the quantitative part of this study. The researcher used the internet for data gathering instead of mail, phone interview, or personal interview, due to the limitations of other methods.

CHAPTER 4: RESULTS

Introduction

While the previous chapter discussed the methodology used in this study, this chapter will present the results of this concurrent mixed methods study. The results of the quantitative and qualitative analysis are presented and discussed in relation to the research question. For this study, qualified members of Survey Monkey who met the criteria of the targeted audience chosen by the researcher, responded to an online survey, which was administrated via Survey Monkey. Survey Monkey has many members who have identified their demographics and other characteristics when applied for membership. One of the options for researchers is to choose their population from a customized targeted audience. This option provides many choices for researchers to choose from, such as audience's organization type, job function, gender, education, age, salary and so on.

The survey was open for four days from April 21, 2014 to April 24, 2014. At the end of the time period, the survey was closed. The data were downloaded to Excel and ultimately transferred to SPSS software for analysis. A total of 128 participants responded to the survey. However, some subjects had incomplete responses were disqualified and removed from the data set. The final data set consisted of 108 respondents. The qualitative responses were coded based on themes to explore the factors that motivates employees toward innovation. The two data sets were compared to determine if the qualitative data supports the quantitative data in response to research question presented in this study.

The researcher ran descriptive frequencies on all of the obtained data. Analysis

of variance tests, multiple regression analysis, and the independent sample *t*-tests were conducted using two-tailed tests, with alpha set at .05, and a 95% confidence interval.

Restatement of Purpose

The purpose of the study was to explore the relationship between employees' motivation to innovate and the factors of employee-centered CSR. These factors were as following: employee empowerment, training, availability of resources, job satisfaction, vertical communication, horizontal communication, recognition and rewards, and high-exchange dyadic relationships with supervisors.

Research Question and Hypotheses

There was one research question used in this study. The research question was, “What relationship, if any, exists between employee-centered CSR factors; employee empowerment, involvement in decision-making, training, high-exchange dyadic relationships with supervisors, availability of resources, vertical and horizontal communication, job satisfaction, and rewards and employee motivation toward generating innovation?”

This question led to null hypothesis that was “none of employee-centered CSR factors has any significant relationship with employee motivation to innovate”. The alternative hypothesis was that: “at least one of the employee-centered CSR factors had significant relationship with employee motivation to innovate”.

Results of Quantitative Analysis

Participants' Demographics

Industry. Participants were asked to identify the principal industry of their organizations among the given options (technology, manufacturing, telecommunication,

Internet, and electronics). The highest reports were from participants with following industries; 37.0% from technology, about 27% from manufacturing, and about 21% from telecommunication. See Table 1.

Table 1
Participants' Principal Industry of Their Organization

Industry	Frequency	Percent
Technology	40	37.0
Manufacturing	29	26.9
Telecommunications	23	21.3
Internet	9	8.3
Electronics	7	6.5
Total	108	100

Organization size. Participants were asked to indicate the number of employees in their organizations in a provided text box. The researcher grouped those numbers into three different categories. The number of employees between 1 and 50 were labeled as small organizations. The number of employees between 51 and 250 were deemed to be medium size organizations and the number of employees from 251 and over were labeled to be large size organizations. According to this categorization about 28% of the participants reported that they work for small organizations, about 29% of the participants were working for medium size organizations, and 43% of the participants were employed at large organizations. See Table 2.

Table 2
Participants' Organization Size

Organization Size	Frequency	Percent
Small Size	29	28.2
Medium Size	30	29.1
Large Size	44	42.7
Total	108	100

Job level. When participants were asked to identify their job level given some categories (intermediate, middle management, senior management, entry level, and other). About 44% of the participants reported that they have intermediate job level. About 27% of the participants had positions as middle management, and 12.0% were senior managers. See Table 3 for a summary of the results.

Table 3

Employees' Job Level

Job Level	Frequency	Percent
Intermediate	48	44.4
Middle Management	29	26.9
Senior Management	13	12.0
Entry Level	9	8.3
Other	9	8.3
Total	108	100

Region. According to Fact Monster website (2007), about 38% of U. S population lives in South region, about 23% live in Midwest region, about 22% live in west region, and about 19% live in Northeast region. When participants were asked to identify the region of the Unites States of America, where they are currently employed, about 34% of the participants reported West region, about 29% of the participants stated South region, about 22% of the participants were employed in Northeast region, and about 15% of the participants reported Midwest region. See Table 4 below.

Table 4
Region of the United States of America Where Employees Currently Work and U.S Population by Region

Region	U.S. Population by Region	Descriptive Analysis	
	Percent	Frequency	Percent
West Region	21.5	37	34.3
South Region	37.5	31	28.7
Northeast Region	18.5	24	22.2
Midwest Region	22.5	16	14.8
Total	100	108	100

Age. Participants were asked to identify their age group from the following categories: 18-24 years old, 25-34 years old, 35-44 years old, 45-54 years old, 55-64 years old, and 65 years old and over. None of the participants were between the ages of 18 to 24 years old. About 26% of the participants reported that they belonged to the age group of 25-34 years old, and about 32% of the participants were between 35 to 44 years old. The average age for respondents was 44 years old, which was calculated in SPSS by using the midpoint for each category. See Table 5.

Table 5
Employees' Age Group and Average Age

Age Group	Frequency	Percent
18-24 years Old	0	0.0
25-34 years Old	28	25.9
35-44 years Old	35	32.4
45-54 years Old	21	19.4
55-64 years Old	21	19.4
65 years old and over	3	2.8
Total	108	100

Gender. There were 85 (78.7%) male and 23 (21.3%) female participants. See

Table 6.

Table 6
Employees' Gender

Gender	Frequency	Percent
Male	85	78.7
Female	23	21.3

Education. Participant had the following options to choose from for their level of education: High School, Associate degree, Bachelor's degree, Master's degree, Professional degree, Doctorate degree, and other. The participants' education status had 53.7% (n=58) who reported to have Bachelor's degree, 23.1% (n=25) who reported to have Master's degree, and only 0.9% (n=1) who had Professional degree.

See Table 7 for a summary of the results.

Table 7
Employees' Education

Education	Frequency	Percent
High School	6	5.6
Associate degree	13	12.0
Bachelor's degree	58	53.7
Master's degree	25	23.1
Professional degree	1	0.9
Doctorate degree	2	1.9
Other	3	2.8

Job function. When respondents were asked to identify their job function among given options (engineering and information technology), about 52% of the participants reported that they were engaged in engineering activities, while about 48% of the participants had the information technology job function. See Table 8.

Table 8
Employees' Job Functions

Job Function	Frequency	Percent
Engineering	56	51.9
Information Technology	52	48.1
Total	108	100

Salary. Participants were asked to identify their salary. They had the option to choose from nine categories listed in Table 8. About 20% of the participants reported salaries between \$50,000 and \$74,999, about 23% of the participants had salaries between \$75,000 and \$99,999, and about 17% of the participants' salaries were between \$100,000 and \$124,999. Six percent of the participants did not prefer to answer this question. The average salary for respondents was about \$97,000, which was calculated in SPSS by using the midpoint for each category. See Table 9.

Table 9
Employees' Salary

Salary	Frequency	Percent
\$0-\$24,999	4	3.7
\$25,000-&49,999	11	10.2
\$50,000-\$74,999	22	20.4
\$75,000-\$99,999	25	23.1
\$100,000-\$124,999	18	16.7
\$125,000-\$149,999	8	7.4
\$150,000-\$174,999	7	6.5
\$175,000-\$199,999	3	2.8
\$200,000 and over	4	3.7
Prefer not to answer	6	5.6
Total	108	100

Ethnicity. The demographics of the sample population consisted of 97

White/Caucasian employees (89.9% of the participants); five Asian / Pacific Islander employees (4.6% of the participants); four employees (3.7% of participants) who chose other; one Hispanic employee (0.9% of the participants); and one African-American employees (0.9% of the participants). None of the participants was Native American or American Indian. See Table 10.

Table 10
Employees' Ethnicity

Ethnicity	Frequency	Percent
White/Caucasian	97	89.9
Asian / Pacific Islander	5	4.6
Black or African American	1	0.9
Hispanic or Latino	1	0.9
Native American or American Indian	0	0
Other	4	3.7
Total	108	100

Employee Encouragement to be Innovative

The dependent variable for the study was employees' motivation to innovate. In response to the item "At my company, I feel encouraged to come up with new and better ways of doing things" about five percent of the respondents reported that they strongly agree, about eight percent of respondents reported they disagreed, about fifty nine percent of respondents reported neither agree nor disagree, and about twenty eight percent of respondents reported agree. The responses were based on Likert scale where 1=Strongly disagree, 2=Disagree, 3= Neither agree nor disagree, 4= Agree, and 5= Strongly agree. The participants' mean score for this item was 3.10. See Table 11.

Table 11
Percentages of Responses on How Encouraged Employees are to Come Up with...

Item	Percent Responses					
	Mean Score	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
At my company, I feel encouraged to come up with new and better ways of doing things	3.10	4.6	8.3	59.3	27.8	0.0

Relationship between Organization size and Innovativeness

For the item, “at my company, I feel encouraged to come up with new and better ways of doing things,” the analysis of variance yielded marginally significant results by organization size ($F=2.28, p=.10$). This finding suggests that the organization size may have a trend toward a significant influence on the employee’s encouragement to come up with new and better ways of doing things. Employees at small size organization ($n=29$), had a mean score of 3.31. Employees at medium size organization ($n=30$), with a mean score of 2.90 and large size organization ($n=44$) with a mean score of 3.09. Employees in small size organization had more agreement with the item. See Table 12 for a summary of the results.

Table 12
Analysis of Variance Significant Differences in Responses based on Employee Organization Size

Item	ANOVA result		Organization Size		
	p	F	Mean Small (n=29)	Mean Medium (n=30)	Mean Large(n=44)
At my company, I feel encouraged to come up with new and better ways of doing things	.10	2.28	3.31	2.90	3.09

In addition, Post Hoc Tests (multiple comparisons) was also conducted to test for significant differences between groups. See Table 13 for a summary of the results.

Table 13

Post Hoc Tests: Multiple Comparison, Dependent Variable =Motivation to Innovate

Organization size	Organization size	Mean difference	<i>p</i>
Small	Medium	.410	.088*
	Large	.219	.431
Medium	Small	-.410	.088*
	Large	-.191	.521
Large	Small	-.219	.431
	Medium	.191	.521

Note. The mean difference is marginally significant at 95% level.

Relationship between Gender and Innovativeness

An independent-samples *t* test analysis indicated that the 23 females had a mean of 3.0 with respect to the issue of innovativeness whereas 85 males had a mean of 3.1, when answering the question whether they felt encouraged to come up with new and better ways of doing things in their organizations. This analysis did not yield significant results by gender ($t=.74, p = .46$). Therefore, there were no real differences on this issue. See Table 14 for a summary of the results.

Table 14

Significant Differences in Independent Samples t-tests based on Employee Gender

Item	<i>p</i>	<i>t</i>	Gender	
			Mean Males (n = 85)	Mean Females (n = 23)
At my company, I feel encouraged to come up with new and better ways of doing things	.46	.75	3.13	3.00

Relationship between Education and Innovativeness

In answering to the question whether employees felt encouraged to come up with new and better ways of doing things in their organizations; a One Way Between Groups ANOVA was conducted with education level as the independent variable and motivation to innovate as the dependent variable. Level of agreement ranged from (m=3.11) for professional, Doctorate, and Master's degree to those with high school degree (m=3.33). No significant difference was found between different educations. See Table 15 for a summary of the results.

Table 15
Analysis of Variance Significant Differences in Responses based on Employee Education

Item	ANOVA results		Education		
	p	F	Mean High School (n= 6)	Mean Associate/ Bachelor's Degree (n = 71)	Mean Master's/Doctorate/ Professional Degree (n = 28)
At my company, I feel encouraged to come up with new and better ways of doing things	.70	.35	3.33	3.07	3.11

Relationship between Salary and Innovativeness

The salary ranges listed in Table 8 were regrouped to three groups for analysis of variance. Salaries between \$0 to \$24,999, \$25,000 to \$49,000, and \$50,000 to \$74,999 were regrouped to less than \$75,000. Salaries between \$75,000 to \$99,999 and \$100,000 to \$124,999 were regrouped to \$75,000 to \$124,999. Salaries between

\$125,000 to \$149,999, \$150,000 to \$174,999, \$175,000 to \$199,999, and over \$200,000 were regrouped to over \$125,000.

A One Way Between Groups ANOVA was conducted to determine if salary level impacted motivation to innovate. Marginal significant difference was found between these salary groups mentioned previously. Therefore, employees with salaries between \$75,000 and \$124,999 had more agreement in answering the item “At my company, I feel encouraged to come up with new and better ways of doing things” compare to other employees. See Table 16 for a summary of the results.

Table 16

Analysis of Variance Significant Differences in Responses based on Employee Salary

Item	ANOVA result	Employee salary		
	<i>p</i>	Mean (n=37) \$0-\$74,999	Mean (n=43) \$75,000-\$124,999	Mean (n=22) \$125,000-\$200,000 and over
At my company, I feel encouraged to come up with new and better ways of doing things	.06	2.86	3.26	3.14

In addition, Post Hoc Tests (multiple comparisons) was also conducted to test for significant differences between groups. See Table 17 for a summary of the results.

Table 17

Post Hoc Tests: Multiple Comparison, Dependent Variable =Motivation to Innovate

<i>Employee salary</i>	<i>Employee salary</i>	<i>Mean difference</i>	<i>p</i>
<i>\$0-\$74,999</i>	<i>\$75,000-\$124,999</i>	<i>-.391*</i>	<i>.050</i>
	<i>\$125,000 and over</i>	<i>-.271</i>	<i>.357</i>
<i>\$75,000-\$124,999</i>	<i>\$0-\$74,999</i>	<i>.391*</i>	<i>.050</i>
	<i>\$125,000 and over</i>	<i>.119</i>	<i>.808</i>
<i>\$125,000 and over</i>	<i>\$0-\$74,999</i>	<i>.271</i>	<i>.357</i>
	<i>\$75,000-\$124,999</i>	<i>-.119</i>	<i>.808</i>

Note. *The mean difference is significant at 95% level.

Relationship between Ethnicity and Innovativeness

An independent-samples *t* test analysis indicated that the 97 White/Caucasian had a mean of 3.10 with respect to the issue of innovativeness whereas 11 None White had a mean of 3.09, when answering the question whether they felt encouraged to come up with new and better ways of doing things in their organizations. This analysis did not yield significant results by ethnicity ($t=.05, p = .96$). See Table 18.

Table 18

Significant Differences in Independent Samples t-tests based on Employee Ethnicity

<i>Item</i>	<i>p</i>	<i>t</i>	<i>Ethnicity</i>	
			<i>Mean White/Caucasian (n = 97)</i>	<i>Mean None White (n=11)</i>
<i>At my company, I feel encouraged to come up with new and better ways of doing things</i>	<i>.96</i>	<i>.05</i>	<i>3.10</i>	<i>3.09</i>

Relationship between Factors of CSR and Innovativeness

A linear multiple regression analysis was conducted to find the relationship between the dependent variable and independent variables. The dependent variable in

this study was motivation toward innovation. The independent variables were the following employee-centered CSR factors; employee empowerment, involvement in decision-making, training, high-exchange dyadic relationships with supervisors, availability of resources, vertical and horizontal communication, job satisfaction, and rewards. The item for measuring the dependent variable was “At my company, I feel encouraged to come up with new and better ways of doing things”. The following item and stem questions were to measure the independent variables:

“I am more likely to innovate on my job if I...”

- Am satisfied with the training I receive for my present job.
- Have managers who communicate the goals and priorities of the organization.
- Am rewarded for being creative and innovative.
- Have the tools and resources to be innovative.
- Am satisfied with my involvement in decisions that affect my work.
- Have managers who promote communication among different work units (for example, about projects, goals, needed resources).
- Have personal empowerment with respect to work processes.
- Am satisfied with my job.
- Have trust and confidence in my supervisor.

The multiple R showed a strong correlation between the predictor variables and the dependent variable, motivation toward innovation ($R = .47, p = .05$). The R -square value indicated that about 22% of the variance in motivation toward innovation was explained by the predictor variables. The β values indicated the relative influence of the entered variables, that was, involvement in decision-making had the greatest influence

on motivation toward innovation ($\beta = .23$), followed by vertical communication ($\beta = .15$), empowerment ($\beta = .14$), and resources ($\beta = .12$). See Table 19 for a summary of the results.

Table 19

Regression Results, Dependent Variable = Motivation to Innovate

Predictor	Standardized Coefficient	Sig.
	β	
Involvement in decision-making	.23	.05
Vertical communication	.15	.22
Empowerment	.14	.27
Availability of resources	.12	.41
Training	.09	.44
Rewards for innovation	-.06	.69
Horizontal communication	-.05	.70
High-exchange relationships with supervisors	-.02	.89
Job satisfaction	.010	.94
R^2	.22	
R	.47	
Observation	108	

Percentage Responses for Effect of CSR Factors on Innovativeness

The descriptive analysis was conducted for employees' percent responses and the means for item "I am more likely to innovate on my job if I...." and the correspondent

stem questions. The responses were based on Likert scale where 1=Strongly disagree, 2=Disagree, 3= Neither agree nor disagree, 4= Agree, and 5= Strongly agree. See Table 20 for summary of the results.

Table 20
Percentages of Responses on How Likely it is that Employees be more Innovative if...

Factors	Stem Questions	Percent Responses for "I am more likely to innovate on my job if I..."					
		Mean	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
Training	Am satisfied with the training I receive for my present job	2.87	8.3	11.1	65.7	14.8	0.0
Vertical Communication	Have managers who communicate the goals and priorities of the organization	3.10	0.9	9.3	63.9	25.9	0.0
Rewards	Am rewarded for being creative and innovative	3.14	6.5	8.3	50.0	35.2	0.0
Availability of Resources	Have the tools and resources to be innovative	3.15	6.5	5.6	54.6	33.3	0.0
Involvement in Decision Making	Am Satisfied with my involvement in decisions that affect my work	3.17	2.8	7.4	60.2	29.6	0.0
Horizontal Communication	Have managers who promote communication among different work units (for example, about projects, goals, needed resources)	3.24	0.9	5.6	62.0	31.5	0.0
Empowerment	Have personal empowerment with respect to work processes	3.31	2.8	2.8	52.8	41.7	0.0
Job Satisfaction	Am satisfied with my job	3.32	0.9	3.7	57.4	38.0	0.0
High-Exchange Relationships with Supervisors	Have trust and confidence in my supervisor	3.33	2.8	2.8	52.8	41.7	0.0

Results of Qualitative Analysis

The research survey contained one open-ended qualitative question. This portion of the survey was designed to allow participants to add information to the study that could not be captured in the quantitative portion of the survey. The question was that: “In your opinion, what are the most important factors or practices that your organization can implement to encourage you to innovate? Please try to list at least three.” The open-ended question was asked before the questions that they were measuring the independent and dependent variables in order to capture the participants’ ideas without influencing them by those questions. The 108 responses to the question were read and coded into seventeen themes. Descriptive analyses were performed for qualitative data.

In response to the open-ended question, the major themes that emerged were that reward for innovation, availability of resources, and high exchange relationship with supervisors will motivate employees the most to be innovative. Sample responses included:

“Bonus pay for producing something that increases productivity and/or reduce costs. Dedicate time to review proposals without prejudice. Encourage and pay for education within the field.”

“Deadlines that aren't too strict and management that appreciates rather than suppresses new ideas.”

“Provide and consistently encourage using at least 1 hour of each work day as innovation time. Support, sponsor or provide "TED talk" type conferences or seminars (live or virtual) on a regular basis. Organizationally, structure and fund distinct R&D teams or creates volunteer R&D "clubs" with the goal of fostering

innovation for tangible business-driven concepts. Provide incentive, monetary or otherwise for the volunteers, as well as create a process/infrastructure in which, the results of R&D work are non-production.”

“1) Give employees time to work on things that interest them 2) Appreciation for results outside the employees core responsibilities 3) Communication that it's okay to take risks.”

“Continued education, daily unstructured time, manager support, good benefits and pay, let employees know of problems (so various employees can think of solutions).”

“Program to identify and recognize good ideas; develop a culture that stresses innovation; commit resources (\$\$\$) to R&D; encourage creative failure (learnong from mistakes).”

“Focus on customer satisfaction or other subjective criteria over statistical / objective criteria such as tickets or bugs; Allowing time for the creative process; fostering teamwork; rewarding success rather than punishing failure.”

“Bonus for great ideas. Manager that assigns and watches, but does not try to control / micromanage”.

“Weekly feedback sessions - our entire team comes together to face/resolve an issue. This sparks creativity and innovation. Recognition - employees receive verbal recognition and tangible rewards, such as a lunch or paid time off.

Encourage failure - Scott Berkun said “Experiment is the expected failure to deliberately learn something”. Fear of penalization for a failure tends to limit creativity.”

Some type of reward was mentioned by 49% of respondents (n= 53). Thus, reward was recognized as the most important employee's motivational factor to innovate, among the seventeen themes listed in Table 17; which was one of the aforementioned factors of employee-centered corporate social responsibility in this study. See Table 21 for a summary of the results.

Table 21

Coded Responses for the Open-Ended Question

Code		Positive Comments	
		Percentage	Frequency
1	Rewards for innovation	49.1	53
2	Availability of resources	35.5	38
3	High-exchange relationships with supervisors	23.1	25
4	Vertical communication	19.4	21
5	Empowerment	16.7	18
6	Horizontal communication	12.0	13
7	Training	11.1	12
8	Job satisfaction	11.1	12
9	Involvement in decision making	3.7	4
10	Customer Needs	4.6	5
11	Good use of innovation	4.6	5
12	Organization culture	3.7	4
13	Positive work environment	2.8	3
14	Less meetings	2.8	3
15	Organization sustainability	1.9	2
16	Patents	1.9	2
17	Publicity	.9	1

Summary

One research question and one hypothesis were tested through analysis of variance, independent t-tests, and regression analysis. Among the chosen employee-centered CSR factors including employee empowerment, involvement in decision-

making, training, high-exchange dyadic relationships with supervisors, availability of resources, vertical and horizontal communication, job satisfaction, and rewards; involvement in decision-making had a significant relationship with employee motivation to innovate as a result of quantitative part of the study analysis. Additionally, reward was recognized as the most important employee's motivational factor to innovate, among the seventeen retrieved themes from the qualitative data; which was also one of the aforementioned factors of employee-centered corporate social responsibility in this study.

Two marginal significant differences in participants' responses emerged in this study. First, a statistically albeit significant difference at the 95% level of confidence was found in comparing employee's responses who were employed in small, medium and large size organizations concerning their encouragement to be innovative in their organizations. This finding suggests that the organization size had a trend toward a marginally significant influence on the employee's encouragement to come up with new and better ways of doing things. Employees in small size organization had more agreement with the item "At my company, I feel encouraged to come up with new and better ways of doing things". Second, a statistically marginal significant difference was found comparing employee's responses with different salaries for aforementioned issue. Employees with salaries between \$75,000 and \$124,999 had more agreement in answering the same item compare to other employees. Therefore, the null hypothesis was rejected and alternative hypothesis was retained. These results are discussed in chapter five.

CHAPTER FIVE: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

Discussion

According to many research studies, organizations should become more entrepreneurial, adaptive, and increase their flexibility while being innovative. These practices help them to meet the changing demands of today's environment more effectively (Orchard, 1998; Parker & Bradley, 2000; Valle, 1999). Schumpeter (1943) stated, organizations that are more profitable, revolutionize their economic structure from within by innovating an efficient business process and products. Engelberger (1982) argued, the necessary elements for innovation are recognizing the need for innovation, having knowledgeable and competent individuals with the relevant technology, and having financial resources.

Therefore, organizations cannot solely rely on reducing their costs or reengineering to grow. The key success for aggressive progress, growth, and achieving the bottom line objectives is innovation (Davila et al., 2006). However, measures of innovation vary widely among different organizations. Some of these measurements for different companies could be about cost of the innovation, efficiency of the innovation, contributions of employees and the level of their motivation toward innovation, and the profit associated with that innovation (Davila, Tony, Epstein, & Shelton, 2006).

The Architects of Innovation

For many companies, the main concern is where in the company innovation emerges. Do employees or top management generate innovation in an organization? According to the literature, both parties play important roles in the process of innovation. Initial planning and designing for innovation includes developing a clear goal, having a

detailed plan, while implementing it (Mazmanian & Sabatier 1983; Majone & Wildavsky, 1984).

Communication. In 2012, Bell and Patterson provided some tips for leaders on how to cultivate innovation. They encouraged the leaders to be bold and transfer this boldness to employees, which is a key to an innovation's growth. If organizations avoid having a transparent communication with their employees and do not provide them with enough information; they cannot expect to have an innovative environment (Bell & Patterson, 2012).

Healthy attitude toward mistakes. Bell and Patterson (2012) advised leaders to foster a healthy attitude toward mistakes. Fear of failure or error is one of the major obstacles for employees' resistance toward change or risk taking. As a result, without risk and change there will be no creativity or innovation.

Reward, recognition, and empowerment. Leaders should praise and recognize employees' excellent effort even if it failed to work. Hence, if employees gain trust and feel optimism in their work environment, they would feel more free and empowered, which will help them to step outside of themselves and serve a higher purpose (Bell & Patterson, 2011).

Culture. According to Übius and Alas (2009), "an organization's climate plays an important role for the innovation of an organization" (p. 71). According to many researchers (Van de Ven, 1986; Amabile, 1988; Smith, 2002; Unsworth & Parker, 2003), the success of an organization can be attained by employee's innovation. Individual's interactions with others in an organization influence their innovative behavior (Anderson et al., 2004; Zhou & Shalley, 2003). In an environment, that supports innovation,

creative ideas can be generated and implemented more effectively (Nyström, 1990).

Resources. In addition to organization culture, innovative environment, clear communication, employee empowerment, training, reward, employees trust, and lack of fear from mistake “organizations must be willing and able to accept the costs and the temporary dislocations associated with the change” (Rosner, 1968, p. 615). Hence, slack resources must be made available by organizations if they want to implement and adapt innovations (Fernandez & Pitts, 2011).

Corporate Social Responsibility

The developmental point of view by Carroll’s (1999) CSR model introduced the four following components: economic, ethical, legal, and voluntary (discretionary). Economic performance of an organization is addressed by the economic aspect of CSR and the other three are concerned about society. Longo et al. (2005) classified CSR activities as integrated practices in relation to all stakeholders. For example, external CSR practice is about an organization’s external operations involving external stakeholders such as customers, members of the community and partners (Skudiene & Auruskeviciene, 2009). Internal CSR practices refer to activities related to an organization’s internal operations (Brammer et al., 2007). The European Commission (2001) has a more elaborate framework concerning internal CSR; recognizing the employees as one of the most important groups of internal stakeholders. In 2005, Longo et al. asserted that CSR activities related to employees are categorized in four different groups, called value classes. These practices create value for organization’s stakeholders by resulting in stakeholder’s satisfaction, concerning the variety of their expectations (Longo et al., 2005). “Employee ‘value classes’ relate to the development of workers’

skills, social equity, health and safety at work, well-being and satisfaction of the workers, and quality of work” (Skudiene & Auruskeviciene, 2009, p. 52).

Employee-centered viewpoint. According to Van Buren III (2005), employees were usually left out of Corporate Social Performance (CSP) in studies. An employee-centered CSR is concerned about justice in the employment relationship. Van Buren III (2005) emphasized that the negative duties where descriptive fairness is not assured and activities that may harm the employees must be avoided at the workplace. He indicated that employee-CSP has a positive association with Corporate Financial Performance (CFP), because employees are more efficient when they feel that they are being treated fairly. The theory of the stakeholder identifies employees as important stakeholders and emphasizes that organizations should take into account the employees’ interests (Clarkson 1995; Freeman 1984; Mitchell, Agle, & Wood 1997), because employees are playing the major role in success or failure of any organization (Clarkson, 1995). Hence, employees as a critical resource for any firm need to feel secure, and such practice influences their organizational performance as well as their ethical evaluation (Pfeffer & Salancik, 1978). According to Van Buren III (2005), if organizations cannot treat their own employee as close stakeholders fairly, they are not likely to treat their distant stakeholders fairly either.

Nord and Fuller (2009) asserted that CSR organizational change could be accomplished at lower organizational levels as well as the top level. In order to understand and improve the organization with contemporary and dynamic environments, the employee-centered viewpoint has been receiving more attention in recent years (Nord & Fuller, 2009). Brown and Eisenhardt (1997) stated that these contemporary

organizations are continuously changing. They need real time information to be able to respond effectively to these changes and their organization's decision-making process centralizes and decentralizes simultaneously. Decentralization in responsibilities, power, and decision-making enhances the organization effectiveness. Hence, the employee-centered view that focused on small accomplishments and wins was a valuable way to help an organization achieve the objective of enhanced CSR activities (Brown & Eisenhardt, 1997).

However, this action cannot be accomplished unless the traditional focus on CSR that considered the top level of the organization as the only decision makers, changes (Nord & Fuller, 2009). "Increasing employee-centered CSR involves both viewing small steps (rather than organizational goals) as legitimate change and recognizing that the change can come from lower-level employees" (Nord & Fuller, 2009, p. 288).

Corporate Social Responsibility and Innovation

In 2002, Stigson asserted that in today's world more organizations are adopting CSR strategies and approaches to ensure efficiency, encourage innovation and foster continuous organizational growth. Borger and Kruglianskas (2006) claimed that there is a strong association between an organization's innovative performance and its adaptive CSR. Companies with sustainable policies in place have more tendencies to be technological leaders, because they seek innovative approaches to increase their efficiency, reduce pollution, and outpace most of their competitors. Hence, by pursuing CSR initiatives and developed innovative products or services, many organizations have been able to have a better financial performance (Asongu, 2007). According to Schwab (2008), many socially responsible organizations try to incorporate social

entrepreneurship into their activities in an attempt to increase their research and develop capabilities in order to develop innovative products and services that have social benefits (Schwab, 2008).

Summary

Even though, literature review offered many research studies on CSR and its relationship with organizational performances such as financial performance (Greenley & Foxall, 1997); consumer behavior (Drumwright, 1994, 1996), advertising (Reich, 2007), external stakeholder values (Brammer & Millington, 2004); and crisis/risk management (Bauman, 2011), none of them have focused on employees. It was evident that employees were missed in these debates. There was a need to place the employees in the same frame with CSR by evaluating how internal or employee-centered CSR can influence employee motivation (Kim & Scullion, 2013). It was clear that the notion of the importance of the employee was absent from the theoretical and empirical debate (Boddy et al. 2010; De Cieri et al. 2005, p. 99; Matten et al. 2003; Pinnington et al. 2007).

Hence, the purpose of this study was to examine the relationship between factors of employee-centered CSR and employee motivation to innovate including employee empowerment, training, availability of resources, job satisfaction, vertical communication, horizontal communication, recognition and rewards, and high-exchange dyadic relationships with supervisors. The researcher utilized a concurrent mixed method methodology for this study. The independent variables were the employee-centered CSR (employee's empowerment, training, availability of resources, job satisfaction, vertical communication, horizontal communication, recognition and

rewards, and high-exchange dyadic relationships with supervisors) and the dependent variable was employee motivation toward innovation. In addition, this central phenomenon was explored in more depth by adding an open-ended question to the questionnaire. The strategy of inquiry was to utilize a survey questionnaire as an instrument for this investigation. The unit of analysis was employees with information technology and engineering job functions who work for telecommunication, electronics, manufacturing, Internet, and technology corporations located in United States of America.

The following research question provided a basis to examine the relationship between implementation of employee-centered CSR practices and employee motivation toward innovation: “what relationship, if any, exists between employee-centered CSR factors of employee empowerment, involvement in decision-making, training, high-exchange dyadic relationships with supervisors, availability of resources, vertical and horizontal communication, job satisfaction, and rewards and employee motivation toward generating innovation?”

The research question led to one hypothesis. The null hypothesis was that: “none of employee-centered CSR factors has any significant impact on employee’s motivation to innovate”. The alternative hypothesis was that: “at least one of the employee-centered CSR factors has significant relationship with employee’s motivation to innovate”.

Theoretical Framework

In this study, the main emphasis was on employees as internal stakeholders. The researcher examined the relationship between individual considerations through employee-centered CSR and employees motivation for taking initiative toward

generating innovations. Hence, the theoretical framework for this analysis was based upon CSR Theories, Leader- Member Exchange Theory (LMX), and the Expectancy Theory of Motivation.

Conclusions

The research study investigated the potential relationship between factors of employee-centered CSR and the employee motivation to innovate. One research question, with one hypothesis was tested using descriptive analysis, analysis of variance, independent t-tests, and regression analysis.

In the quantitative part of this research study, the researcher found support for the alternative hypothesis, as the predictor variable “involvement in decision-making” was positively correlated and had a significant relationship with the dependent variable “employee motivation to innovate” ($R = .47$). The R -square value indicated that about 22% of the variance in motivation toward innovation was explained by predictor variables. The β values indicated the relative influence of the entered variables, that was, involvement in decision-making had the greatest influence on motivation toward innovation ($\beta = .23$).

The researcher concluded that employees are more encouraged to be innovative, when they are delegated authority for more involvement in the process of decision-making. This decentralization of power could create a sense of confidence, empowerment, and trust that leads to less fear of failure and more creativity and freedom for deviating from routines and standards. Employee’s involvement in decision-making is indirectly rooted and branched off many other factors such as effective vertical communication, effective horizontal communication, and dyadic high-exchange

relationship with leaders, proper training and education, availability of resources, and empowerment. This means that before managers delegate any authority to employees, they should provide the opportunity for employees to demonstrate their leadership skills “effectively”, by implementing the following steps:

1. They need to make sure that employees are well aware of organization’s goal, objectives, and priorities.
2. They should promote communication among different work departments in a way that employees could get a clear picture of what is happening in different departments and how their decision-making will affect the other departments (horizontal communication).
3. They need to build up a sense of trust and confidence with their employees in a way that they will not fear of failure (high-exchange dyadic relationship with leaders), and feel personal empowerment with respect to work processes (empowerment).
4. They need to make sure that employees are well educated about the subject matter at hand and support their development (training), while providing the tools and resources needed to innovate.

Even though, involvement in decision-making was recognized as the predictor of employee motivation to generate innovation in the quantitative part of this study; delegation of authority to an employee without sufficient education, training, and allocated resources will not lead to a satisfactory outcome. Thus, implementations of the aforementioned factors as employee-centered CSR are necessary, even though, they were not recognized as predictor of motivation to innovation (see figure 2).

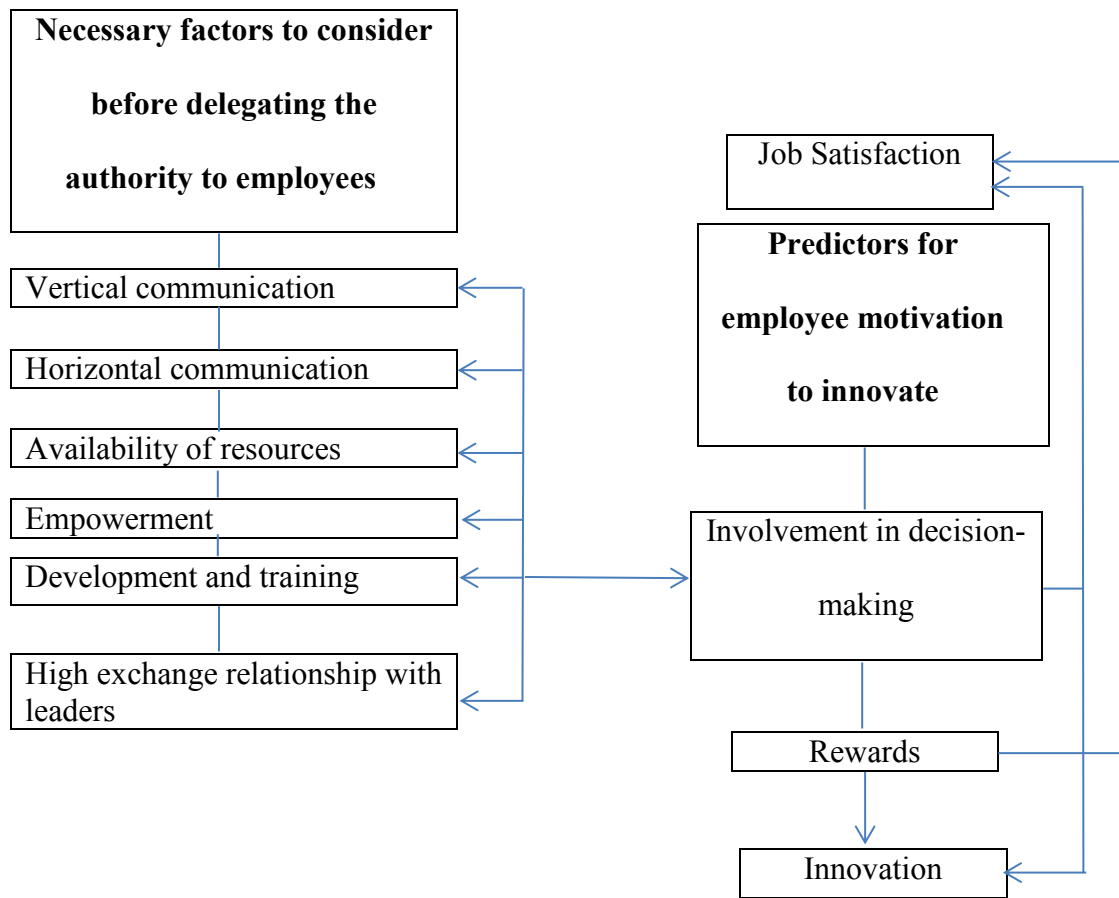


Figure 2. Necessary Factors to Consider before Delegating the Authority to Employee

In addition, two marginally significant differences in participants' responses emerged in this study. A marginal statistically significant difference was found in comparing employee's responses who were employed in small, medium and large size organizations concerning their encouragement to be innovative in their organizations ($F=2.28, p=.10$). Employees in small size organization had more agreement with the item "At my company, I feel encouraged to come up with new and better ways of doing

things” compare to employees at medium and large size organizations. This could mean that employees who are employed at established medium or large size organizations, have less encouragement to innovate, because they already feel that their organizations have a sustainable position in the market. It is also possible that because they have more job security, they feel that it is less important to innovate. Additionally, the researcher theorized that being employed in smaller organization size encourages the employees to work harder to come up with new ways of doing thing in order to catch up to larger organizations and other competitors. Second, a statistically marginal significant difference was found when comparing employee’s responses with different salaries for aforementioned issue ($F=2.89, p = .06$). Employees with salaries between \$75,000 and \$124,999 had more agreement in answering the item “At my company, I feel encouraged to come up with new and better ways of doing things” compared to other employees.

The researcher concluded that employees with salaries higher than \$124,999 may not see any reason to go above and beyond their normal duties and stretch themselves to come up with new ideas and doing things, because they are already likely to be as far as they are going to go (salary-wise and position-wise) in the organization. Employees with a salary less than \$75,000 may be less encouraged to innovate; because the success of their organization does not matter to them much due to lack of loyalty, commitment, and engagement to their organizations.

The research survey contained one open-ended qualitative question. This portion of the survey was designed to allow participants to add information to the study that could not be captured in the quantitative portion of the survey. The question was: “In your opinion, what are the most important factors or practices that your organization can

implement to encourage you to innovate? Please try to list at least three.” The 108 responses to the question were read and coded into seventeen themes. A descriptive analysis was performed for this qualitative data. The notion of a reward was mentioned by 49% of the respondents (F= 53) and was reported as the most important employee’s motivational factor to innovate.

This finding falls in line with the expectancy theory of motivation by Lunenburg (2011) who stated that employees would be motivated, if they believe that a strong effort will lead to good performance and good performance will lead to desired rewards. The researcher concluded that rewards for being innovative was positively linked to the degree to which employees with information technology and engineering job functions who were employed at Internet, manufacturing, technology, telecommunication, and electronics located in United State of America felt motivated to innovate.

Implications

This mixed method research provided an opportunity to gain a broader perspective on the effect of implementation of employee-centered CSR on employee motivation toward innovation. With the results of this study, organizations can implement internal CSR policies that can make a difference in management strategies in terms of more effective motivation of employees. Many of the previous theoretical explorations were focused on finding the relationship between CSR and external stakeholders such as CSR and consumer behavior (Drumwright, 1994, 1996) and CSR and external stakeholder values (Brammer & Millington, 2004). There was a lack of theoretical discussion on CSR and employee matters; however, taking into account the linkage between employee-centered CSR and employee’s motivation to innovate

extended this finding. Hence, the result of this investigation filled a gap in the literature in this regard, because the relationship between employee-centered CSR and employee motivation toward innovation was determined.

For example, many organizations have developed two types of perceptions concerning the relationship between CSR and innovation. For some organizations, implementation of CSR is directly oriented towards innovation and recognizing the leading opportunities toward a much better competitive advantage. Conversely, some organizations may perceive the implementation of corporate social responsibility as engaging social activities that will facilitate learning and adaptation (Bocquet & Mothe, 2010). Additionally, since most of an organization's involvements in CSR activities were not focused on employee motivation, the results of this research proved that the concept of employee motivation toward innovation is a very beneficial reason to be engaged in employee-centered CSR practices.

The major audiences for this research study; manufacturing, Internet, telecommunication, electronics, and technology organizations located in United State of America can benefit from the outcome of this investigation. The results have significant leadership implications by illustrating to organizations that employee-centered CSR can influence employee motivation toward innovation. Hence, this research study provided information that can facilitate effective strategic planning to enhance the innovation climate in organizations. Based on the results of this study, organizations can use a reward system side by side with increasing the employees' involvement in decision-making as effective strategies to create motivating environment for innovation.

Finally, the information on gender, education, size of the organization, salary,

and ethnicity and their association with employee's motivation to innovate provided additional insight for the development of employee-centered CSR strategies. Therefore, results of this study may serve as a beneficial source to increase the management's leadership skills. The findings contain information that enable organizations to design proper training for future leaders concerning employee-centered CSR that could increase the employee's motivation to be more innovative, which can lead to organization's competitive advantage.

The researcher concluded that involvement in decision-making and rewards, as factors of employee-centered CSR were the strongest predictors of motivation to innovate. Because of the results of this study, leaders can be more successful by having a better understanding of predictors of motivation to innovate. They can utilize these two points of leverage to promote a culture of innovation in their organizations and resolve their dilemma in CSR practices by prioritizing their employee-centered CSR in a way that motivate their employees to be more innovative.

Recommendations for Further Research

The researcher hopes that the relationship between both internal and external CSR and employee motivation to generate innovation become an important area for the future studies. Rewards were recognized as one of the predictors for employee motivation to innovate in this study; however, the difference between intrinsic and extrinsic rewards was not identified. Thus, one of the recommendations for future research is to have a comparison between the impacts of these two kinds of rewards on employee innovative behavior. Additionally, since this study was conducted in United State of America, the researcher acknowledges that findings cannot be generalized to

other countries. Since, drivers for motivation may be varying in different countries due to cultural differences; there is a need to replicate and extend this study to other countries.

The customized targeted audiences for this study were employees with engineering and information technology, job function, who were employed at manufacturing, technology, Internet, electronics, and telecommunication organizations. Thus, the researcher acknowledges that the findings cannot be generalized to audiences with other job functions or other type of organizations. Therefore, the next recommendation for future research study is to replicate this study with some modification, such as participants with other job functions and other industries to see if a similar pattern of results is obtained in a different institutional context.

Future research could also explore the reason why other employee-centered CSR factors failed to have an influence on employee innovative behavior. Since CSR and innovation, being two complex phenomena, were explored in a very general framework in this study, the researcher only could examine the effect of limited number of employee-centered CSR factors on employee's innovative behavior and many other influencing CSR factors such as internal and external practices are left for future research.

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APPENDICES

APPENDIX A
Survey Questionnaire

Appendix A

Survey Questionnaire

Thank you for agreeing to participate in this survey. This survey is about corporate social responsibility. Under international agreements, organizations are supposed to demonstrate a commitment to operate in an economically, socially and environmentally responsible manner.

The purpose of this survey is to evaluate the relationship, if any, of corporate social responsibility on an employee's motivation to innovate within the company.

Your answers to following questions will provide the researcher with information, which will help the researcher to understand what motivates employees to innovate.

1. Which of the following best describes the principal industry of your organization?

- Telecommunications
- Technology
- Internet
- Electronics
- Manufacturing
- Other

2. In what region of the United States of America do you work?

- Northeast Region:** Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey.
- Midwest Region:** Wisconsin, Michigan, Illinois, Indiana, Ohio, Missouri, North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa.

- **South Region:** Delaware, Maryland, Washington, D.C., Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Mississippi, Alabama, Oklahoma, Texas, Arkansas, Louisiana.
- **West Region:** Idaho, Montana, Wyoming, Nevada, Utah, Colorado, Arizona, New Mexico, Alaska, Washington, Oregon, California, Hawaii.

3. Approximately how many people are employed at the location where you currently work?

4. Which of the following best describes your job level?

- Senior Management
- Middle Management
- Intermediate
- Entry Level
- Other

5. Which of the following describes your job function?

- Engineering
- Information Technology
- Other

These next questions ask you to share your thinking about employee-centered corporate social responsibility and its relationship to employees generating new ideas. Please give your first impression. There are no right or wrong answers.

6. In your opinion, what are the most important factors or practices that your

organization can implement to encourage you to innovate? Please try to list at least three.

--

- 7. For the statement below, please choose the one answer that best describes your agreement or disagreement with the statement. There is no right or wrong answer.**

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
At my company, I feel encouraged to come up with new and better ways of doing things.					

- 8. Please indicate whether you agree or disagree with each of the following statements as to whether the item motivates you to come up with new and better ways of doing things where you work. There are no rights or wrong answers:**

I am more likely to innovate on my job if I...

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
A. Am Satisfied with my job.					
B. Have a reasonable workload.					

C. Have personal empowerment with respect to work processes.					
D. Have trust and confidence in my supervisor.					
E. Supervisors/team leaders in my work unit provide me with an opportunity to demonstrate my leadership skills.					
F. Am Satisfied with my involvement in decisions that affect my work.					
G. Have managers who promote communication among different work units (for example, about projects, goals, needed resources).					
H. Have managers who communicate the goals and priorities of the organization.					
I. Have supervisors/team leaders in my work unit who support employee development.					
J. Am satisfied with the training I receive for my present job.					
K. Receive pay raises/bonuses that are dependent on how well I perform on my job.					
L. Am satisfied with the recognition I receive for doing a good job.					
M. Am satisfied with my pay.					
N. Am rewarded for being creative and innovative.					
O. Have the tools and resources to be innovative.					

The next questions are used for classification purposes only. The information you provide will help the researcher to compare your answers with others participating in this survey. All information will be kept strictly confidential.

9. What is your age?

- 18-24 years old
- 25-34 years old
- 35-44 years old
- 45-54 years old
- 55-64 years old
- 65 and older

10. Please specify your ethnicity.

- White/Caucasian
- Hispanic or Latino
- Black or African American
- Native American or American Indian
- Asian / Pacific Islander
- Others

11. What is your gender?

- Male
- Female
- Prefer not to answer

12. What is the highest degree or level of school you have completed?

- High School
- Associate degree

- Bachelor's degree
- Master's degree
- Professional degree
- Doctorate degree
- Others

Thank you for taking time out to participate in our survey. Niloofar truly values the information you have provided.

APPENDIX B

Letter of Permission

Appendix B

Letter of Permission

----- Original message -----

From: Ülle Übius ylle.ybius@innove.ee

Date: 02/14/2014 4:41 PM (GMT-06:00)

To: Niloofar Namjoofard

Subject: VS: Permission to use your survey questionnaire

Dear Niloofar

Yes, of course you can utilize and modify my survey as an instrument of your work.

Best regards

Ülle Übius
