The Impact of Authentic Leadership on Organizational Citizenship Behaviours and the Mediating Role of Corporate Social Responsibility in the Banking Sector of Pakistan

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Abstract: This study was designed to examine the effect of authentic leadership on organizational citizenship behaviour (OCB), as well as to examine the mediating mechanism of corporate social responsibility (CSR) on the aforementioned relationship. Using the cross-sectional design method, the data were collected from 395 employees working in the banking sector of Pakistan. Drawing on social exchange theory, it was hypothesized that authentic leadership would positively predict organizational citizenship behaviour. Furthermore, it was hypothesized that CSR would positively mediate the relationship between authentic leadership and OCB. The results of the study indicate that authentic leadership positively predicts OCB. Importantly, CSR was found to positively mediate the effect of authentic leadership on OCB. Theoretical implications of the study and future research directions are also discussed.

Keywords: authentic leadership; corporate social responsibility; organizational citizenship behaviours; banking sector; Pakistan

1. Introduction

The concept of authentic leadership stems from the field of positive organizational behaviour due to the increase in corrupt management practices, overall management malfeasance and scandals in organizations [1]. Authentic leadership can be defined as “one who is self-aware of his strengths and weaknesses, encourages others’ participation and does not impose his point of view on others, and acts in accordance with personal values, feelings and beliefs” [1]. Although, authentic leadership has become the focus of attention among scholars due to its positive and significant effects on employees as well as on organizational performance [1–3], much more empirical work remains to be explored [4–6].

In addition, in today’s complex and fast-growing organizations, an employee’s voluntary behaviour that exceeds his/her formal duty boundary has become vital for organizational success [7]. Organizational citizenship behaviour (OCB) is defined as “the voluntary individual behaviour that is not included in the formal reward system of the organization but enhances the organizational performance as a whole” [7]. These are the behaviours that employees display beyond their formal
recognized job assignments and tasks [8]. Research also indicates the positive and significant association of OCB with role performance and leadership attitude and behaviours in the workplace [9].

Leadership is found to play a significant role in nurturing and boosting employee’s attitudes and behaviours in the workplace [10]. In particular, research related to authentic leadership reveals that authentic leadership behaviour plays a vital role in enhancing employees’ citizenship behaviours [11]. Although empirical evidence indicates a positive and significant correlation between authentic leadership and OCB [1,12–14], the psychological mechanisms underlying this relationship are less clear. This study focuses on corporate social responsibility (CSR) as a mediating variable in finding the association between authentic leadership and OCB, which has not yet been explored.

Meanwhile, since the past four decades, corporate social responsibility (CSR) has gained prevalent attention, and numerous empirical pieces of evidence have shown a positive and significant effect of CSR activities on employees’ attitudes and behaviours [15–18]. Scholars from different fields like psychology and management are now focusing on individual-level CSR perspectives and have suggested that employee’s attitudes and behaviours play a vital role in transforming CSR into favourable organizational outcomes [16,19,20]. CSR can be defined as “the strategies and actions that primarily deal with organizations’ or firms’ voluntary relationships with their community and societal stakeholders” [21]. Extent empirical studies demonstrate a positive effect of CSR on job outcomes such as organizational commitment [22], organizational identification [19], job satisfaction [20], work engagement [23] and organizational citizenship behaviour [24].

In addition, the literature also reveals a positive and significant correlation between leadership and CSR [25]. Evidence reveals that studies have been conducted on different leadership styles, for instance ethical leadership and transformational leadership, while examining their linkage with CSR [26,27]; however, studies related to the association between authentic leadership and CSR are scarce, and this needs to be explored. Moreover, as past evidence indicates the vital role of CSR in affecting employees’ OCB (Lin, Lyau, Tsai, Chen and Chiu, 2010; Zhang, Di Fan and Zhu, 2014), this study focuses on CSR as a mediating variable in finding the association between authentic leadership and OCB.

The current study contributes to literature on the interface of authentic leadership, OCB and CSR. Empirical evidence reveals that authentic leadership behaviours play a vital role in boosting employees’ OCB [1,13]. This study aims to examine the effect of authentic leadership on employees’ OCB in the context of the banking sector in Pakistan. Secondly, considering the pivotal role of leadership and CSR in effecting employees’ behaviours in workplace [28], this study examines the effect of authentic leadership on employees’ CSR perception. To the best of our knowledge, no study has been conducted on investigating the relationship between authentic leadership and CSR perception, so this is a new study that aims to examine said relationship. In addition, regarding the impact that authentic leadership can have on employees, CSR is also posited to have an influence on employees’ OCB [29,30]. Therefore, this study investigates the mediating role of CSR perception on the relationship between authentic leadership and OCB. We believe that if employees perceive leadership and CSR activities as fair, they will exhibit better citizenship behaviours. Finally, studies pertaining to leadership and CSR perception have been mostly conducted in developing countries; this study will fill this gap by focusing on the developing country of Pakistan.

The rest of the paper is composed of the following sections. First, relevant literature is reviewed and hypotheses are developed. In the second part, the methodology is discussed. Third, the results are presented. Finally, a discussion, practical implications, limitations and future directions are presented.

1.1. Theories and Hypotheses

1.1.1. Conceptual Framework

The social exchange theory is one of the most widespread theoretical paradigms for understanding employee’s behaviours in the workplace. Social exchange theory states that “mutual reciprocation is the most basic form of human interactions” [31]. In the workplace, this theory speculates about
interpersonal behaviours (the relationship between supervisor, co-workers and organization) in terms of the exchange of costs and rewards: for instance, if the employee perceives leadership behaviour as fair, in return, they also show more co-operative behaviour [31]. In addition, studies also indicate OCB in terms of the exchange relationship [32]. Therefore, based on the above discussion, it is conceivable that an employee who perceives leadership behaviours and firms’ CSR activities as fair is more likely to exceed his/her formal duties by exhibiting behaviours from which the entire organization ultimately profits.

1.1.2. Authentic Leadership

In early 2000, the unexpected ethical misconduct and corporate scandals attracted researchers like [33] to introduce the development of a new value-based leadership called authentic leadership [5,34]. Luthans and Avolio [33] illustrated that the theoretical foundation of their theory originated from positive organizational behaviour [35], ethical perspective-taking [36] and from transformational leadership [37]. Authentic leadership can be defined as “one who is self-aware of his strengths and weaknesses, encourages others’ participation and does not impose his point of view on others, and acts in accordance with his values and beliefs” [1].

Authentic leadership is a collection of four components such as; self-awareness, internalized moral perspectives, balanced processing and relational transparency. Self-awareness refers to one’s awareness about his/her strengths and weaknesses, desires and cognitions [38]. Internalized moral perspectives refer to the capability of a leader to recognize a moral dilemma and act in accordance with one’s moral values and beliefs [39,40]. Balanced processing of information refers to the quality of authentic leaders of being unbiased and gaining accurate information before reaching any collective decision. A leader has the ability to listen to those who disagree with his/her opinions and does not enforce his point of view on others [40]. In relational transparency, the leader shows his/her true self to his/her subordinates by openly sharing his/her feelings and motives, which helps with trust building, cooperation and fostering team work [40].

In addition, authentic leadership has some similarities and dissimilarities with respect to other leadership styles, for instance transformational leadership and ethical leadership. Both authentic leadership and transformational leadership motivate subordinates to go beyond their self-interest for the purpose of achieving organizational goals [41]. Authentic leadership concentrates on leader’s internal qualities, while transformational leadership concentrates on how leaders interact with their followers in the pursuance of organizational goals. Similarly, authentic leadership also has some theoretical and empirical overlaps with ethical leadership [42]. Authentic leadership concentrates on leader’s self-awareness about societal moral values; in contrast, ethical leadership stresses follower’s awareness of ethical standards [43].

1.1.3. Organizational Citizenship Behaviours

OCB can be defined as “the voluntary individual behaviour that is not included in the formal reward system of the organization, but enhances the organizational performance as a whole” [7]. Such behaviours are considered as the most desirable behaviours for organizational effectiveness [44]. Initially, psychological antecedents of OCB such as cognitive, effectual and contextual factors were the focus of interest for scholars [32]. Later on, OCB was found to be related to employee’s loyalty and identification. Moreover, OCB also assists organizational functioning and goal achievements [44–46]. Similarly, leadership is considered as the basic factor that moulds organizational culture and work environment [47]. It is believed that subordinates are likely to perform what a leader stresses through his/her behaviour [2]. Past evidence reveals that when a leader act in accordance with his/her values and beliefs, he/she are more likely to accomplish high levels of performance and help others to achieve the same [48]. In addition, scholars suggested that OCB-related behaviours can be developed through personality traits, attitude and inspiration [49]. OCB reveals individual’s dispositional traits to be helpful, caring and cooperative [50]. Some researchers also indicate that personal traits are a valid
forecaster for the occurrence and consistency of displaying OCBs [51]. Therefore, based on the above discussion, it is conceivable that authentic leadership plays an important role in effecting employees’ OCB. Therefore, we posit that:

Hypothesis 1 (H1). Authentic leadership is positively associated with OCB.

1.1.4. Corporate Social Responsibility

The extensive development of CSR-related practices makes it significant to determine how they influence different stakeholders, for instance employees, investors, consumers and governments [15]. Among these groups, employees are the most important at any level of the discussion and outcomes of CSR [52]. In the past, researchers focused more on external stakeholders such as investors and consumers [53,54]. However, currently, researchers give more attention to the impact of CSR initiatives on an employee’s attitude and behaviours [55,56]. In addition, they also argue that CSR plays a vital role in shaping employees’ behaviours [16,57]. Empirical evidence indicates a positive and significant effect of CSR perception on various job outcomes, for instance organizational commitment [52], job satisfaction [20], organizational identification [18,19], work engagement [23] and OCB [16,24,58].

Likewise, extent literature reveals a positive link between leadership and CSR [25,27]. Studies have been conducted on different leadership styles, such as ethical leadership, transformational leadership and transactional leadership, while examining their linkage with CSR [26,27]; however, studies related to the linkage between authentic leadership and CSR are scarce. Based on the above literature, it is suggested that authentic leadership also plays a vital role in influencing CSR-related activities. Therefore, we hypothesized that:

Hypothesis 2 (H2). Authentic leadership is positively associated with corporate social responsibility.

Over the past three decades, extent empirical studies have examined the impact of CSR on employees’ OCB with an extensive range of positive outcomes [16,58,59]. When an organization starts different forms of activities for the welfare of its employees, in response, employees also demonstrate better citizenship behaviours in the workplace and display a positive attitude towards their organization [60]. A growing body of literature has suggested the positive effect of CSR on employees’ OCB. For instance, Rupp [16], Shao [29] have found that employees’ CSR perceptions are positively related to OCB. Similarly, Abdullah and Rashid [59] found positive effects of CSR activities on employees’ OCB. Therefore, on the basis of the aforementioned literature, it is conceivable that CSR plays a significant role in effecting employees’ OCBs. Hence, we assume that:

Hypothesis 3 (H3). Corporate social responsibility is positively associated with employees’ OCB.

1.1.5. The Mediating Role of Corporate Social Responsibility

Leadership reveals a positive and significant association with CSR activities [25], so we believe that a firm will be more engaged in CSR activities since leaders who are perceived as authentic, aware about their own strengths and weaknesses, show their true self to subordinates, do not impose their view on others and act upon their values and believes are more likely to achieve a prominent level of performance and to help others to accomplish the same [1,40,48]. Moreover, leaders who are perceived to be more authentic and create a fair environment will likely inspire an increased level of OCB [40].

In addition, although the extent body of literature reveals a positive and significant correlation between authentic leadership and OCB [1,2,13,14], the psychological mechanisms underlying this relationship are still unclear. Therefore, on the basis of the above, we examined the mediating role of CSR in finding the relationship between authentic leadership and OCB. Hence, we assume that:

Hypothesis 4 (H4). CSR will positively mediate the relationship between authentic leadership and OCB.
2. Method

2.1. Sample and Procedures

The current study used a cross-sectional design and collected data from 395 employees working in different banking sectors in the capital city of Islamabad, Pakistan. The proposed model of the study is shown in Figure 1. The researchers visited different banks to highlight the study’s importance and encouraged employees to participate. Formal permission was given by every bank manager before data collection. A set of self-administered questionnaires was distributed among all the potential respondents (see Appendix A). In addition, the researchers assured the confidentiality of responses to respondents.

![Figure 1. Proposed model of the study.](image)

By using a convenient sampling method, we distributed 450 questionnaires, but received 395 complete questions. The majority of respondents (214: 54%) held a master’s degree. About 57% of the respondents were aged 21–30 years. Most of the respondents (284: 72%) were male. The majority of the respondents (300: 76%) were working as staff member, and (24%) were working as managers. Finally, 54% of the respondents had 1–5 years of work experience.

2.2. Measurements

Authentic leadership: Authentic leadership was measured with the 16-item scale developed by [1]. Example items include: “My manager admits mistakes when they are made”, “My manager seeks feedback to improve interactions with others” and “My manager demonstrates beliefs that are consistent with actions”. The alpha of the scale was 0.879.

Corporate social responsibility (CSR): CSR was measured with the 16-item scale developed by [61]. Example item includes: “My organization provides important job training for employees”, “Fairness toward co-workers and business partners is an integral part of the employee evaluation process in my organization” and “My organization is concerned about respecting and protecting the natural environment”. The alpha of the scale was 0.879.

Organizational citizenship behaviour (OCB): OCB was measured with the 8-item scale developed by [62]. Examples include: “I willingly give my time to help other staff members who have work-related problems” and “I show genuine concern and courtesy toward staff members, even under the most difficult business or personal situations.” The alpha of the scale was 0.893.

3. Results

3.1. Descriptive Statistics

Means, standard deviation and correlations of all the examined variables are shown in Table 1. Authentic leadership was found positively correlated with OCB ($r = 0.273, p < 0.01$) and CSR ($r = 0.513, p < 0.01$), in the expected (positive) direction. Moreover, CSR was found positively correlated with OCB ($r = 0.511, p < 0.01$), as expected. Altogether, these results present groundwork confirmation to support our main hypotheses.
Table 1. Means, standard deviation (SD) and correlation.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authentic leadership</td>
<td>3.398</td>
<td>0.704</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate social responsibility</td>
<td>3.752</td>
<td>0.831</td>
<td>0.513**</td>
<td>1</td>
<td></td>
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<tr>
<td>OCB</td>
<td>3.769</td>
<td>0.663</td>
<td>0.273**</td>
<td>0.511**</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: N = 395; * p < 0.05, ** p < 0.01 (2-tailed).

3.2. Regression Analysis

We conducted multiple linear regression in SPSS (22) to test our main hypotheses. The results in Table 2 present the effects of the control variables (age and job experience) and the independent variable (authentic leadership) on the dependent variables (OCB). The results presented in Table 2 reveal that authentic leadership is positively and significantly associated with OCB (β = 0.273 p < 0.001), hence fully supporting Hypothesis 1.

Table 2. Regression results.

<table>
<thead>
<tr>
<th>Variables</th>
<th>OCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.116 *</td>
</tr>
<tr>
<td>Job experience</td>
<td>0.115 *</td>
</tr>
<tr>
<td>Authentic leadership</td>
<td>0.273 ***</td>
</tr>
<tr>
<td>R²</td>
<td>0.074</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.072</td>
</tr>
<tr>
<td>F</td>
<td>31.551 ***</td>
</tr>
</tbody>
</table>

Note: *** p < 0.001, * p < 0.05, ** p < 0.01.

3.3. Mediation

To confirm our mediation hypotheses, we used the process for SPSS Version 22 developed by [63]. To examine the direct effect of authentic leadership on OCB and the mediating effect of CSR perception, we chose Model 4 from the template of the process. We used a 95% bias correct confidence interval with 5000 bootstrapping sample estimates.

In Hypothesis 4, we predicted the mediating effect of CSR on the relationship between authentic leadership and OCB. The results shown in Table 3 reveal a positive and significant association between authentic leadership and CSR (β = 0.503, p < 0.0001); in addition, CSR is positively and significantly associated with OCB (β = 0.379, p < 0.0001), hence supporting our Hypothesis 4.

Table 3. Coefficient for the mediating effects.

<table>
<thead>
<tr>
<th>Testing Paths</th>
<th>Unstandardized Coefficient</th>
<th>t</th>
<th>Sig</th>
<th>Bootstrapping</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>Std Error</td>
<td></td>
<td>LLLCI</td>
</tr>
<tr>
<td>IV→M(a)</td>
<td>0.503</td>
<td>0.043</td>
<td>11.571</td>
<td>0.0001</td>
</tr>
<tr>
<td>M→DV(b)</td>
<td>0.379</td>
<td>0.064</td>
<td>5.951</td>
<td>0.0001</td>
</tr>
<tr>
<td>IV→M→DV(c')</td>
<td>0.131</td>
<td>0.064</td>
<td>2.059</td>
<td>0.0001</td>
</tr>
<tr>
<td>IV→DV(c)</td>
<td>0.322</td>
<td>0.057</td>
<td>5.617</td>
<td>0.0001</td>
</tr>
<tr>
<td>Indirect effects</td>
<td>0.191</td>
<td>0.045</td>
<td>0.111</td>
<td>0.287</td>
</tr>
</tbody>
</table>

Note: IV (authentic leadership), MV (corporate social responsibility), DV (OCB).

4. Discussion

4.1. Results Explanations

In this study, we investigated the positive effect of authentic leadership on employees’ OCB, as well as the mediating effect of CSR perception in the context of the banking sector in the developing
country of Pakistan. We found a positive association between authentic leadership CSR and OCB. In addition, we also found a positive mediating effect of CSR upon examining the relationship between authentic leadership and OCB. The theoretical and practical implications of the study are discussed below.

This study extends our knowledge on employees’ perception of authentic leadership towards employees’ OCB and its underlying mechanism, adding a contribution to the literature of leadership and CSR in two distinct ways. First, authentic leadership has become the focus of attention among scholars due to its positive and significant effects on employees, as well as on organizational performance [1–3] and calls for more empirical work [4–6]. The current study fills this gap by exploring the relationship between authentic leadership and OCB in the context of the banking sector in Pakistan, and we found a positive association between authentic leadership and OCB. Moreover, our results are consistent with the past research findings [1,2,13,14]. In addition, studies have suggested the positive effect of CSR perception on OCB [16,29]. This study also examined the effect of CSR on OCB and found a positive effect of CSR on OCB.

In addition, drawing on social exchange theory (Blau [31]), we argue that an employee who perceives leadership behaviour as fair is more likely to exceed his/her formal duties by exhibiting behaviours that ultimately benefit the whole organization. The addition of social exchange theory makes a significant theoretical contribution to the psychological literature, as it is widely used to explain the studied relationship.

Second, Kim and Thapa [27] suggest a positive mediating effect of CSR perception on the relationship between ethical leadership and job performance. However, research that has examined the mediating effect of CSR perception between authentic leadership behaviours and OCB has remained unexplored. We explored this gap and found a positive mediating influence of CSR perception on the relationship between authentic leadership and OCB.

4.2. Practical Implications, Limitations and Future Research Directions

This study has several practical implications. First, we found a positive effect of authentic leadership on employees’ OCB. As leadership plays a significant role in nurturing and boosting employee’s attitudes and behaviours in the workplace [10], organizations should focus more on leadership behaviour. In addition, as employees are important internal stakeholders [64], organizations should pay more attention to their CSR activities that directly influence employees. Management and leadership should also create a fair environment for long-term organizational success. Moreover, the study will assist future researchers in further examining the relationship between authentic leadership, CSR and OCB.

The current study also has several limitations and future suggestions. First, the cross-sectional study design was applied for data collection; to avoid the uncertainty of a casual relationship, future research may apply a longitudinal study design to this studied model. Second, the current study is limited to only one sector, the banking sector, so it is suggested that the study be extended to another workplace setting. Third, this study was conducted in a Pakistani context; future studies should be conducted by examining the model in other developing countries to increase the findings’ generalizability. Finally, future research is encouraged to consider other organizational variables such as happiness, work ethics and psychological wellbeing while focusing on authentic leadership and CSR.

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Conflicts of Interest: The authors declare no conflict of interest.
Appendix A

**Corporate Social Responsibility (CSR)**

1. My organization supports employees who acquire additional education.
2. My organization has flexible policies that enable employees to better balance work and personal life.
3. My organization provides important job training for employees.
4. My organization provides quality working environment for employees.
5. The managers of my firm comply with the law.
6. My organization follows the law to prevent discrimination in workplaces.
7. My organization always fulfills its obligations of contracts.
8. My organization always seeks to respect all laws regulating its activities.
9. My organization has a comprehensive code of conduct in ethics.
10. Fairness toward co-workers and business partners is an integral part of the employee evaluation process in my firm.
11. My organization provides accurate information to its business partners.
12. We are recognized as a company with good business ethics.
13. My organization gives adequate contributions to charities.
14. My organization sponsors partnerships with local schools or institutions.
15. My organization is concerned about respecting and protecting the natural environment.
16. My organization sponsors to improve the public well-being of society.

**Authentic Leadership Questionnaire**

1. My manager seeks feedback to improve interactions with others.
2. My manager accurately describes how others view his or her capabilities.
3. My manager says exactly what he or she means.
4. My manager admits mistakes when they are made.
5. My manager demonstrates beliefs that are consistent with actions.
6. My manager makes decisions based on his or her core beliefs.
7. My manager solicits views that challenge his or her deeply held positions.
8. My manager listens carefully to different points of view before coming to conclusions.
9. My manager encourages everyone to speak their mind.
10. My manager tells you the hard truth.
11. My manager displays emotions exactly in line with feelings.
12. My manager asks you to take positions that support your core values.
13. My manager analyses relevant data before coming to a decision.
14. My manager makes difficult decisions based on high standards of ethical conduct.
15. My manager knows when it is time to reevaluate his or her position on important issues.
16. My manager shows he or she understands how specific actions impact others.

**OCB Scale**

1. I help others who have been absent.
2. I willingly give my time to help others who have work-related problems.
3. I adjust my work schedule to accommodate other employees’ requests for time off.
4. I go out of the way to make newer employees feel welcome in the work group.
5. I show genuine concern and courtesy toward coworkers, even under the most trying business or personal situations.
6. I give up time to help others who have work or non-work problems.
7. I assist others with their duties.
8. I share personal property with others to help their work.

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