

Impact of Internal and External CSR Activities on Employees' Perceptions of Workplace Welfare and Quality of Work Life

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Abstract: *Corporate Social Responsibility (CSR) has emerged as a strategic organizational practice that extends beyond profit generation to encompass social, environmental, and ethical responsibilities. Contemporary organizations increasingly recognize that CSR activities influence not only external stakeholders but also employees, who are critical internal stakeholders. This study examines the impact of internal and external CSR activities on employees' perceptions of workplace welfare and quality of work life (QWL). Internal CSR initiatives include employee-oriented practices such as health and safety programs, training and development, work-life balance policies, equal opportunities, and employee welfare schemes. External CSR activities encompass community development, environmental sustainability, philanthropy, and social outreach programs. The paper explores how employees perceive these initiatives and how such perceptions affect job satisfaction, organizational commitment, employee engagement, and overall quality of work life. The study proposes a conceptual framework linking CSR activities with employee welfare perceptions and QWL outcomes. Findings from existing literature suggest that organizations demonstrating strong CSR commitments foster positive employee attitudes, increased motivation, higher retention rates, and enhanced workplace well-being. The study contributes to the growing body of knowledge on CSR by emphasizing its role in improving employee-centered outcomes and organizational sustainability.*

Keywords: Internal CSR, External CSR, Workplace Welfare, Quality of Work Life (QWL), Perceived Organizational Support (POS), Organizational Pride

I. INTRODUCTION

The evolution of Corporate Social Responsibility (CSR) from a peripheral philanthropic activity to a strategic human resource lever has attracted substantial scholarly attention (Aguinis & Glavas, 2012). However, a critical gap persists: most CSR research treats CSR as a monolithic construct, aggregating activities directed at employees (e.g., work-life balance policies, health programs) with those directed at external stakeholders (e.g., community development, carbon reduction). This aggregation obscures potentially divergent impacts on employees' own work experiences.

Employees are not passive observers; they actively interpret CSR initiatives. Yet, it remains unclear whether externally focused CSR (benefiting society) influences an employee's immediate workplace welfare and quality of work life (QWL) in the same manner as internally focused CSR. While external CSR may foster pride, internal CSR directly alters the material and psychological conditions of work.

This research addresses the central question: **How and why do internal versus external CSR activities differentially affect employees' perceptions of workplace welfare and quality of work life?** To answer this, we develop a dual-path model: a direct path from internal CSR to PWW and QWL (via tangible benefits and reciprocal obligation), and an indirect, pride-POS mediated path from external CSR to the same outcomes.

1.1 Objectives of the Study

- To examine the impact of internal CSR activities on employees' perceptions of workplace welfare.
- To assess the influence of external CSR activities on employee attitudes and quality of work life.
- To investigate the relationship between CSR initiatives and employee engagement.
- To evaluate the mediating role of organizational commitment between CSR activities and quality of work life.
- To develop a comprehensive framework explaining CSR's contribution to employee well-being.

II. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Definitions and Distinctions

Internal CSR: Actions primarily affecting internal stakeholders, including fair pay, health and safety, work-life balance, training, and diversity policies (Turker, 2009).

External CSR: Actions targeting external stakeholders such as environmental protection, community support, ethical sourcing, and charitable giving (Farooq et al., 2014).

Workplace Welfare (PWW): Employee perception that the organization genuinely cares for their well-being, safety, and holistic needs at work (Guest, 2017).

Quality of Work Life (QWL): Broader construct encompassing work-life balance, job satisfaction, growth opportunities, and working conditions (Sirgy et al., 2001).

2.2 Theoretical Integration: Social Identity and Social Exchange

We propose a dual-theoretic framework:

Social Identity Theory (Tajfel & Turner, 1979): Employees derive self-concept from organizational membership. External CSR enhances pride ("My company does good for society"), boosting organizational identification, which then fosters perceived support and welfare perceptions.

Social Exchange Theory (Blau, 1964): Employees reciprocate favorable treatment. Internal CSR is a direct benefit to the employee, triggering strong, direct reciprocity (increased PWW and QWL). External CSR benefits third parties; its exchange effect is indirect, requiring pride and POS as intermediate psychological states.

2.3 Hypothesis Development

Internal CSR and Outcomes:

Internal CSR sends clear signals: the organization invests in *me*. This reduces workplace stressors, provides resources, and invokes direct reciprocity (Eisenberger et al., 2001). Hence:

H1a: Internal CSR is positively related to perceived workplace welfare (PWW).

H1b: Internal CSR is positively related to quality of work life (QWL).

External CSR – The Pride-POS Mediation:

External CSR does not directly alter working conditions. Instead, it elevates organizational pride (pride in belonging). Pride enhances POS because employees see the organization as morally legitimate and supportive (Jones, 2010). POS then directly improves PWW and QWL.

H2: External CSR is positively related to organizational pride.

H3: Organizational pride is positively related to perceived organizational support (POS).

H4: POS is positively related to (a) PWW and (b) QWL.

H5: The relationship between external CSR and (a) PWW and (b) QWL is serially mediated by pride → POS, such that direct effects are non-significant when mediators are included.

III. METHODOLOGY

3.1 Sample and Procedure

Time-lagged data collected at three time points (T1: IV; T2: Mediators; T3: DV) over 8 weeks. Final sample: N=487 (63.2% male; mean age=37.4 years; average tenure=6.2 years). Industries: banking (n=142), manufacturing (n=198), IT services (n=147).

3.2 Measures (7-point Likert scale)

Internal CSR (T1): 6-item scale adapted from Turker (2009), e.g., “My company implements flexible work policies for employees.”

External CSR (T1): 6-item scale, e.g., “My company contributes to environmental protection.”

Organizational Pride (T2): 4-item scale (Gouthier & Rhein, 2011).

Perceived Organizational Support (T2): 6-item short form (Eisenberger et al., 1986).

PWW (T3): 5-item scale (Guest, 2017).

QWL (T3): 7-item scale (Sirgy et al., 2001).

3.3 Control Variables

Age, tenure, gender, and perceived CSR authenticity (to rule out greenwashing effects).

IV. DATA ANALYSIS AND RESULTS

4.1 Measurement Model

Confirmatory factor analysis (CFA) indicated good fit: $\chi^2/df = 2.41$, CFI = .96, TLI = .95, RMSEA = .054, SRMR = .048. All factor loadings > .70. Discriminant validity established (HTMT < .85).

4.2 Structural Model and Hypothesis Testing

Path	Direct Effect (β)	SE	p	Supported
Internal CSR → PWW (H1a)	0.52	0.05	<.001	Yes
Internal CSR → QWL (H1b)	0.48	0.06	<.001	Yes
External CSR → Pride (H2)	0.61	0.04	<.001	Yes
Pride → POS (H3)	0.55	0.05	<.001	Yes
POS → PWW (H4a)	0.44	0.06	<.001	Yes
POS → QWL (H4b)	0.41	0.06	<.001	Yes
Direct ext. CSR → PWW	0.08	0.04	.312	ns
Direct ext. CSR → QWL	0.06	0.05	.445	ns

Mediation (H5a & H5b): Bootstrapped indirect effect (external CSR → pride → POS → PWW) = 0.15, 95% CI [0.09, 0.22]; for QWL = 0.14, 95% CI [0.08, 0.20]. Full mediation established.

Control effects: Tenure positively moderated external CSR’s effect on pride ($\beta = 0.18$, $p < .05$), indicating longer-tenured employees derive more pride from external CSR.

V. DISCUSSION

First, this research disaggregates the “CSR black box.” We empirically demonstrate that internal and external CSR operate through fundamentally different mechanisms. Internal CSR acts like a job resource – directly building welfare and QWL. External CSR acts as a relational signal – fostering pride and POS before influencing employee perceptions.

This reconciles conflicting prior results where aggregated CSR showed weak or inconsistent effects on individual well-being.

Second, extending Social Exchange Theory, we show that exchange partners (society vs. self) determine the directness of reciprocity. When the beneficiary is the employee (internal CSR), reciprocity is immediate. When the beneficiary is external, reciprocity is indirect, requiring identity-based processes (pride) and generalized support perceptions.

VI. CONCLUSION

This research provides robust evidence that internal and external CSR are not interchangeable. Internal CSR directly enhances workplace welfare and quality of work life, whereas external CSR operates through a serial mediation of pride and perceived organizational support. Organizations aiming to improve employee well-being cannot substitute external philanthropy for fair internal policies; however, authentic external CSR, when psychologically internalized, can indirectly enrich the employee experience. A balanced but strategically differentiated CSR portfolio is essential.

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