

# Corporate Citizenship: Cultural Antecedents and Business Benefits

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*The article explores the nature of corporate citizenship and its relevance for marketing practitioners and academic researchers. Specifically, a conceptualization and operationalization of corporate citizenship are first proposed. Then, an empirical investigation conducted in two independent samples examines whether components of an organization's culture affect the level of commitment to corporate citizenship and whether corporate citizenship is conducive to business benefits. Survey results suggest that market-oriented cultures as well as humanistic cultures lead to proactive corporate citizenship, which in turn is associated with improved levels of employee commitment, customer loyalty, and business performance. The results point to corporate citizenship as a potentially fruitful business practice both in terms of internal and external marketing.*

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Recent survey findings reveal that 88 percent of consumers are more likely to buy from a company that is socially responsible (Smith 1996), while 76 percent of them would switch to brands or stores that show concern about the community (Jones 1997). This consumer trend encourages companies to provide benefits to their various publics beyond those resulting directly from their core

productive operations. With activities such as work-family policies, ethics compliance programs, corporate volunteerism, or green marketing, an increasing number of businesses show their commitment to corporate citizenship. The development of such practices is associated with the emerging idea that corporate citizenship is a good market practice (e.g., Burke and Logsdon 1996; Mullen 1997). This viewpoint contrasts with the traditional perspective according to which the only responsibility of a firm is to make a profit (Friedman 1970). Consequently, many marketing practitioners are uncertain about the worthiness of expenditures in corporate citizenship (Brown and Dacin 1997). This skeptical position is further fueled by the lack of research on the potential marketing benefits of corporate citizenship and by the inconsistent findings of past investigations of the relationship between corporate social performance and financial performance (Griffin and Mahon 1997; Waddock and Graves 1997; Wokutch and McKinney 1991).

This article represents a first attempt at scrutinizing corporate citizenship from a marketing perspective, with a focus on some of its antecedents and benefits. The article (1) proposes a conceptualization and operationalization of corporate citizenship, (2) identifies the type of organizational values likely to encourage decision makers to consider corporate citizenship in the development of marketing strategies and tactics, and (3) identifies whether corporate citizenship is a marketing tool yielding concrete benefits in terms of employee commitment, customer loyalty, and business performance.

## THEORETICAL BACKGROUND

Corporate citizenship designates the activities and organizational processes adopted by businesses to meet their social responsibilities. Even though corporate citizenship is a term commonly employed by business practitioners ("Amway" 1997; Miller 1996; Smith 1996), it has not yet been formally investigated in the marketing literature. Only over the past few years have marketing scholars started to examine how organizations integrate social demands in their operations. This emergent body of literature was launched by Varadarajan and Menon (1988), who highlighted the marketing and strategic value of corporate social involvement in their conceptualization of cause-related marketing. More recently, environmentalism has been proposed as a developing area for marketing strategies. For example, Drumwright (1994) documented the importance of environmentalism in corporate buying decisions, while Menon and Menon (1997) investigated the notion of enviropreneurial marketing. Brown and Dacin (1997) demonstrated empirically that corporate social responsibility associations affect product evaluations. These recent works underline the relevance of corporate citizenship for both marketing theory and practice. However, they focus on narrow aspects of corporate citizenship—namely, the support of a social cause, the protection of the environment, and consumer perceptions of corporate social involvement. Consequently, there is a need for a more holistic conceptualization of corporate citizenship that integrates its many activities.

Most of the theoretical definitions of corporate citizenship emerged out of the management literature and especially out of research on corporate social performance and stakeholder management. Some scholars even suggested that corporate citizenship is synonymous to corporate social performance (e.g., Lewin, Sakano, Stevens, and Victor 1995; Pinkston and Carroll 1994), a construct that has been the subject of much attention in past management research (e.g., Carroll 1979; Griffin and Mahon 1997; Stanwick and Stanwick 1998; Turban and Greening 1996; Waddock and Graves 1997). The "social performance model," first introduced by Carroll (1979:449), regrouped the constructs of corporate social responsibility, corporate social responsiveness, and corporate social responses. The scope of the corporate social performance construct is extremely broad: it encompasses the investigation of the moral principles underpinning corporate social responsibility, of the organizational processes used to implement corporate social responsiveness, and of the actual effects that businesses have on society (Strand 1983). While corporate social performance investigates moral, managerial, and sociological issues, corporate citizenship is concerned with a narrower domain: it designates solely the set of activities undertaken by businesses to concretely meet social demands responsibly.

Despite its encompassing nature, the corporate social performance framework is useful to characterize corporate citizenship. For instance, the literature on corporate social responsibility has identified four types of responsibilities: economic, legal, ethical, and discretionary (Carroll, 1979; Lewin et al. 1995; Wartick and Cochran 1985; Wood 1991). Economic responsibilities include the obligations for businesses to maintain economic wealth and to meet consumption needs. Legal responsibilities imply that businesses must fulfill their economic mission within the framework of legal requirements. Ethical responsibilities require that businesses abide by the moral rules defining appropriate behaviors in society. Discretionary responsibilities are tantamount to philanthropic responsibilities and reflect society's desire to see businesses get actively involved in the betterment of society. Based on this classification, good corporate citizens can be expected to assume their social responsibilities by engaging in economic, legal, ethical, and discretionary citizenship.

The literature on corporate social responsiveness has acknowledged Carroll's (1979) classification of philosophies of responsiveness into four categories: reactive, defensive, accommodative, and proactive. While reactive organizations deny social responsibilities and do less than is required by society's standards, proactive businesses anticipate future responsibilities and act beyond minimal requirements. This classification is instrumental to evaluate the extent to which an organization engages in economic, legal, ethical, and discretionary citizenship. It is worthwhile noticing here that despite the usefulness of Carroll's (1979) classification of corporate social responsiveness, this construct remains distinct from the notion of corporate citizenship. Indeed, a responsive organization may choose to address social pressures by moving to a less demanding environment or by altering social expectations through activities such as lobbying. By contrast, a proactive citizen ensures that it meets and even acts beyond its assigned responsibilities. Consequently, while an exemplary corporate citizen is responsive to its social environment, a responsive business is not necessarily a good corporate citizen.

Over the past few years, the corporate social performance framework has been challenged by the emerging literature on stakeholder management (e.g., Clarkson 1991, 1995; Donaldson and Preston 1995; Goodpaster 1991; Jones 1995), another research area useful to characterize corporate citizenship. Clarkson (1995) and Donaldson and Preston (1995) suggested that businesses do not have responsibilities toward society in general but only toward their stakeholders. Stakeholders are the individuals or groups who influence or are influenced by the corporation's activities (Clarkson, 1995). Primary stakeholders include shareholders or investors, employees, customers, suppliers, and "the public stakeholder group: the governments and communities that provide infrastructures and

markets, whose laws and regulations must be obeyed, and to whom taxes and other obligations may be due" (Clarkson, 1995:106). Secondary stakeholders—such as the media or special interest groups—are not engaged in transactions with the corporation and are not essential to its survival (cf. Clarkson, 1995:107).

Even though stakeholder management provides useful directions to characterize the social actors targeted by corporate citizenship, this framework is not sufficient to define corporate citizenship: it does not delineate the types of actions that best address the demands of each stakeholder group. Stakeholder management narrows somewhat the answer to the question, "To whom is a business responsible?" However, it cannot answer the question, "What is a business responsible for?" The most adequate response to the latter interrogation is provided by authors such as Carroll (1979) who characterized the domains of corporate social responsibilities. Hence, corporate citizenship is best defined by integrating the literatures on corporate social performance and stakeholder management.

Based on the research briefly reviewed above, we define corporate citizenship as the extent to which businesses meet the economic, legal, ethical, and discretionary responsibilities placed on them by their various stakeholders. Following Carroll (1979), and Clarkson (1991, 1995), corporate citizenship is expected to vary along a continuum ranging from proactivity to reactivity. A business is reactive in terms of corporate citizenship when it rejects the responsibilities assigned by its stakeholder groups. A firm is proactive when it is aware of, anticipates, and meets its stakeholders' demands.

Since each group of stakeholders imposes specific responsibilities on businesses, and to keep the scope of the research manageable, only three primary stakeholder groups were considered: employees, customers, and public stakeholders. This selection was motivated in part by the fact that past literature has researched these three groups the most. In addition, suppliers were excluded because their demands may vary according to the activity considered and according to the balance of power characteristic of channel relationships in the industry at stake. Investors were also excluded because their expectations and rights may depend on their ownership status and on the public or private nature of the company.

## CONCEPTUAL FRAMEWORK

This section introduces the constructs and relationships depicted in Figure 1. Three dimensions defining an organization's culture—market orientation, humanistic orientation, and competitive orientation—are considered as potential antecedents of corporate citizenship, while employee commitment, customer loyalty, and business

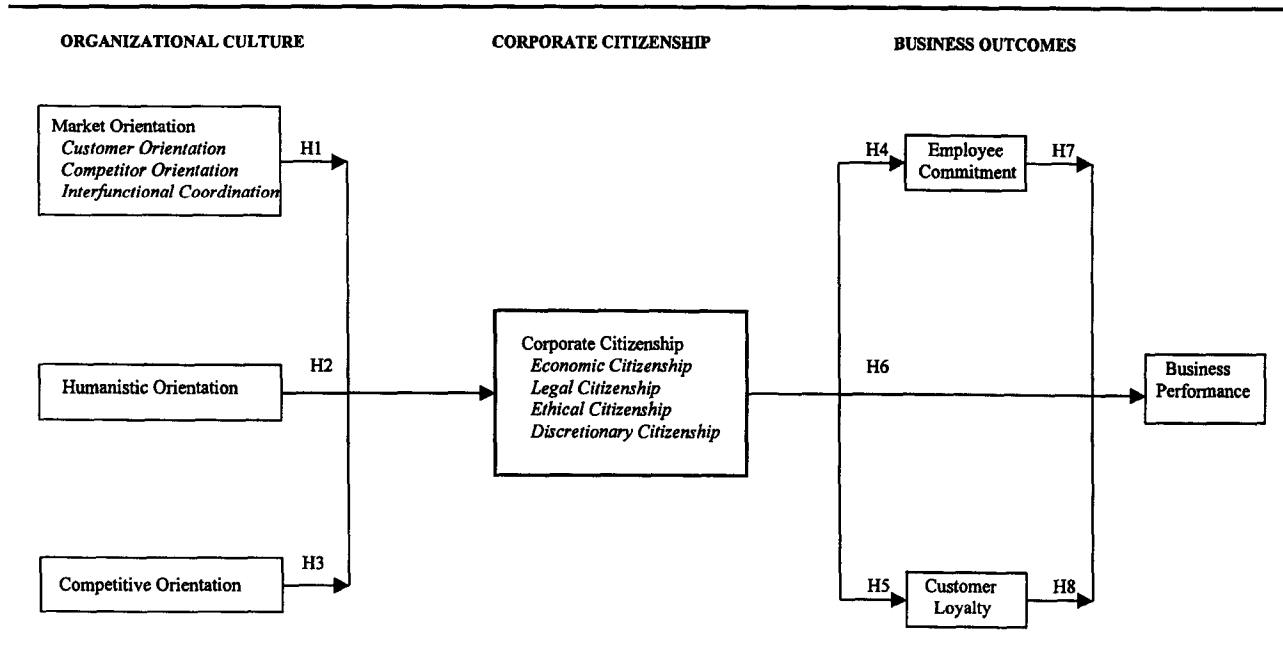
performance are proposed as likely benefits of corporate citizenship.

## Cultural Antecedents of Corporate Citizenship

Past research on corporate social performance has paid scant attention to the factors that encourage organizational decision makers to actively meet their social responsibilities. One exception is a study by Thomas and Simerly (1995), who examined the relationship between the background of top managers evaluated in terms of internal versus external orientation and corporate citizenship. The assumption underlying this research is that managers who have followed various paths throughout their professional career hold differentiated values and thus do not attribute the same importance to corporate citizenship. Our study expands on Thomas and Simerly's (1995) work and investigates whether three specific dimensions of organizational culture affect corporate citizenship. Past research has acknowledged the relevance of the organizational culture construct to help marketing scholars and practitioners understand "why things happen the way they do" (Deshpandé, Farley, and Webster 1993; Deshpandé and Webster 1989:13; Moorman 1995). In the context of the present research, investigating organizational culture may pinpoint specific values and beliefs that encourage marketing managers to include corporate citizenship in their decisions.

Organizational culture is "the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration" (Schein 1984:3). This definition implies that organizational culture may guide the way managers choose to address the potential social responsibilities faced by their company. Reynolds (1986) identified 14 dimensions characterizing organizational culture. To keep the scope of the research manageable, only 3 components were considered in the study: market orientation, humanistic orientation, and competitive orientation. Market orientation was selected because of its central role in the current marketing literature (Day, 1994a) and because of Narver and Slater's (1990) suggestion that it may be linked to corporate social responsibility. The inclusion of humanistic orientation and competitive orientation in the study was called for since these 2 dimensions are widely acknowledged in the management literature and have been shown to greatly affect managerial practices (Cooke and Hartmann 1989; Cooke and Rousseau 1988; Kilman and Saxton 1983; Xenikou and Furnham 1996). In addition, these 3 dimensions seem, at face value, to be likely to affect the organization's commitment to meeting stakeholders' demands.

**FIGURE 1**  
**Antecedents and Consequences of Corporate Citizenship**



*Market orientation and corporate citizenship.* Like Narver and Slater (1990), Day (1994a) conceptualized market orientation as a form of organizational culture: "A market driven culture supports the value of thorough market intelligence and the necessity of functionally coordinated actions directed at gaining competitive advantage" (p. 43). Narver and Slater (1990) suggested that "the implication of a given magnitude of market orientation is that a business is, to some extent, sensitive and responsive to any stakeholder or issue that may affect its long-term performance" (p. 34). These authors proposed that future research should examine "the relationship between the degree of a business' market orientation and the extent of its 'social responsibility' behavior" (p. 34). Following this discussion, it may be expected that market-oriented organizations keep abreast of all environmental forces and make every attempt to integrate economic, legal, ethical, and discretionary responsibilities into their activities. Therefore,

*Hypothesis 1:* The greater the market orientation, the more proactive the corporate citizenship.

*Humanistic orientation and corporate citizenship.* Humanistic orientation refers to the dimension of an organization's culture that is concerned with the importance attributed to collaboration and harmony among workers. Cooke and Hartmann (1989) explained that, in humanistic cultures, "employees are expected to be supportive, helpful, and interested in the suggestions and ideas of others" (p. 25). In such organizations, members show concern for the needs of others, give rewards to others, and involve others in the decisions affecting them (cf. Cooke and Hart-

mann 1989:25). In humanistic cultures, values and policies promoting caring and harmony are likely to apply not only to employees but also to other stakeholder groups. In other words, one may expect that humanistic values encourage organizational members to systematically enhance the relationships between the business and its stakeholder groups by addressing their demands in the economic, legal, ethical, and discretionary areas. Consequently,

*Hypothesis 2:* The greater the humanistic orientation, the more proactive the corporate citizenship.

*Competitive orientation and corporate citizenship.* While a humanistic orientation fosters the maintenance of harmonious relationships within the organization, a competitive orientation is characterized by an emphasis on winning and personal success in the workplace (Cooke and Rousseau 1988; Kilman and Saxton 1983). Businesses characterized by an internal competitive orientation encourage employees to achieve high performance levels regardless of their effects on their colleagues (Cooke and Hartmann 1989). Given the priority attributed to personal success, organizational members are unlikely to pay attention to the well-being of their stakeholders. Accordingly, leaders of such organizations may not consider the satisfaction of their economic, legal, ethical, and discretionary responsibilities as essential to their success. Hence,

*Hypothesis 3:* The greater the competitive orientation, the less proactive the corporate citizenship.

## Outcomes of Corporate Citizenship

Past research on corporate social performance has mainly attempted to determine whether the social involvement of businesses is associated with positive or negative levels of financial performance (e.g., Aupperle, Carroll, and Hatfield 1985; Cochran and Wood 1984; Griffin and Mahon 1997; Waddock and Graves 1997). Even though the present research also considers business performance, it investigates two additional outcomes of corporate citizenship—employee commitment and customer loyalty—that evaluate how two primary stakeholder groups concretely respond to corporate citizenship.

*Corporate citizenship and employee commitment.* Employee commitment designates “the extent to which a business unit’s employees are fond of the organization, see their future tied to that of the organization, and are willing to make personal sacrifices for the business unit” (Jaworski and Kohli 1993:60). Proactive corporate citizens are likely to enjoy enhanced levels of employee commitment for two main reasons: (1) they are dedicated to ensuring the quality of workplace experiences, and (2) they address social issues—such as the protection of the environment or the welfare of the community—that are of concern to society in general and therefore also to employees. Consequently, citizenship activities are likely to generate employee commitment first because they make work activities more enjoyable for employees and second because they translate into visible operations that are likely to generate a feeling of pride among employees. Accordingly,

*Hypothesis 4:* The more proactive the corporate citizenship, the greater the employee commitment to the organization.

*Corporate citizenship and customer loyalty.* Customer loyalty refers to the nonrandom tendency displayed by a large number of customers to keep buying products from the same firm over time and to associate positive images with that firm’s products (Jacoby and Kyner 1973; Keller 1993). Following the same reasoning as that used for employee commitment, it may be argued that corporate citizenship creates customer value for two main reasons. First, proactive corporate citizens treat customers with utmost respect. They are likely to monitor customer satisfaction closely, to respond individually to every customer complaint, to abide by strict product safety standards, and to provide full information about their products and services. Customers may then express their trust in the company and their appreciation of its efforts by continuing to buy its products. Second, as indicated in the survey results mentioned at the beginning of this article (i.e., Jones 1997; Smith 1996), customers appear willing to make an effort to support organizations that show caring for their community with activities such as donations to charities, energy conservancy programs, or sponsorships of local events. Consequently,

*Hypothesis 5:* The more proactive the corporate citizenship, the greater the customer loyalty.

*Corporate citizenship and business performance.* A vast array of research can be found in the management literature on the relationship between corporate social performance and financial performance. Results remain contradictory and ambiguous: some analyses report a negative relationship between the two constructs (e.g., Vance 1975), some report a positive relationship (e.g., Abbott and Monsen 1979; Bragdon and Marlin 1979; Graves and Waddock 1994; Moskowitz 1972; Spencer and Taylor 1987; Waddock and Graves 1997), while others do not identify any significant relationship (e.g., Aupperle et al. 1985; Davidson and Worrell 1990; McGuire, Sundgren, and Schneeweis 1988; Preston 1978; Spicer 1980). The variety of the research findings is mainly due to inconsistent, and sometimes questionable, measures of corporate social performance (Carroll 1991; Griffin and Mahon 1997; Waddock and Graves 1997; Wokutch and McKinney 1991). In addition, much of past research has failed to provide theoretical arguments suggesting the existence of a relationship between corporate citizenship and business performance. An exception is Clarkson (1995), who relied on the stakeholder management framework to propose the existence of a positive relationship between corporate citizenship and performance: by meeting stakeholders’ demands, businesses generate their support, which in turn leads to greater performance levels.

Another explanation for the suggested positive relationship between corporate citizenship and performance can be drawn from the literature on competitive advantage (Barney 1991; Day 1994a, 1994b; Day and Wensley 1988). Three characteristics of corporate citizenship may qualify it as a source of competitive advantage. First, as discussed earlier, corporate citizenship provides superior value to customers by treating them right and by engaging in activities they support. Second, corporate citizenship is difficult to imitate because it deals with the differentiated demands of the organization’s specific stakeholders. Third, corporate citizenship can have multiple applications. For example, it may be used as a core argument in internal promotions aimed at stimulating employees’ motivation, in external advertising intended to improve customers’ image of the company, and in negotiations with community leaders. As a potential source of competitive advantage, corporate citizenship may be associated with higher performance levels. Hence,

*Hypothesis 6:* The more proactive the corporate citizenship, the greater the business performance.

Even though the conceptual framework presented in Figure 1 focuses on the antecedents and outcomes of corporate citizenship, it acknowledges that employee com-

mitment and customer loyalty are also likely to be conducive to greater business performance. Past research has shown that employee commitment is positively associated with greater job satisfaction and motivation (Mowday, Porter, and Steers 1979), lower levels of absenteeism and turnover, and extra-role behaviors (O'Reilly and Chatman 1986). These benefits are conducive of decreased labor costs along with increased efficiencies and therefore may engender enhanced performance levels. Subsequently,

*Hypothesis 7:* The greater the employee commitment, the greater the business performance.

Similarly, customer loyalty has been shown to be directly and positively associated with repeat purchases (Jacoby and Kyner 1973) as well as positive word-of-mouth and a decreased propensity to seek information about other brands (Belch 1981; Furse, Punj, and Stewart 1984; Tellis 1988). These two positive effects of customer loyalty are likely to translate into increased demand, increased sales volumes, and, in turn, into improved performance levels. Hence,

*Hypothesis 8:* The greater the customer loyalty, the greater the business performance.

## METHOD

### Data Collection

Two independent samples were employed to both purify the measures and test the hypothesized framework. The initial sample consisted of 1,000 marketing executives drawn from the 1996 Directory of Members of the American Marketing Association. Not-for-profit organizations, public administrations, and educational institutions were excluded from the sample since the nature and demands of their stakeholders may differ significantly from those faced by for-profit organizations. In addition, businesses with less than 50 employees were excluded from the sample to focus on organizations that are aware of, and do have the means to address, their social responsibilities. Indeed, our review of the academic and business literature revealed that small companies were very often unable to establish the organizational processes necessary to keep abreast of social demands and implement corporate citizenship.

Informants were mailed a questionnaire and a cover letter that offered a summary of the results in exchange for completed surveys. One week later, a reminder card was sent to all potential informants. Out of the 1,000 questionnaires mailed, 229 were completed, and 15 were returned undelivered, which yields a response rate of 23.25 percent.

This rate is comparable to that reported in other surveys of members of the American Marketing Association (e.g., Hunt and Chonko 1984; Singhapakdi, Kraft, Vitell, and Rallapalli 1995). Using a chi-square difference test, it was determined that for a subset of variables (number of employees, sales volume, and profit growth), there were no systematic differences between early and late respondents (Armstrong and Overton 1977). A total of 19 returned questionnaires were discarded because of respondents' claim that the survey was inappropriate for their organization or experience. Hence, the initial sample (hereafter Sample 1) included 210 respondents.

Once the data from Sample 1 were analyzed, a second round of data were gathered to confirm the properties of the measures employed and of the hypothesized framework. Since the main role of Sample 2 was to confirm the findings evidenced in Sample 1, and in an attempt to control for any potential nonresponse bias, groups of executive MBA students from different regions of the United States were requested to fill out the survey. The executives were full-time employees attending executive MBA programs part-time on metropolitan campuses located in four different states. Executives employed by not-for-profit organizations, public administrations, and educational institutions were excluded from the study. Sample 2 included 154 executives.

### Instrument Development and Refinement

The appendix contains the measures and their respective sources. Respondents were asked to focus their answers solely on the strategic business unit (SBU) in which they were employed at the time of the survey. All measures were drawn from extant research except for the customer loyalty and corporate citizenship scales that had to be created specifically for this project. The results of the measurement analysis for each sample are presented respectively in Tables 1 and 2, which include means, standard deviations, average variances extracted, construct reliabilities, parameter estimates, and fit indices. Table 3 provides the correlations for the study constructs.

To operationalize the corporate citizenship and customer loyalty constructs, we followed the procedures outlined by Anderson and Gerbing (1988), Churchill (1979), Fornell and Larcker (1981), Gerbing and Anderson (1992), and Jöreskog and Sörbom (1993). First, we identified activities typifying economic, legal, ethical, and discretionary citizenship toward the three stakeholder groups of interest: employees, customers, and public stakeholders. An extensive search of the academic and business literatures was conducted to pinpoint activities commonly considered as representative of corporate citizenship. Then, in a series of open-ended surveys, 13 executives described the practices adopted by their organization to display good corporate citizenship toward employees,

**TABLE 1**  
**Summary Statistics of the Measurement Analysis for Sample 1 (n = 210)**

<i>Model/Variable</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Variance Extracted (%)</i>	<i>Construct Reliability</i>	<i>Parameter Estimates</i>	$\chi^2$	df	$\Delta^2$	<i>RNI</i>	<i>CFI</i>	<i>GFI</i>
MO						151.2	74	96	.96	.96	.91
COMP	3.60	.93	60.00	.86	.72-.80						
CUST	3.59	.90	62.20	.89	.68-.86						
INTER	2.97	.91	57.40	.87	.66-.83						
HUMANIS						145.8	27	93	.93	.93	.85
COMPETI	3.56	.89	67.56	.95	.72-.90						
CITIZEN	2.44	.84	63.71	.92	.71-.90	84.7	14	93	.93	.93	.90
ECO	3.74	.76	69.00	.90	.80-.89						
LEG	4.18	.85	71.25	.91	.76-.90						
ETHI	3.77	.96	70.80	.92	.82-.86						
DIS	3.35	.97	70.60	.92	.75-.88						
COMMIT	3.37	.85	67.14	.93	.74-.90	68.8	14	95	.95	.95	.92
LOYAL	3.24	.34	63.60	.90	.72-.87	39.1	5	95	.95	.94	.92
PERF	3.32	.87	52.64	.82	.68-.78	25.4	2	96	.96	.96	.94

NOTE: RNI = relative noncentrality index; CFI = comparative fit index; GFI = goodness-of-fit index; MO = market orientation model (COMP = competitor orientation, CUST = customer orientation, INTER = interfunctional coordination); HUMANIS = humanistic orientation; COMPETI = competitive orientation; CITIZEN = corporate citizenship model (ECO = economic citizenship, LEG = legal citizenship, ETHI = ethical citizenship, DIS = discretionary citizenship); COMMIT = employee commitment; LOYAL = customer loyalty; PERF = performance. All parameter estimates are significant at the  $p < .01$  level.

customers, and the public in general. Finally, in an attempt to delineate the expectations of customers and of public stakeholders, three focus groups of employed college students with a business major were organized. The groups of 7 to 13 students were asked to describe activities representative of proactive corporate citizenship toward customers and public stakeholders.

The behaviors representative of proactive corporate citizenship as identified in the field surveys and literature review were classified into a grid according to the type of citizenship they depicted (economic, legal, ethical, or discretionary) and according to the stakeholder group they targeted (customers, employees, and public stakeholders). For example, activities such as (1) the provision of full product information to all customers, (2) the adoption of a code of conduct, and (3) the monitoring of the potential harmful effects of corporate operations on the community were classified as representative of ethical citizenship. They were also respectively assigned to citizenship toward customers, employees, and public stakeholders. While some activities were relevant for only one stakeholder group, others catered to the three stakeholder groups simultaneously. For instance, engaging in long-term strategic planning was deemed to be significant of proactive economic citizenship toward customers, employees, and public stakeholders, since these three groups expect businesses to strive to maintain their productive activities in the future. This classification was approved by two scholars

with expertise in the business and society area and was used as a reference to generate a battery of 32 scale items.

Two pretests were conducted to assess the quality, face validity, and content validity of the items generated. In the first pretest, a questionnaire presenting the items according to each of the dimensions of corporate citizenship was administered to six scholars with an interest in the field of business and society. The 29 items remaining from the first pretest were submitted in the second pretest to 57 employed MBA students who identified any item that was difficult to answer or unclear. Even though some items were modified after the second pretests, all 29 items were kept in the final measure: 7 items to evaluate economic, legal, and ethical citizenship, respectively, and 8 items to assess discretionary citizenship.

A similar procedure was employed to develop a measure of customer loyalty. A set of items were generated by the authors on the basis of existing instruments that rely on information provided directly by consumers (e.g., Dick and Basu 1994; Jacoby and Kyner 1973; Keller 1993). The items were then submitted to three marketing scholars and thereafter to eight marketing managers. This resulted in the selection of six items to measure customer loyalty.

After the data were collected, the measures were subjected to a purification process assessing their dimensionality, reliability, and validity. The psychometric properties of the seven constructs (i.e., market orientation, humanistic orientation, competitive orientation, corporate

**TABLE 2**  
**Summary Statistics of the Measurement Analysis for Sample 2 ( $n = 154$ )**

<i>Model/Variable</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Variance Extracted (%)</i>	<i>Construct Reliability</i>	<i>Parameter Estimates</i>	$\chi^2$	df	$\Delta^2$	RNI	CFI	GFI
MO						227.7	74	89	.89	.89	.82
COMP	3.59	.92	56.25	.84	.71-.80						
CUST	3.73	.95	68.60	.92	.74-.90						
INTER	3.08	.89	52.20	.84	.63-.81						
HUMANIS						69.4	27	96	.96	.96	.90
COMPETI	3.54	.85	64.14	.95	.66-.86						
CITIZEN	2.69	.84	56.71	.90	.55-.85	51.5	14	94	.94	.94	.91
ECO	3.51	.93	62.25	.87	.76-.82						
LEG	4.00	.85	63.25	.87	.75-.86						
ETHI	3.72	.92	69.20	.92	.78-.88						
DIS	3.41	.97	66.20	.91	.74-.86						
COMMIT						46.7	14	97	.97	.97	.92
LOYAL	3.30	.97	74.57	.95	.80-.94						
PERF	4.06	.74	69.40	.92	.74-.90	52.5	5	92	.92	.92	.88
	3.35	.88	76.00	.93	.74-.96	41.0	2	93	.93	.93	.89

NOTE: RNI = relative noncentrality index; CFI = comparative fit index; GFI = goodness-of-fit index; MO = market orientation model (COMP = competitor orientation, CUST = customer orientation, INTER = interfunctional coordination); HUMANIS = humanistic orientation; COMPETI = competitive orientation; CITIZEN = corporate citizenship model (ECO = economic citizenship, LEG = legal citizenship, ETHI = ethical citizenship, DIS = discretionary citizenship); COMMIT = employee commitment; LOYAL = customer loyalty; PERF = performance. All parameter estimates are significant at the  $p < .01$  level.

citizenship, employee commitment, customer loyalty, and performance) were evaluated in separate confirmatory factor models using LISREL (Jöreskog and Sörbom 1993). Because of the small sample sizes in the two studies ( $n = 210$  and  $n = 154$ ), this approach was selected instead of a single confirmatory factor analysis model to fit the constraints of a five-to-one ratio of sample size to parameter estimates (Bentler and Cho 1988).

The model fits were evaluated using the DELTA2 index (Bollen 1989), the relative noncentrality index (RNI) (McDonald and Marsh 1990), and the comparative fit index (CFI) (Jöreskog and Sörbom 1993). The goodness-of-fit index (GFI) is included for comparison purposes. The specific items were evaluated based on the item's error variance, modification index, and residual covariation (Anderson and Gerbing 1988; Fornell and Larcker 1981; Jöreskog and Sörbom 1993).

Construct reliability was evaluated using the procedures suggested by Fornell and Larcker (1981), including examining the parameter estimates and their associated  $t$  values and assessing the average variance extracted for each construct (cf. Anderson and Gerbing 1988; Bagozzi and Yi 1988). Discriminant validity was assessed in a two-step process. An initial level of discriminant validity was established by calculating the shared variances between each pair of constructs and verifying that it was lower than the average variance extracted of the individual constructs (Fornell and Larcker 1981). This was the case

for each average variance extracted/shared variance scenario in both samples. Next, using a procedure recommended by Anderson (1987) and Bagozzi and Phillips (1982), pairs of constructs were assessed in a series of two-factor confirmatory factor models using LISREL. Each model was run twice, once constraining the phi coefficient to unity and once freeing this parameter. A chi-square difference test was then performed on the nested models to assess if the chi-square values were significantly lower for the unconstrained models (Anderson and Gerbing 1988). The critical value ( $\Delta\chi^2[1] > 3.84$ ) was exceeded in all cases in both samples, indicating that discriminant validity exists between the scales used in this study. Overall, the measurement suggested that the seven scales employed were reliable and valid in the context of this study.

## ANALYSIS AND RESULTS

Table 4 reports the results of the hypothesis testing. Structural equation modeling via LISREL was used to simultaneously test the relationships proposed in Hypotheses 1 through 8 (Jöreskog and Sörbom 1993). Each sample was run separately to provide a test-retest examination of the framework. The indicators of the exogenous and endogenous constructs in the model ( $\eta$  and  $\epsilon$  variables) were summated scales except in the case of performance in which we used all four indicators. For



**TABLE 3**  
**Intercorrelations of Measures for the Study Samples**

Variable	1	2	3	4	5	6	7	8	9	10	11	12
HUMANIS	—	-.42	.62	.62	.70	.61	.55	.67	.57	.71	.15	.43
COMPETI	-.32	—	-.22	-.24	-.30	-.17	-.31	-.27	-.27	-.28	.07	-.15
COMP	.45	-.11	—	.64	.63	.57	.49	.55	.42	.54	.14	.40
CUST	.58	-.08	.55	—	.68	.61	.46	.63	.49	.63	.22	.33
INTER	.60	-.05	.56	.69	—	.55	.46	.60	.51	.63	.17	.37
ECO	.46	.06	.47	.52	.52	—	.50	.63	.48	.57	.21	.54
LEG	.55	-.18	.29	.53	.39	.38	—	.69	.49	.50	.22	.34
ETHI	.62	-.13	.40	.64	.52	.52	.67	—	.63	.56	.20	.34
DIS	.50	-.15	.31	.45	.45	.46	.52	.55	—	.54	.14	.28
COMMIT	.62	-.21	.44	.63	.57	.53	.50	.57	.55	—	.23	.43
LOYAL	.35	-.21	.34	.39	.35	.24	.21	.36	.19	.30	—	.12
PERF	.55	-.07	.52	.57	.59	.64	.41	.57	.52	.59	.50	—

NOTE: Study 1 sample ( $n = 210$ ) is in the upper-right triangle of the matrix; Study 2 sample ( $n = 154$ ) is in the lower-left triangle of the matrix. All correlations are significant at the  $p < .05$  level except for the following combinations. In Study Sample 1, the relationships between COMPETI-LOYAL and PERF-LOYAL are not significant. In Study Sample 2, the relationships between COMPETI and the constructs COMP, CUST, INTER, ECO, ETHI, DIS, and PERF are not significant. HUMANIS = humanistic orientation; COMPETI = competitive orientation; COMP = competitor orientation; CUST = customer orientation; INTER = interfunctional coordination; ECO = economic citizenship; LEG = legal citizenship; ETHI = ethical citizenship; DIS = discretionary citizenship; COMMIT = employee commitment; LOYAL = customer loyalty; PERF = performance.

the unidimensional scales (humanistic orientation, competitive orientation, employee commitment, and customer loyalty), the known reliabilities of the measures were incorporated by setting the lambda- $x$  and lambda- $y$  paths to the square root of the construct reliability for each scale. The error terms (theta delta and theta epsilon) were set to the value of one-minus-construct reliability.

The fit indices of DELTA2, RNI, and CFI range between .92 and .94 in Samples 1 and 2 (Table 4). The relative ability of the hypothesized antecedents (market orientation, humanistic orientation, and competitive orientation) to explain variation in corporate citizenship, as measured by the  $R^2$  value, was 87 percent in Sample 1 and 82 percent in Sample 2. The corresponding results for the corporate citizenship and employee commitment relationship were 66 percent (Sample 1) and 62 percent (Sample 2). The relationship between corporate citizenship and customer loyalty had an associated  $R^2$  value of 7 percent (Sample 1) and 18 percent (Sample 2). Last, corporate citizenship, employee commitment, and customer loyalty taken altogether explained 25 percent (Sample 1) and 56 percent (Sample 2) of the variation in performance. The findings for each hypothesis are presented in the following sections.

### Antecedents of Corporate Citizenship

The results suggested a positive relationship between market orientation and corporate citizenship (loading = .68) and between humanistic orientation and corporate citizenship (loading = .30) in Sample 1. Similarly, positive relationships were found between market orientation and corporate citizenship (loading = .64) as well as between humanistic orientation and corporate citizenship (loading =

.33) in Sample 2. Hence, Hypotheses 1 and 2 were supported. No significant relationship was observed between competitive orientation and corporate citizenship in either sample (Hypothesis 3).

### Outcomes of Corporate Citizenship

The analysis provided support for both Hypotheses 4 and 5. The relationship between corporate citizenship and employee commitment had loadings of .81 and .79 in Samples 1 and 2. The results for the relationship between corporate citizenship and customer loyalty were also significant with loadings of .25 and .23 in Samples 1 and 2. In addition, the findings provided support for Hypothesis 6 in both samples, providing evidence that corporate citizenship has a positive effect on business performance (loadings = .38, .60). No significant relationship was found between employee commitment and performance in either sample (Hypothesis 7). However, the relationship between customer loyalty and performance was significant in Sample 2 (loading = .43) but not in Sample 1; thus, Hypothesis 8 was supported in Sample 2.

### DISCUSSION AND CONCLUSION

The empirical investigation first provided support for the conceptualization of corporate citizenship as a construct consisting of the four correlated behavioral components of economic, legal, ethical, and discretionary citizenship. The behavioral characteristic of the proposed measure makes it instrumental to audit an organization's citizenship. For example, as part of an assessment of ethical citizenship, managers can determine whether their organization offers and implements a comprehensive code

**TABLE 4**  
**Structural Equation Results of Comprehensive Model Testing**

Sample	Path	Loading	t Value	Significance	R <sup>2</sup>	Fit Indices
Sample 1	H1 (MO → CC)	.68	4.28	<i>p</i> < .01		$\chi^2 = 205.94$ <i>df</i> = 83 GFI = .89 $\Delta 2 = .94$ RNI = .94 CFI = .93
	H2 (HO → CC)	.30	3.01	<i>p</i> < .01		
	H3 (CO → CC)	.02	0.39	<i>ns</i>	.87 (CC)	
	H4 (CC → EC)	.81	5.62	<i>p</i> < .01	.66 (EC)	
	H5 (CC → CL)	.25	3.01	<i>p</i> < .01	.25 (BP)	
	H6 (CC → BP)	.38	2.57	<i>p</i> < .05	.07 (CL)	
	H7 (EC → BP)	.13	0.97	<i>ns</i>		
	H8 (CL → BP)	.03	0.46	<i>ns</i>		
Sample 2	H1 (MO → CC)	.64	4.28	<i>p</i> < .01		$\chi^2 = 196.18$ <i>df</i> = 83 GFI = .85 $\Delta 2 = .92$ RNI = .92 CFI = .92
	H2 (HO → CC)	.33	3.18	<i>p</i> < .01		
	H3 (CO → CC)	-.01	-.07	<i>ns</i>	.82 (CC)	
	H4 (CC → EC)	.79	5.47	<i>p</i> < .01	.62 (EC)	
	H5 (CC → CL)	.23	3.20	<i>p</i> < .01	.56 (BP)	
	H6 (CC → BP)	.60	3.60	<i>p</i> < .01	.18 (CL)	
	H7 (EC → BP)	.02	0.18	<i>ns</i>		
	H8 (CL → BP)	.43	4.08	<i>p</i> < .01		

NOTE: H = hypothesis; MO = market orientation; CC = corporate citizenship; HO = humanistic orientation; CO = competitive orientation; EC = employee commitment; BP = business performance; CL = customer loyalty; GFI = goodness-of-fit index; RNI = relative noncentrality index; CFI = comparative fit index.

of conduct, whether confidential reporting procedures are available to employees, and whether training programs require that salespersons provide customers with full and accurate product information.

In addition, our measure of corporate citizenship calls for marketing managers to integrate a number of activities that may already be performed by their organization but that often remain independent from one another. For example, a company's public relations department may be in charge of monitoring philanthropic donations while its legal affairs department implements ethics compliance and its human resources department coordinates work-family programs. Marketers are more likely to successfully establish the image of a socially responsible organization if they coordinate these various activities and monitor them as a whole.

### Antecedents and Outcomes of Corporate Citizenship

The study findings suggest that corporate values play an essential role in achieving proactive corporate citizenship. First, market-oriented cultures are found to be conducive of proactive corporate citizenship. This result highlights another benefit of market orientation beyond the achievement of greater performance and innovation levels identified in past research (Gatignon and Xuereb 1997; Hurley and Hult 1998; Jaworski and Kohli 1993; Narver and Slater 1990; Slater and Narver 1994). The findings also indicate that the greater the humanistic orientation of an organization, the more proactive the corporate

citizenship. This result underlines the positive organizational effects of a humanistic orientation and adds to previous inquiries linking humanistic orientation to reduced employee turnover, greater job satisfaction (Pritchard and Karasick 1973; Victor and Cullen 1987, 1988), and increased motivation (Cooke and Burack 1989). However, cooperative behaviors do not need to come at the expense of competitive values that call for personal achievements. Indeed, the empirical investigation does not support the idea that competitive values may be barriers to the achievement of greater levels of corporate citizenship.

The present analysis clearly demonstrates the potential business value of proactive citizenship: it is found to be systematically associated with enhanced levels of employee commitment, customer loyalty, and business performance—evaluated in terms of return on assets, return on investments, profits growth, and sales growth. Employee commitment is likely to engender greater job satisfaction and motivation (Mowday et al. 1979), lower levels of absenteeism and turnover, along with extra-role behaviors (O'Reilly and Chatman 1986). Customer loyalty diminishes the propensity of consumers to seek information on other brands and generates positive word of mouth (Belch 1981; Furse et al. 1984; Tellis 1988). These desirable outcomes of employee commitment and customer loyalty, respectively, may in turn improve the overall competitive position of the business and may at least partially explain the positive association observed between corporate citizenship and business performance.

According to the research findings, employees of socially proactive organizations are likely to feel bound to

their employer and to be supportive of its objectives. Organizational members enjoy acting in an environment designed to enhance workplace experiences and in a company whose goals go beyond the mere maximization of profits. Thus, corporate citizenship is an excellent tool for internal marketing: it is a way to motivate employees, to educate them about the organization, and to bond with them (Berry 1995; George and Berry 1981; Gilly and Wolfenbarger 1998). Our investigation further indicates that corporate citizenship is conducive of customer loyalty. Like employees, customers are likely to support proactive corporate citizens because they benefit directly from the responsible attitudes of these organizations and because they share common values with them. By buying from proactive corporate citizens, individuals show that they appreciate the efforts undertaken by businesses to care about the well-being of their clients and of society in general. Accordingly, corporate citizenship is a useful tool to communicate indirectly to customers, to create ties with them based on shared values, and to gain their patronage.

### Limitations and Directions for Future Research

Despite our efforts to provide a meaningful conceptualization and measure of corporate citizenship, the research is not without limitations. First, the study relied solely on the information provided by marketing executives (Sample 1) and executive MBA students (Sample 2) in a survey. Thus, the data gathered are reflective of managerial evaluations of organizational culture, corporate citizenship, and business outcomes. Future research could address this caveat by relying on multi-informants research designs. Surveys of consumers, employees, and public stakeholders could be combined to obtain a better depiction of organizational activities. Nonintrusive measures of employee and customer behaviors could also be employed to compare managerial evaluations with facts. For example, philanthropic donations, layoff practices, or customer complaints could be considered as indicators of corporate citizenship, while the turnover rate and the percentage of sales made of repeat purchases could be used to assess employee commitment and customer loyalty, respectively.

A second limitation of the study is to provide an overall assessment of the relationships considered regardless of business size and industry types. In addition, small businesses were excluded from Sample 1. There is some evidence in past research suggesting that business size and industry type may influence the propensity of organizations to engage in, and to benefit from, corporate citizenship (Clarkson 1988). Consequently, scholars interested in

examining the antecedents and outcomes of corporate citizenship may want to treat business size and industry type as potential moderators.

A third limitation refers to the nature of the stakeholder demands considered. Only three groups of primary stakeholders were included: customers, employees, and public stakeholders. The incorporation of channel members' and investors' demands in the measure of corporate citizenship would improve its scope and would yield a more accurate evaluation of its benefits. Furthermore, future refinements of the proposed measure could investigate more thoroughly what consumers expect of proactive corporate citizens. Such inquiries could help compensate for the fact that our focus groups of consumers included solely students whose expectations may not be representative of those of various customer groups.

Fourth, the research included only three dimensions of organizational culture as potential antecedents of corporate citizenship. This focus entails a limited depiction of the role of organizational culture. Future research could incorporate more comprehensive measures of corporate culture such as Reynolds's (1986) measurement instrument, which incorporates 16 dimensions. In addition, other antecedents could include the level of dedication to corporate citizenship displayed by organizational leaders.

Finally, the study did not analyze the impact of varying proportions of the components within a given magnitude of corporate citizenship. Such inquiries could establish whether inequalities in the levels of the four components of corporate citizenship lead to different outcome levels. For example, two businesses could display similar levels of overall corporate citizenship and yet benefit from differentiated levels of employee commitment because one focuses equally on the economic, legal, ethical, and discretionary citizenship, while the other focuses on the legal and economic citizenship at the expense of the discretionary and ethical citizenship.

Overall, this research constitutes a preliminary attempt at gaining a holistic understanding of corporate citizenship from a marketing perspective. Our empirical investigation suggests that meeting social demands does not come at the expense of performance levels. Instead, with initiatives designed to show their commitment to meeting economic, legal, ethical, and discretionary responsibilities, businesses may generate a sense of loyalty in both customers and employees. These findings highlight the marketing value of corporate citizenship as a communication tool targeted to both employees and customers and should encourage further efforts investigating how corporate citizenship can facilitate the internal and external marketing of the firm.

## APPENDIX

Scale and Source	Scale Items
Market Orientation (Narver and Slater 1990) <sup>a</sup>	<p>Competitor Orientation</p> <ol style="list-style-type: none"> <li>1. We rapidly respond to competitive actions that threaten us.</li> <li>2. Our salespeople regularly share information within our organization regarding our competitors' actions.</li> <li>3. Top management regularly discusses competitors' strengths and strategies.</li> <li>4. We target customers where we have an opportunity for competitive advantage.</li> <li>5. We can usually anticipate how our competitors will respond to our competitive moves.<sup>b</sup></li> <li>6. We systematically analyze the products offered by our competitors.<sup>b</sup></li> </ol> <p>Customer Orientation</p> <ol style="list-style-type: none"> <li>1. We constantly monitor our level of commitment and orientation to serving customers' needs.</li> <li>2. Our business objectives are driven primarily by customer satisfaction.</li> <li>3. Our strategy for competitive advantage is based on our understanding of customer needs.</li> <li>4. Our business strategies are driven by our beliefs about how we can create greater value for customers.</li> <li>5. We give close attention to after-sales service.</li> <li>6. We measure customer satisfaction systematically and frequently.<sup>b</sup></li> </ol> <p>Interfunctional Coordination</p> <ol style="list-style-type: none"> <li>1. All of our business functions (e.g., marketing/sales, manufacturing, R&amp;D, etc.) are integrated in serving the needs of our target markets.</li> <li>2. All of our business functions and departments are responsive to each other's needs and requests.</li> <li>3. Our top managers from every function regularly visit our current and prospective customers.</li> <li>4. We freely communicate information about our successful or unsuccessful customer experiences across all business functions.</li> <li>5. Our managers understand how everyone in our business can contribute to creating customer value.</li> </ol>
Competitive Orientation (Cooke and Rousseau 1988) <sup>a</sup>	<p>Extent to which people are expected to</p> <ol style="list-style-type: none"> <li>1. Out-perform their peers.</li> <li>2. Maintain an image of superiority.</li> <li>3. Be seen and noticed.</li> <li>4. Compete rather than cooperate.</li> <li>5. Be the center of attention.</li> <li>6. Never appear to lose.</li> <li>7. Always try to be right.</li> <li>8. Be a "winner."<sup>b</sup></li> <li>9. Win against others.<sup>b</sup></li> <li>10. Turn the job into a contest.<sup>b</sup></li> </ol>
Humanistic Orientation (Cooke and Rousseau 1988) <sup>a</sup>	<p>Extent to which people are expected to</p> <ol style="list-style-type: none"> <li>1. Show concern for the needs of others.</li> <li>2. Involve others in decisions affecting them.</li> <li>3. Be supportive of others.</li> <li>4. Help others to grow and develop.</li> <li>5. Give positive rewards to others.</li> <li>6. Resolve conflicts constructively.</li> <li>7. Encourage others.</li> <li>8. Help others to think for themselves.</li> <li>9. Be a good listener.</li> <li>10. Take time with people.<sup>b</sup></li> </ol>
Corporate Citizenship (new scale) <sup>a</sup>	<p>Economic Citizenship</p> <ol style="list-style-type: none"> <li>1. Our business has a procedure in place to respond to every customer complaint.<sup>b</sup></li> <li>2. We continually improve the quality of our products.<sup>b</sup></li> <li>3. We use customer satisfaction as an indicator of our business performance.<sup>b</sup></li> <li>4. We have been successful at maximizing our profits.</li> <li>5. We strive to lower our operating costs.</li> <li>6. We closely monitor employees' productivity.</li> <li>7. Top management establishes long-term strategies for our business.</li> </ol> <p>Legal Citizenship</p> <ol style="list-style-type: none"> <li>1. Managers are informed about relevant environmental laws.<sup>b</sup></li> <li>2. All our products meet legal standards.<sup>b</sup></li> <li>3. Our contractual obligations are always honored.<sup>b</sup></li> </ol>

## APPENDIX Continued

Corporate Citizenship (new scale) <sup>a</sup>	<p>Legal Citizenship</p> <ol style="list-style-type: none"> <li>4. The managers of this organization try to comply with the law.</li> <li>5. Our company seeks to comply with all laws regulating hiring and employee benefits.</li> <li>6. We have programs that encourage the diversity of our workforce (in terms of age, gender, or race).</li> <li>7. Internal policies prevent discrimination in employees' compensation and promotion.</li> </ol> <p>Ethical Citizenship</p> <ol style="list-style-type: none"> <li>1. Our business has a comprehensive code of conduct.</li> <li>2. Members of our organization follow professional standards.<sup>b</sup></li> <li>3. Top managers monitor the potential negative impacts of our activities on our community.<sup>b</sup></li> <li>4. We are recognized as a trustworthy company.</li> <li>5. Fairness toward coworkers and business partners is an integral part of our employee evaluation process.</li> <li>6. A confidential procedure is in place for employees to report any misconduct at work (such as stealing or sexual harassment).</li> <li>7. Our salespersons and employees are required to provide full and accurate information to all customers.</li> </ol> <p>Discretionary Citizenship</p> <ol style="list-style-type: none"> <li>1. The salaries offered by our company are higher than industry averages.<sup>b</sup></li> <li>2. Our business supports employees who acquire additional education.</li> <li>3. Our business encourages employees to join civic organizations that support our community.<sup>b</sup></li> <li>4. Flexible company policies enable employees to better coordinate work and personal life.</li> <li>5. Our business gives adequate contributions to charities.</li> <li>6. A program is in place to reduce the amount of energy and materials wasted in our business.</li> <li>7. We encourage partnerships with local businesses and schools.</li> <li>8. Our business supports local sports and cultural activities.<sup>b</sup></li> </ol>
Customer Loyalty (new scale) <sup>a</sup>	<ol style="list-style-type: none"> <li>1. Many of our customers would not buy the products offered by our competitors.<sup>b</sup></li> <li>2. The large majority of our sales are made up of repeat purchases.</li> <li>3. We have trouble keeping our existing customers.</li> <li>4. Customers often switch from our products to our competitors' products.</li> <li>5. Most of our customers have used our products more than once.</li> <li>6. Customer loyalty is a major strength of our business.</li> </ol>
Employee Commitment (Jaworski and Kohli 1993) <sup>a</sup>	<ol style="list-style-type: none"> <li>1. Employees feel as though their future is intimately linked to that of this organization.</li> <li>2. The bonds between this organization and its employees are very strong.</li> <li>3. Employees would be happy to make personal sacrifices if such sacrifices were important for the business' well-being.</li> <li>4. In general, employees are proud to work for this organization.</li> <li>5. Employees often go above and beyond the call of duty to ensure the company's well-being.</li> <li>6. Our people are very committed to this firm.</li> <li>7. It is clear that employees are fond of the firm.</li> </ol>
Business Performance <sup>c</sup> (Samiee and Roth 1992)	<p>Relative to our competitors, over the past three years,</p> <ol style="list-style-type: none"> <li>1. Our return on investment has been ____.</li> <li>2. Our return on assets has been ____.</li> <li>3. Our sales growth has been ____.</li> <li>4. Our profit growth has been ____.</li> </ol>

a. 5-point scale ranging from *strongly disagree* to *strongly agree*.

b. This item was eliminated based on the refinement procedure described in the text.

c. 5-point scale ranging from *much worse* to *much better*.

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