

## Investigating the Effect of Corporate Social Responsibility and Affective Commitment on Corporate Performance in Oil and Gas Corporations in Yemen

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### ABSTRACT

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This article investigates the effect of corporate social responsibility (CSR) and affective commitment on corporate performance. Although the social and political issues are the root cause of the threat to sustainability development in the world, only corporations have the three essential components, namely resources, global reach and motivation, in order to achieve sustainability. From the economic distress and social challenges that Yemen is facing, it is very important to understand the complex connection and interdependence of CSR activities. Data were collected by means of self-administered survey questionnaire. A total of 339 usable responses were obtained from the employees working in three major oil and gas corporations in Yemen. The findings revealed that affective commitment influence corporate performance by 0.176 at significant level of 0.05. The study result shows that CSR to employee dimensions play an important role in nurturing the commitment of the employees, their engagement and innovation. Corporate can achieve long term growth followed with maintaining effective CSR activities and achieve its reputation with an effective CSR strategies.

#### Keywords:

CSR, Affective Commitment, Corporate Performance, Oil and Gas companies in Yemen

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## 1. Introduction

In today's competitive environment, it is very challenging for corporations to ensure performance and success. The demand for corporate social responsibility (CSR) in today's corporate world has been gaining growing interest. Increasing the performance of an organization is the stakeholders' collective responsibility. According to Katamba [40], corporate social activities include offering academic scholarships, medical care, employee development and many others. Further, some

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studies [60] have claimed that there is a need to understand strong social characteristics and stakeholder relationships for organizations to survive.

Researchers have examined various justifications for the decisions taken by managers to spend efforts and time on enhancing corporate social responsibility (CSR). Numerous environmental issues hampered the growth of oil sector followed with lack of trust of foreign corporations. Due to the limited response from the oil and gas corporates towards corporate social responsibility, there has been an imbalance in the relationship between industry and the employees along with affecting the emotional behaviour and their engagement towards the organization (Ditlev-Simonsen, 2012). The expectations of individuals in Yemen have increased and thus the welfare of the society have been the main concern for the organizations [15].

Many studies have been conducted in CSR activities [19,39], but the majority of these studies paid more attention to the attitude and behaviour of organization customers. In Yemen Most of the CSR studies focused widely on the disclosure [74,73]. Within the disclosure context, several issues on CSR disclosure were examined. Among the issues examined are level of disclosure, quantity and quality of information disclosed, types of disclosure and companies' characteristics. Among these issues, disclosure level is the most popular theme being examined where most studies examined the level of disclosure and motivating factors influencing disclosure level. Alawi *et al.*, [74] examine the moderating effect of family group affiliation between company's characteristics and social responsibility disclosure in Yemen and concluded that that there significant moderating effect of family group affiliation. Also Alawi and Masood [73] examined the quality of environmental disclosure by MNCs in Yemen and concluded that the quality of environmental disclosure by MNCs on their websites is not high. Most of the reported environmental aspects are expressed in discursive rather than numerical or monetary terms.

Majority of previous studies investigated employee's perspective about CSR and corporate performance, conducted in developed countries such as US, Europe [38] and different part of Asia [40,46,38], while a little attention has been paid in less developing countries and researcher don't found studies in Yemen. Therefore, literature found great lack of studies investigated the effect of CSR activities on performance of oil and gas industry.

Therefore, the main research question this study will answer is: To what extent the oil and gas industry perceives to perform CSR activities pertaining to economic responsibilities, environmental responsibilities, social responsibilities and philanthropic responsibilities in order to increase corporate performance?

To bridge the CSR activities and performance literature, an integrated research framework is developed to address antecedents, extant and implications in CSR studies. By examining antecedents and consequences simultaneously in the framework, this study is expected to improve the understanding of the importance of CSR activities in the development of the corporates and the employees. Following the early efforts of investigating the theoretical foundation of corporate performance using CSR activities [70], this study is expected to contribute to theoretical development linking CSR activities to corporate performance through affective commitment of employees. From the theoretical underpinnings and empirical investigation of literature, it is confirmed that for the organization to be performing smoothly in the competitive market and to increase CSR activities are very crucial.

## 2. Literature Review

### 2.1 Corporate Social Responsibilities (CSR)

Corporate Social Responsibility (CSR) is a concept that has attracted worldwide attention and acquired a new resonance in the global economy. Before the investigation to be performed there is question arises of the meaning of corporate to be socially responsible. According to the World Business Council for Sustainable Development (WBCSD), CSR is the *commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities* [70]. Historically during the 1960s, CSR has emerged as a crucial social aspect that deals with economical as well as legal aspects of the businesses [14,47]. Thus in order to make the welfare of the employees, ethical and philanthropic acts has been designed to ease the drawbacks.

#### 2.1.1 Economic Responsibilities

Economic individuals historically designed the corporate image as to provide goods and services to the civilians of the country. The main motive of such corporate is to make profits. Thus it was confirmed by the economists that the business organizations are the main source of the unit for the employees as their main job is to produce goods and service and distribute them to the employees for the sake of creating profit in the process.

Furthermore, Cetindamar [17] integrated economic and social responsibility to increase corporate participation on CSR activities in the future. They investigate corporate motivations for participating in CSR activities and its impact on company performance. The result revealed that both economic and social dimensions of CSR activities are important. It was also found that when the relationship between the organization and the employee is considered, companies face a conflict of increasing shareholder and stakeholder's value. Furthermore, CSR also helps the organization to increase long term profits claiming CSR as a step towards a decent society. Companies must perform their role towards the employees that is ethically correct particularly when it comes to environmental issues.

Firms must understand the importance of CSR and the role of economic responsibilities as a strategy to curb situational contingencies in the dynamic and competitive environment. Pivato *et al.*, [56] were having similar view by illustrating importance of trust as mediator between CSR and firm performance. Similarly, Barnett [6] examined how contingency situation influence CSR and performance of the organization by setting out the constructs of stakeholder influenced capacity and found that the relationship between economic responsibilities and firm performance is highly influenced by the environmental and economic factors affect smart decisions that takes the company to greater heights. A contingency perspective in line with the optimal management depending on the environmental and economic conditions would allow the company to be more dependent and can influence firm performance. Firms in order to increase their financial performance must consider economic and social responsibilities simultaneously [22,65,68]. Recent studies like Ganescu [29], K.-H. Kim, *et al.*, [41] and Nejati and Ghasemi [52] claimed that financial and economic interests are the main reason to establish any business and are the key factors to influence survival of firms. Thus, it is hypothesized that:

H1: Corporates having economic responsibilities will lead to increase their performance

### 2.1.2 Environmental Responsibilities

The origin of the term CSR lies in the 18th century and was actually used in forestry. In those times, it was only allowed to cut down a certain number of trees so that a long-lasting protection of the tree population was guaranteed. In the course of this study an eco-friendly environment for the protection of resources. According to Elkington [25], companies should not only focus on enhancing its value by maximizing profit and outcome but concentrate on environmental and social issues equally.

Concepts of CSR criticize this point of view when it comes to social and environmental responsibilities. Of course, the economic perspective is important but a company also has a burden of environmental and social responsibilities to handle. Thus sustainable development is a concept where companies integrate environmental concerns into their business operations and interactions with their stakeholders. Oil and Gas companies have faced myriad environmental concerns for decades in a different form. If the managers make the decision on CSR activities due to their personal sense, then CSR is the right thing. However, the task of behaving responsibly is complicated for the modern oil and gas companies, due to environments, technical, legal, political, cultural, social and ethical in which they operate [12].

Several authors like Garriga and Melé [30], Greening and Turban, [33] and McWilliams and Siegel, [48] have extended this concept of the demand for CSR so that a CSR strategy can be formulated to achieve sustain a competitive advantage. Economists like Bagnoli and Watts [4], Besley and Ghatak [8], Kotchen [45], believed of CSR as the private provision by firms of a local public good like social networks, community development or reduction of a pollution. This concept of the private provision of a public good is an important extension of the literature on strategic CSR. In an interesting extension of RBV, findings by McWilliams *et al.*, [50], suggest that firms can bundle political influence with CSR strategies to raise regulatory barriers that prevent foreign rivals from using substitute technology including labour costs.

Thus the corporation response to call for sustainability has focused primarily on environmental sustainability. Corporate environmentalism includes environment management, industrial ecology, pollution prevention, optimum resource utilization and conservation of energy to address environmental issues within the large framework of corporate social responsibilities. Corporate environment can integrate economic, social and environmental issues as a part of the strategy for corporate decision making [5].

Furthermore, the interaction between the environment, society and the economy was produced as an opportunity by Elkington [25]. Clean technology and reduction of emission have arisen to economic environmental shear zone delivering best business outcomes with measurable benefits. Therefore, corporate efforts in environmental education are an outcome of the social-environmental shear zone, involving environmental literacy and training for the employees, customers, shareholders and other stakeholders. Issues between social and environmental zone create new problems such as environmental refugees, communities that are forced to find other means of existence resulting to corporate social responsibility, business ethics, human rights, and diversity.

However, even though environmental issues are important to address, but is a very complex task as environmental issues laid out as a series of packaged alternatives. Thus there is a need for grim reality in a corporate environment. The investment period of environmental improvement has come to an end in most of the industries and managers are finding new ways of environmental strategies but not all the strategies can be justified based on benefits to the environment and costs to the company [66].

H2: Corporates having environmental responsibilities will lead to increase their performance

### 2.1.2 Social Responsibilities

Company's commitment to social responsibilities in the management philosophy have already been able to explain sustainable development supporting corporate values [61]. From the three pillars of CSR, the social dimension is still the weakest pillar and has been neglected in discussions over the years in comparison to the other two aspects. Brent *et al.*, [11] focused on sustainability criteria and design a comprehensive framework which is used to assess the social sustainability performance of projects, technologies or the company itself. Furthermore, Lehtonen [45] highlighted the economic-social interface due to the capability approach and social capital.

In CSR, the word social has always been inadequate and imprecise in a specific direction as to whom the corporation is responsible. According to the concept of stakeholder, social or societal responsibilities need to be considered in its CSR orientation. Thus, the stakeholder nomenclature puts names and faces on the societal members who are most urgent to business, and to whom it must be responsive. However, Davis [21] argued that social responsibility referred to business decisions and action taken beyond the firm's direct economic or technical interests. Furthermore, [27,28] urges corporations to assume certain responsibilities to the employees which extend beyond their economic and legal obligations for broader social goals.

According to Friedman, the main goal of the management is to increase the profitability of its shareholders arguing that social issues are not the major concerns for the organization. The social issues need to be resolved through the free market systems. If the free market systems were unable to solve the social issues, then the government and legislation must attempt to solve them instead of the organization. Business is not for handling social activities and the managers do not need to have the necessary expertise for social skills and instead must be oriented towards finance and operations [16]. The primary purpose of the business is diluted due to CSR and thus the adoption of CSR for the business will put them into fields of endeavour that are not related to the corporate goals. The next argument against CSR was the power handled by the organization such as social power is limited and by pursuing CSR, business will itself be less competitive globally. Even though there have been many arguments against CSR, it is noticed that CSR is the primary objective of the business and its concept is widely conceived.

Socially responsible firms believing on CSR have long term self-interest. This view holds that, if the business has a healthy business climate to function in the future long term sustainability of the business can be ensured. A similar argument in favour of CSR was of government regulation. Practically, when business fulfils employee's expectations, future government interventions can be forestalled with the business policies. Furthermore, according to Carroll and Buchholtz, [13] CSR is based on anticipating, planning and initiating and is more practical with low cost in order to solve the social issues once they have surfaced.

Finally, it has been argued that business should engage in CSR because the public (society) strongly supports it. Today, it is believed that business must be responsible for their workers, communities and other stakeholders even if required to sacrifice some business profits for them [16].

H3: Corporates having social responsibilities will lead to increase their performance

### 2.1.4 Philanthropic Responsibilities

Philanthropy encompasses those corporate actions that are in response to employee's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. Examples of philanthropy include business

contributions to financial resources or executive time, such as contributions to the arts, education, or the community. A loaned-executive program that provides leadership for a community's United Way campaign is one illustration of philanthropy.

The main difference between philanthropy and ethical responsibilities is that the former is not expected in an ethical or moral sense [43]. Communities desire firms to contribute their money, facilities, and employee time to humanitarian programs or purposes, but they do not regard the firms as unethical if they do not provide the desired level. Therefore, philanthropy is more discretionary or voluntary on the part of businesses even though there is always the societal expectation that businesses provide it.

One notable reason for making the distinction between philanthropic and ethical responsibilities is that some firms feel they are being socially responsible if they are just good citizens in the community. This distinction brings home the vital point that CSR includes philanthropic contributions but is not limited to them. In fact, it would be argued here that philanthropy is highly desired and prized but actually less important than the other three categories of CSR. In a sense, philanthropy is icing on the cake—or on the pyramid, using our metaphor.

Williamson *et al.*, [68] found that regulatory factors and cost reduction strategies of the firms drives to perform CSR activities. Firms who perform their operations under regulations would lack to deliver business performance [57]. Finally, business is expected to be a good corporate citizen. This is captured in the philanthropic responsibility, wherein the business is expected to contribute financial and human resources to the community and to improve the quality of life.

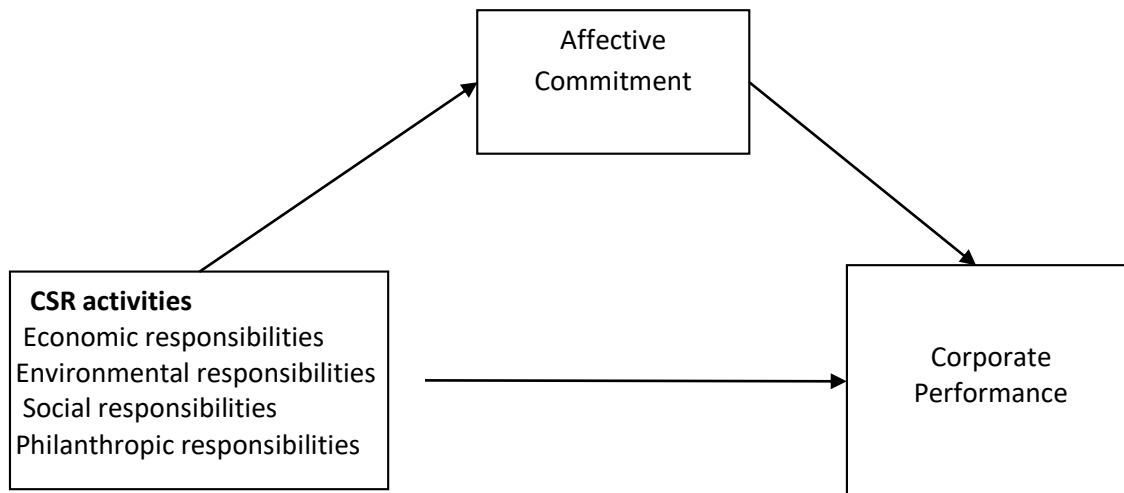
H4: Corporates having philanthropic responsibilities will lead to increase their performance

## 2.2 Affective Commitment

Affective commitment is the emotional attachment of the employees to, identification with and involvement in the organization [63]. In this study, CSR activities related to the, customers and employees can increase affective commitment [62]. Affective commitment is the most preferred form of commitment that is associated with corporate communication. Grant *et al.*, [32] demonstrated that affective commitment of the employees not only increases support for CSR activities, but their involvement leads to a higher level of affective commitment. Moreover, Rupp *et al.*, [59], mentioned that at the corporate level, employees value their organization due to the caring attitude and affective commitment is increased due to their belief or feeling proud to work in an organization that cares for their stakeholders, including the employees, beyond their economic interests. Furthermore, Brammer *et al.*, [10], elaborated the discussion on CSR activities and affective commitment from the perspective of employees at large; as employees are more aware of the organization and their efforts to do better, they interpret the action and identity the organization to be more caring. However, Turker [64], is unclear whether or not CSR activities towards customers and the government and employees can result in increased affective commitment.

H5: Affective commitment mediates the relationship between CSR activities and corporate performance

This study sets the theoretical framework for the performance of Oil and Gas Corporation. In order to achieve the overall objective of profitability and differentiation agency-stakeholder model has been described. It has been also argued by previous studies that building relationship is closely linked to the establishment and maintenance of the corporate social relationship between the corporates and the employees. Thus considering the specification of Oil and Gas Corporation as a petroleum industry special attention is provided to the CSR activities performed by this organization in this study. Figure 1 shows the conceptual framework formulated for the study.



**Fig. 1.** Conceptual Framework addressing paths between CSR activities, affective commitment and corporate performance

This model is performed keeping in mind agency theory, stakeholder theory and stewardship theory explaining that different aspects of CSR and affective commitment elicits performance. Therefore, this paper aims to contribute to the literature by highlighting the direct and indirect effect of CSR activities with the corporate performance influenced through the mediating role of affective commitment in the context of Yemen. This model has corporate performance as dependent variables. CSR activities for the employees are expected to play an important role in nurturing commitment that is perceived to focus on employee development, harmony, and innovations.

### 3. Methodology

#### 3.1 Sampling procedure

We surveyed 339 employees working in government oil in Yemen. The technique was utilized for the study is stratified random sampling technique as from the nine oil and gas industry in Yemen, purposefully THREE (3) companies were selected due to its high market share of the total oil output. The description of selected companies and the total population is provided in Table 2.

**Table 2**

Description of Selected Government Oil Companies in Yemen as population

Company	SAFER exploration and Production	Petro Masila	Yemen LNG
<b>Industry</b>	Petroleum	Petroleum	Gas
<b>Employee</b>	5000	1700	1000
<b>Year of establishment</b>	1997	2011	2005

The paper emphasizes on the corporate performance of the selected government oil and gas companies in Yemen. The sample of the study is restricted to the following leading government owned oil companies in Yemen. These are namely 1) Yemen LNG, 2) Petro Masila and 3) SAFER Exploration and Production Operation Company. These are the leading government owned oil and gas companies working under the Yemen Oil and Gas Corporation (YOGC) of Yemen. The selected companies represent 70 percent shares of the total oil sector output. The companies have been

deliberately selected, based on their size from 7 companies working under the national YOGC. As these companies represent 70 percent shares and thus cover 70 percent of the total oil production market of Yemen.

### *Pilot test*

A pilot test was administered to test the validity of the survey instrument. Thirty six set of the questionnaire was distributed to a small sample of employees working in the oil industry in Yemen to identify ambiguous and irrelevant items. All respondents participated in the pilot test resulting in 100 percent response rate. The pilot test revealed no changes for the instruments, however, they identified few unclear items and provided suggestions for changes.

### *3.2 Survey Administration*

The sample consisted of employees currently working in government owned oil companies in Yemen (N=339). The questionnaire took 20 to 30 minutes to complete, although there was no time constraint imposed on for the respondents. In order to achieve an appropriate response rate, 650 questionnaires were randomly distributed. Of the 650 questionnaires distributed, 364 were received with an equivalent percentage of 56%. However, 25 questionnaires were found to be unusable due to missing data or provided the same responses to all the questions. Thus, overall, 52.1% of the total questionnaires were usable concluding with an effective sample of 339. The data collection in this study found missing data of 3.84% and finally, 339 questionnaires to be considered as the sample of the study with the response rate of 52.1%.

### *3.3 Data Analysis*

Co-variance Structural equation modelling (CB-SEM) was employed to test the goodness of fit and individual parameters estimation in the study hypotheses. SEM was used to confirm the model and test the theory of relationships that this study is intended to confirm. Data analysis was performed in two stages. The first stage includes (1) descriptive statistics to provide demographic information on the respondents; (2) internal consistency method using Cronbach's alpha and validity using average variance extraction (AVE). The second stage includes: (1) confirming the relationships between CSR activities, affective commitment and corporate performance.

## **4. Results**

### *4.1 Measurement Model*

Due to low factor loadings (less than 0.60), several items were removed from the further confirmatory factor analysis (CFA). The factor loadings for these measures were all above 0.60 except PR3 having factor loading of 0.28 and SR4 having factor loading of 0.40 indicating that standardised estimates for these measures were deemed to be statistically significant at  $P < 0.05$ . Table 3 provides the reliability and validity of the constructs. Reliability analysis was measured based on composite reliability (C.R) whereas factor loadings and average variance extracted was used for validating the data.



**Table 3**  
 Reliability and validity of the constructs

Constructs	Measured items	Factor loadings	C.R	AVE
Economic responsibilities	This company focuses on urban and rural investments.	0.762	0.867	0.537
	This company focuses on sound business practices with zero tolerance for corrupt behavior with the employees.	0.733		
	This company ensures to be profitable in order to create long term value for their stakeholders including the employee.	0.787		
	This company efficiently able to meet customer's expectations	0.728		
	This company creates job opportunities for employees and other business partners.	0.702		
Environmental Responsibilities	This company does not harm the environment by increasing emissions	0.756	0.848	0.517
	This company does not harm the environment by increasing wastes	0.778		
	This company focuses on recycling of materials	0.701		
	The company provide environmental reports steadily	0.710		
	This company apply the principles of environmental cost analysis	0.714		
	This company incorporates environmental management into their daily operations	0.755		
	Overall, this company is involved in environmental protection	0.765		
Social responsibilities	This company involves in social activities from human rights	0.711	0.822	0.563
	This company have high standards of occupational health and safety	0.708		
	This company have high standards of staff treatment	0.767		
	This company fulfils internal and external self-actualization needs	0.788		
Philanthropic	This company donates to charities	0.778	0.844	0.536
	This company helps our children for education	0.718		
	This company contributes voluntarily to the community.			
	This company have good moral of corporate decisions	0.701		
	This company is involved in community projects regularly.	0.719		
Affective Commitment	I would be happy to spend my career with this organization	0.779	0.894	0.583
	I enjoy discussing my organization with people outside it	0.742		
	I really feel as if this organization's problems are my own	0.771		
	I think that I could easily become as attached to this organization	0.767		
	This organization has a great deal of personal meaning for me	0.734		
	I feel emotionally attached to this organization	0.863		
Corporate performance	Increase in stakeholder satisfaction	0.732	0.872	0.525
	Increase in corporate reputation	0.766		
	Increase in profitability	0.742		
	Decrease in labor costs	0.705		
	Decrease in energy costs	0.734		
	Decrease in unit production costs	0.778		

Note: C.R.- Composite reliability; AVE – Average variance extracted

The correlation between the variables was found to be less than 0.85. Thus, the discriminant validity of the measurement model was significant. To establish convergent validity, at a minimum,

all factor loadings should be statistically significant and standardised loading estimate should be 0.50 or higher [34,53]. In each of the measurement models, multiple items are used to measure each underlying factor. However, if items become redundant, the measurement model needs to be re-specified by removing the redundant items [35,42]. Parsimonious unidimensional estimation can be achieved by removing the redundant items [31,51]. In addition, average variance extracted (AVE) is also used as an indicator for supporting for having convergent validity [26]. This validity for the measurement model with items is achieved when all the fitness index for the construct is achieved at the required level. From the measurement model of the constructs, the discriminant validity criteria are confirmed as the correlation between the constructs does not exceed 0.85 [54]. In the measurement model, it was noticed that the AVE for all the variables was above the required level of 0.50. Thus, it is confirmed that the criteria of AVE were satisfied. The result on AVE also provided an additional support for convergent validity. It was also possible to provide the discriminant validity of the factors due to the positive definite issue of the matrix.

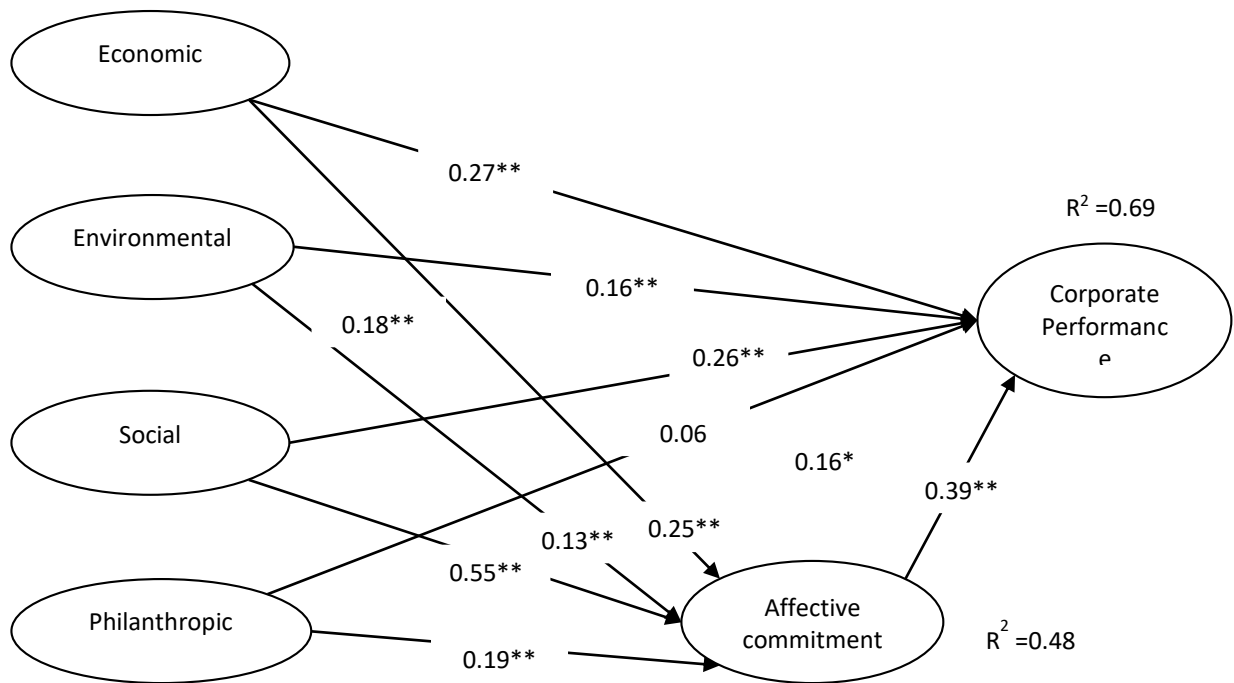
**Table 4**  
 Summary of discriminant validity

Constructs	Mean	SD	Inter-construct correlations							
			1	2	3	4	5	6	7	
Economic	3.909	.62474	<b>0.708</b>							
Environmental	3.834	.61290	.147**	<b>0.765</b>						
Social	3.851	.60749	.293**	.255**	<b>0.619</b>					
Philanthropic	3.858	.59307	.249**	.193**	.341**	<b>0.673</b>				
Affective commitment	3.893	.69308	.414**	.293**	.460**	.362**	<b>0.808</b>			
Corporate performance	3.920	.65651	.478**	.257**	.481**	.305**	.691**	.665**	<b>0.746</b>	

Note: SD – Standard Deviation; p = 0.001; n = 339

All constructs were subject to scale reliability and validity examinations. Discriminant validity was assessed through inter-construct correlations as illustrated in Table 4. All correlation values between latent constructs were significantly different from zero, but there were no high or very high correlations (i.e. greater than 0.69) as suggested by Anderson and Gerbing [2]. Hence, the measures used provided evidence of discriminant validity. Convergent validity was established using composite (construct) reliability and average variance extracted (AVE).

This study provided full support for the influence of CSR dimensions on affective commitment. The beta coefficients for the four dimensions was found to be (standardised path coefficients  $\beta = 0.253$ ,  $t = 3.60$ ,  $p = 0.001$ ) for economic responsibilities (standardised path coefficients  $\beta = 0.186$ ,  $t = 2.862$ ,  $p = 0.005$ ) for environmental responsibilities (standardised path coefficients  $\beta = 0.551$ ,  $t = 6.224$ ,  $p = 0.001$ ) for social responsibilities and (standardised path coefficients  $\beta = 0.189$ ,  $t = 2.722$ ,  $p = 0.011$ ) for philanthropic responsibilities. Previous studies like Hakala (2015) investigating CSR and affective commitment relationship in corporate restructuring found that commitment has been identified as a key factor for the integration and attention towards corporate's value. Similarly, McWilliams *et al.*, [49], proposed an agenda for related research which included the specifics of needing to: define CSR, identify institutional differences in CSR across countries, determine motivations for CSR, describe CSR strategies, model and assess the effects of CSR on corporate and stakeholder groups and found that CSR benefit for both the corporates and the object of the social action.



**Fig. 2.** Results of final structural Model. Note: \* $[t] > 2.58$ ,  $p < 0.10$ ; \*\* $[t] > 2.96$ ,  $p < 0.05$

Scholarly discussion on the role of CSR towards corporate performance has emerged. This study provided partial support for the influence of CSR dimensions on corporate performance. The beta coefficients for the four dimensions was found to be (standardised path coefficients  $\beta = 0.274$ ,  $t = 3.654$ ,  $p = 0.001$ ) for economic responsibilities (standardised path coefficients  $\beta = 0.163$ ,  $t = 1.991$ ,  $p = 0.043$ ) for environmental responsibilities (standardised path coefficients  $\beta = 0.264$ ,  $t = 3.894$ ,  $p = 0.001$ ) for social responsibilities and (standardised path coefficients  $\beta = 0.06$ ,  $t = 1.549$ ,  $p = 0.131$ ) for philanthropic responsibilities. Evidence from recent studies showed the small but positive relationship between CSR and corporate performance. Some recent empirical evidence Aguinis and Glavas, [1] suggests a small but positive relationship between CSR and firm performance. Similarly, DiSegni *et al.*, [23], found that firms that are proactive in supporting social responsibility and environmental sustainability are characterized by significantly higher profits measures than the industry and the sector in which they operate.

**Table 5**  
 Standardized regression weights for the constructs

Endogenous		Exogenous	Estimate	C.R.	Sig (p)
Affective_Commitment	<---	Economic	0.253	3.600	0.001***
Affective_Commitment	<---	Environmental	0.186	2.862	0.031**
Affective_Commitment	<---	Social	0.551	6.224	0.001***
Affective_Commitment	<---	Philanthropic	0.189	2.722	0.001***
Corporate_Performance	<---	Economic	0.274	3.654	0.001***
Corporate_Performance	<---	Environmental	0.163	1.991	0.043**
Corporate_Performance	<---	Social	0.264	3.894	0.001***
Corporate_Performance	<---	Philanthropic	0.060	1.549	0.131
Corporate_Performance	<---	Affective_Commitment	0.392	6.889	0.001***

Note: C.R – Critical ratio (t-value);  $p < 0.01^*$ ;  $p < 0.05^{**}$ ;  $p < 0.001^{***}$

From the standardised regression estimation provided in Table 4, it was found that beta coefficient of economic responsibilities and social responsibilities was having a high influence on corporate performance in Yemen by 0.283 and 0.264. Similarly, the impact of affective commitment on corporate performance was significant by 0.392 at significant of 0.05.

An examination of the goodness-of-fit indices showed that the model fitted the data effectively ( $\chi^2 = 957.712$ ,  $df = 758$ ). The  $GFI = .901$ ,  $CFI = .967$ ,  $TLI = .965$ ,  $RMSEA = .021$  and  $\chi^2/df = 1.205$ . However, absolute fit index value GFI was found to be very near to the acceptable value of greater than 0.90 [53]. According to previous studies performed by Chang and Chen [18] with  $GFI = 0.89$  and  $AGFI = 0.86$ , claimed  $AGFI$  greater than 0.80 whereas;  $GFI$  to be greater than 0.90. Similarly, Chau and Hu [20] provided the cut off value of  $AGFI$  as above 0.80. Furthermore, Table.5 and Table. 6 shows the index effort expectancy provided by Bentler [7] and Hair *et al.*, [36]. Thus, overall the model is fit.

**Table 6**  
 Test of mediation by bootstrapping approach

Effect of	Direct effect (t-value)	Indirect effect (t-value)	Total effect	Interpretation
ER → AC → CP	0.283***[4.185]	0.105***	0.348	Partial mediation
ENR → AC → CP	0.187***[2.632]	0.162***	0.248	Partial mediation
SR → AC → CP	0.262***[3.879]	0.136***	0.398	Partial mediation
PR → AC → CP	-0.003 [n.s]	0.005 [n.s]	-0.012	No mediation

Note: ER – economic responsibilities; ENR- environmental responsibilities; SR- social responsibilities; PR- philanthropic responsibilities; AC – affective commitment; CP – corporate performance. n.s = not significant; \*[t]  $\geq 1.65$  at p 0.10 level; \*\*[t]  $\geq 1.96$  at p 0.05 level; \*\*\* [t]  $\geq 2.58$  at p=0.01 level

This study used non parametric bootstrapping method to test the mediation effect [58]. However, there was no significant consensus found between the exogenous (independent variable) and endogenous (dependent variable) to be significant before the involvement of mediating variable (affective commitment). The only criteria for mediation is that the indirect effect has to be significant [36]. In addition, the direct effect is absorbed if the indirect effect is significant [58]. In this study, the direct paths between environmental responsibilities, philanthropic responsibilities and corporate performance was not significant at  $p < 0.05$  level. The mediation results appeared in Table 6 fulfils the necessary mediation assessment using bootstrapping process.

Recent studies confirmed that corporates in order to survive in the competitive and turbulent environment need to enhance their organizational knowledge and increase firm’s ability to innovate [9]. Affective commitment may be particularly tends to increase value and competitiveness. From the conceptualization of underpinning theories and relevant literature on CSR activities and its influence on performance, it can be concluded that firms that are able to provide CSR activities to their employees to reconfigure and renew their existing CSR benefits will obtain superior operational effectiveness and competitive advantage followed with the efficient work environment. Top managers in the organization should keep in mind that providing CSR activities as a part of their commitment would guarantee to increase their trust and commitment along with guaranteed corporate performance. Initiating the investigation of corporate performance is just the first step in the continuous process of realizing value from CSR activities. By examining the relationship variables, the performance of the corporates can be examined and retained which in turn can lead the firm to increase their profitability and gain competitive advantage.

## 5. Discussion and Conclusions

The findings of this study represent a step beyond previous CSR research, which has reported a direct linear relationship between CSR and corporate performance. This study develops a research model that links CSR activities, affective commitment and corporate performance. The reconceptualised model generated garners the most citations within the research topic. The authors state that a mediation of affective commitment between CSR and corporate performance exists. This study however, shows that lack of commitment of employees often weakens corporate performance and decreases the efficiency and innovation capabilities. The lower level of the organizations are underestimated due to cultural issues like conflicts, language, incoherent paradigms, a top-down approach, bureaucracy and hierarchy.

The current work suggests that corporates in order to improve their performance need to fulfil their CSR responsibilities and take all the stakeholders together. Nevertheless, the concept of increasing profitability against the broader concept of corporate success has been a key issue for the organization's sustainable growth. Organization and the employees may serve better through strategic CSR. Majority of the studies on CSR revolved around the corporate financial performance. CSR usage builds a strong relationship between employees and managers to achieve better corporate performance. Therefore, as a starting point, it is predicted that CSR activities will have a direct relationship with corporate performance.

The CSR model provides clear insights for the managers in the organization to think about the CSR activities for the employees. The relationship between CSR, affective commitment, would play a unique role in increasing corporate performance. This paper adds to the view that CSR activities offer the much needed window of opportunity that can connect employees and help the organizations to capitalise their ideas.

This paper argued that the inconsistent relationship between CSR and corporate performance could stem from the mediating role of affective commitment. The findings indicate that corporates that embark on CSR initiatives with their employees are to be more commitment and loyal to their job and perform better. Overall, the analyses did not support the view that CSR has a direct significant positive relationship with corporate performance; however, the results confirmed that affective commitment partially mediates the nexus between CSR and corporate performance. Under competitive pressures, managers need to take into consideration the effect of organizational actions including corporate responsibility in order to retain valuable and non-substitutable human resources. In concluding, the results of the study shows that employees prefer to work in socially responsible, corporates are positively affected by CSR to society, natural environment, next generations, non-governmental organizations, employees, and customers. In future research, the effect of commitment through organizational perspectives on the CSR should be pointed out. It is suggested that the Yemen government should develop CSR-related regulations designed to encourage companies to adopt CSR practices. Additionally, given the key role of the commitment, the Yemen government should help companies promote their own CSR-oriented commitment as well.

The implication for HR managers are very clear. This study provides theoretical and practical basis to explore the innovative activity of CSR. In order to get competitive advantage in the oil and gas sector, cultural barriers must be reduced by the means of CSR activities. Hence any policy that aims to reduce cultural barriers promotes new knowledge and trust paving the way for economic growth and innovation.

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