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# CSR and Workplace Autonomy as Enablers of Workplace Innovation in SMEs through Employees: Extending the Boundary Conditions of Self-Determination Theory

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Abstract: The current business environment characterized by high uncertainty, volatility, and stiff situation of competitiveness that is evident in almost every sector has increased the importance of workplace innovation for contemporary businesses. In this regard, a considerable attention in realizing employees of an organization as a source of innovation is not evident from the existing literature. In this aspect, the current study is an attempt to foster workplace innovation through employees in the SME sector of an emerging economy. In doing so, the authors propose that corporate social responsibility (CSR) initiatives of an SME, along with workplace autonomy, are helpful in creating an environment at the workplace that fosters innovative employee behavior (IEB). Furthermore, the current study also extends the boundary condition of the theory of self-determination by arguing that this theory provides a comprehensive framework to explain employees' motivation for workplace innovation. The data of the current survey was obtained from the SME sector situated in two large cities of a developing country through a self-administered questionnaire which was then analyzed through structural-equation-modeling (SEM) using the AMOS software. The results confirmed that CSR directly relates to IEB and workplace autonomy mediates this relationship. The study also discusses the implications of this survey for theory and practice.

Keywords: corporate social responsibility; innovative behavior; autonomy; sustainability; SME



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## 1. Introduction

The changing nature and volatile business environment have forced organizations to restructure and advance their process in order to remain competitive [1]. It is widely accepted in the literature that organizations operating in the current dynamic business environment are currently facing the need for an innovative work environment in order to have a good competitive advantage [2]. To meet this need, companies today are increasingly relying on employees as a source of innovations who innovate their products, processes, methods, and operations [3]. In theory, employees should display their innovative capabilities at the workplace so that organizations benefit from their ideas and overrun their competitors [4]. Innovation is one of the most important strategic enablers that organizations follow to ensure success [5]. Contemporary businesses need to realize

Sustainability **2021**, 13, 6104 2 of 16

that employees are the real innovators and organizations without employees can make no significant contributions [6]. Therefore, there is a surge in the recent literature to acknowledge employees as a source of innovation and different scholars are stressing the importance of innovative employee work behavior (IEB) [7–9].

More recently, organizations have shown a great interest in valuing their employees as a source of innovation. The detection of sources of IEB is receiving increasing attention in contemporary literature and scholars have identified different sources that boost IEB, such as, for example, organizational climate [10], personality traits [11], supervisor support [12], leadership style [8,13], organizational trust [14], etc. IEB is regarded as a specific type of behavior that is important for organizational performance, effectiveness, and survival [15]. Employees' innovative behavior is a compilation of new ideas to be implemented at workplaces to achieve better outcomes [9]. However, sometimes, the implementation of a new idea at the workplace may be difficult as other employees may produce resistance to adopt the new and innovative way of doing the business [16]. Therefore, it is more important to look at the enablers of the IEB. In this regard, autonomy is regarded as the freedom given to the employees to better shape their workplace environment so that they can deliver to an enterprise to the best of their ability [17].

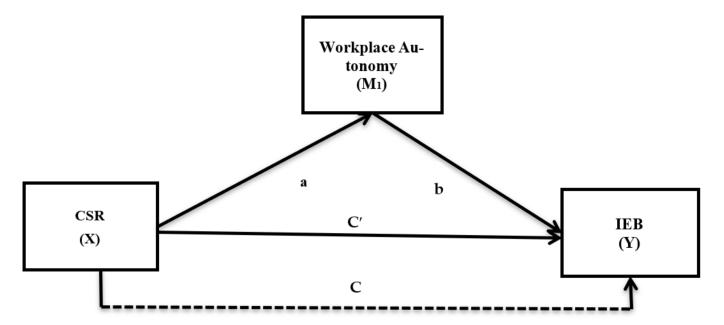
Workplace autonomy is not working in isolation or doing what one wants, or performing the work without any supervision. Besides, workplace autonomy is rooted in trust respect, integrity, and interdependence [18]. An autonomous workplace is a thriving motivation for employees at a workplace and employees prefer to control their own work rather than controlling others [19]. Different researchers have established the positive link between workplace autonomy and workplace innovation [20–22]

Corporate-social-responsibility (CSR) is broadly defined as policies and actions that go beyond the economic obligations of the organization and are intended to have a positive impact on society and other stakeholders [23]. CSR has become so crucial in strategic considerations that, today, almost every sector recognizes it as an important enabler for strong competitive advantage [24]. CSR is considered to be of paramount importance in many organizations and is, therefore, a priority for contemporary scholars and professionals [25]. The underlying philosophy of CSR is to care about all stakeholders such that, customer, employees, society, environment, creditors, etc., undoubtedly, the phenomenon of CSR has been gaining a lot of respect from scholars over the recent times and there is a stream of researchers who explored the CSR to achieve multiple organizational related outcomes [26–29]. However, the relationship of CSR to foster IEB is still vague in the contemporary literature. Although some investigations may be evident from recent researchers [30–32], studies have produced mixed findings which indicate that there is a need to do more research in this area. The authors' argument here is that an employee's views about the organization's CSR activities may affect his or her innovative capability at the workplace. This is because CSR practices that are seen as honest, sincere, and attractive can enhance positive feelings (e.g., sense of self-worth, pride, commitment, and loyalty) among employees. Positive feelings are expected to lead to positive behaviors for employees. Thus, they are encouraged to display their innovative capability at the workplace. Therefore, the basic aim of the current study is to investigate the impact of CSR on IEB with the mediating effect of workplace autonomy.

The current survey has intentionally selected the small and medium-sized enterprises (SME) sector of Pakistan to test the proposed relationship (Figure 1). There were certain reasons for choosing the SME sector of Pakistan to serve the purpose of the current survey. First, the SME sector is a sector that can be identified as a resource deficient sector as compared to large enterprises, and thus it is very challenging for this sector to arrange for huge finances to be spent on purchasing up-to-date plant and machinery to innovate their business processes. In this regard, the authors argue here that employees serving in a particular SME, if given a supportive environment, may be regarded as an important source of innovation that is cheap and very effective. Therefore, an SME can invent new and innovative ways of conducting its business operations if it appropriately manages

Sustainability **2021**, 13, 6104 3 of 16

its workforce. This argument of the authors is also supported by various contemporary researchers who acknowledge employees as a source of innovation for an SME [33–35]. Hence, the realization of employees as a source of innovation is of utmost importance for this sector. A second reason for choosing the SME sector lies behind the stiff competitiveness situation in this sector. Presently, more than 3.3 million SMEs are operating in Pakistan and this sector employs 78% of the non-agricultural workforce in the country [36], which shows how stiff competition this sector is facing. Thus, to survive in such a competitive environment, adopting new and innovative ways for conducting business is a key to success and survival for this sector, as indicated by different previous researchers [37,38]. Thus, based on the above argument, the selection of this sector for the current survey is logical.



**Figure 1.** Proposed Research Model: Based on authors' conception where, CSR (X) = the predictor variable, IEB (Y) = the criterion variable, autonomy (M) = the intervening variable, C = direct effect of X on Y without the effect of the mediator, C' = indirect effect of X on Y with the mediator.

The contributions of the current study to the prior literature are manifold; as an instance, the current study adds to the existing literature of innovation management by acknowledging the employees as a source of innovation which is sparse in existing studies. In line with the theory of resource-based-view (RBV) of an organization [39], the authors argue here that human resource (employees) is a critical resource that fosters workplace innovation. Thus, this study adds to the literature as it introduces employees as a source of innovation. Other scholars have realized the importance of innovation for an enterprise, but they barely considered employees as an enabler of workplace innovation [40–42]. Another contribution of this study is that it acknowledges CSR as a key factor that urges the employees to display their innovative capabilities at workplaces which has been underexplored in previous studies. Nonetheless, few scholars carried out some studies [32,43,44], but most of the surveys produced mixed findings that indicate the obvious reason to conduct more studies in this domain. Yet another contribution of this study is that it considers SME of a developing country like Pakistan to explain the relationship of CSR, job autonomy, and IEB, whereas most of the prior studies were conducted in developed countries [45,46]. The remainder of this article is divided into four different sections. The coming section discusses the literature review and theory for hypothesis development. The next section describes the methodology in which sampling, data collection, and instrument development processes are explained. Then comes the Results section, which deals with

Sustainability **2021**, 13, 6104 4 of 16

hypothesis validation through different statistical tests. The last section discusses the results, implications for theory and practice, and limitations of the study along with future research directions.

## 2. Theoretical Framework and Hypothesis Development

The theoretical framework of the current study is based on the theory of self-determination (TSD) by Deciand Ryan [47]. The theory of self-determination is a theory of personal motivation and personality which assumes that individuals can be self-sufficient when their needs for knowledge, communication, and autonomy are met. This theory acknowledges individuals' capability to organize themselves to make confident decisions and think independently [48]. Mental independence is an important factor in determining and managing human life [49]. These skills play an important role in improving the mental health and well-being of employees in workplace settings. Self-determination allows individuals to feel that they can control their choices and their lives. It affects their motivation, as individuals are motivated to act when they feel that what they are doing affects the outcome. TSD is a useful theory that explains human motivation [50]. The theory considers two main issues including individuals' intrinsic tendency for growth and their intrinsic psychological needs. Because self-determination can help to achieve freedom, this concept plays an important role, not only in the well-being of individuals, but also in their overall mental health. Since self-determination is a driving force, it makes a person responsible and independent while making a decision [51].

The authors' argument here is that autonomy at the workplace is a self-initiated behavior of an employee that is complemented by competency, relatedness, and self-autonomy. Put simply, the employees perform at the workplace according to their conduct that is largely affected by organizational values and goals. Since a socially responsible enterprise has a greater cause to serve society and the environment, there is a congruence between organizational values and personal meanings. Different scholars agree that congruence between organizational values and personal meaning is a crucial factor for authenticity [52,53]. Thus, CSR activities of an organization are expected to generate an environment at the workplace through which employees experience a greater degree of self-determination at the workplace, which is helpful to enhance their innovative behavior. Various other scholars have also used TSD to explain the innovative behavior of employees at the workplace [32,54,55].

The current survey defines CSR as per the definition of Carroll [56], who described it as the actions taken by organizations to take care of diverse stakeholders, such as the environment, the community, and government agencies. Following this definition, the organizations are expected to work for the well-being of the entire community [57]. CSR acknowledges that enterprises and the workforce are part of society, and society and businesses finally are interconnected, rather than in competition with one another. Hence, individually and institutionally, there is not any conflicting thing between the organization and the social improvement of employees at the workplace [58]. It is generally argued that in an organization where the workplace atmosphere is supportive, the employees' innovative capability is fostered [14,59]. The central theme of CSR is that to take care of every stakeholder, including the employees. A plethora of studies have established that CSR is positively related to IEB [32,44,60]. CSR activities of an organization foster an environment of confidence among the employees and this sense of confidence urges them to take risks and think about innovative ways to induce organizational effectiveness [61]. Employees who see that an organization's CSR efforts are focused on improving the community and the environment have a greater sense of 'meaningful work', which in turn improves productivity and creativity [62]. There is a growing trend among researchers that employees are more engaged in a socially responsible organization [63,64]. As an instance, Walmart, which has been heavily criticized for its improper working environment, has used CSR as a source to keep the employees more engaged in innovation through its personal sustainability plan". Under this plan, every employee is encouraged to present at"

Sustainability **2021**, 13, 6104 5 of 16

least one idea to make the workplace more sustainable. Walmart's "personal sustainability plan" enabled the firm to receive more than 35,000 innovative ideas that could make the workplace more sustainable for the firm and the planet [65]. Microsoft is another case in this regard, which implicitly announces its CSR initiatives for employees' wellbeing, safety, and healthy life at the workplace and expects that these initiatives are helpful in fostering innovative employee behavior at the workplace [66]. Generally, the CSR engagement of an organization is well received by the employees and a socially responsible enterprise provides a healthy environment to its workers, which urges them to participate in extraroles such as innovative behavior [67]. Following TSD, the authors argue that there is a match between organizational values and personal meanings of workers in a socially responsible organization, as the employees get this notion that their organization has an ethical approach that motivates them to develop a sense of pride while serving such organization. Likewise, through the process of sense-making, the employees' need for a meaningful existence is satisfied and they are expected to take part in developing new ways through which they can improve the overall wellbeing of societies. Hence, CSR activities of an enterprise are helpful in fostering the innovative behavior of employees.

# Hypothesis 1 (H1). CSR activities of an organization are positively associated with IEB.

According to Barney [39], firms have a competitive advantage over rivals if they adequately use their internal strengths to take advantage of environmental opportunities and reduce environmental risks, and prevent internal vulnerabilities. However, the research conducted in this regard is mainly focused on the external environment as a source of competitive advantage, whereas the environment is not the only source to create competitive advantage. In many instances, it is quite possible that an enterprise can produce superior performance, even if it is in head-to-head competition with rivals [68]. In addition, a business may have a competitive advantage when operating in an unfavorable, high-risk industry [69]. Environmental analysis is thus only one side of the coin. Therefore, comprehensive resource analysis and organizational experience are required to fully understand the sources of competitive advantage. As per Barney [39], organizational resources include all resources such as financial, human, intellectual, and hard assets that are spent on the development, production, and distribution of a product. Organizational capabilities' skills are best used in organizational activities and processes to generate superior performance [70]. In the current business world, an enterprise's innovative capability is essential to achieving a sustainable competitive advantage [71]. Over the past decade, globalization, technological progress, short product life cycles, stiff rivalry, and others have exacerbated the situation in which the organization is faced with unpredictable opportunities and challenges. This growing rivalry, dynamism, and uncertainty have created a steady trend of new and innovative ways of doing things [2]. Organizations need to be aware of innovation and its sources. Otherwise, competitors may change supply, operating systems, or key business models [72].

This study argues that this is workplace autonomy, which allows employees of a firm to show their innovative skills while they are performing their job. The authors' focus here is on the formal workplace autonomy given by a firm to its employees, in particular, the authors are interested in strategic workplace autonomy in which senior management of a firm extends to employees by urging them to participate in innovative behaviors [73]. In the context of IEB at the workplace, strategic workplace autonomy refers to the freedom to innovate without the approval of management, even if they are not closely linked to the company's strategic consideration [74]. A plethora of research studies has established a positive link between workplace autonomy and IEB [75–78]. Innovation at the workplace coincides with firms that provide employees with a wide range of freedoms and independence to perform their job. In addition to influencing responses such as job satisfaction and employee well-being, workplace autonomy is at the forefront of work planning related to innovation at the workplace [73].

Sustainability **2021**, 13, 6104 6 of 16

If an employee works for a socially responsible enterprise, his or her involvement with his or her team will increase pride and attitude, which further enhances his or her team extra-role behavior [79]. The organization's implementation in various CSR programs serves as a useful indicator for the employees to the organization's efforts to establish positive relationships with partners (employees) and build a sustainable business model [80]. CSR is considered an important part of business planning and has a longterm impact on employees [81]. When an organization participates in CSR activities and implements appropriate strategies, employees feel that they will be treated honestly and respectfully. Put simply, organizations involved in CSR activities provide a place of trust and mental security that allows employees to take risks without fear of failure [82]. It is established in the literature that the work environment has a very important impact on employees 'innovative skills [83,84]. Since a socially responsible organization creates a suitable working environment in which employees perform their job, it is thus likely that this working environment will encourage employees to come up with new and innovative ideas. Moreover, following TSD, the CSR context develops situations that expand the work nature of employees and empowers them at workplaces to have a broader and independent perspective to perform their organizational tasks. Thus, CSR and workplace autonomy are expected to enhance IEB at workplace.

**Hypothesis 2 (H2).** *Workplace autonomy is directly related to IEB.* 

**Hypothesis 3 (H3).** *Workplace autonomy mediates between CSR and IEB.* 

## 3. Methods

3.1. Sample, Data Collection, and Handling of Common Method Bias

Data for the current study were collected from the SME sector of Pakistan. To do this, the authors selected two large cities of Pakistan: Lahore and Karachi. These two cities are largely associated with industrial activities. Moreover, in these two cities, a large number of SMEs are operating in different locations. Before the formal proceedings of the data collection, the authors, first of all, contacted the spokespersons of different SMEs for an initial screening about their potential engagement in CSR activities. After carefully identifying such SMEs, the authors prepared a list of SMEs which were involved in CSR practices. Then, the authors randomly selected some SMEs and asked the concerned authorities to cooperate in the data collection process. Those SMEs which showed their initial consent were listed again for the final data collection phase. In this regard, the authors randomly selected 36 SMEs including different sectors such as chemicals, cosmetics, apparel, etc. (See Table 1 for details). After an initial screening and with a finalized list of SMEs, the authors asked the concerned person of the selected SMEs to indicate the individuals for data collection. Those who were identified by the concerned authorities were then contacted to participate in the survey.

The authors carefully dealt with the issue of common method bias. For this purpose, the authors were in line with the recommendation of Podsakoff et al. [85] to collect the data from different respondents. The authors, therefore, developed a dyad of managers and workers from selected SMEs. The authors distributed to the workers (employees with non-management positions) questionnaires containing the information for variables, CSR, and workplace autonomy. The data for IEB were collected from managers (Managers or Supervisors); it was logical and seemed appropriate to collect the data for IEB from managers because, in most SMEs, the managers work in close coordination with workers, and hence, they can easily observe the innovative behavior of their workers. Initially, the authors distributed 750 surveys (375 for the manager and 375 for workers) among the respondents of selected SMEs, and finally, the authors received 488 filled matched questionnaires (i.e., 244 manager–worker dyads) which were useful for data analysis. Table 1 presents detailed information regarding the demographic of the sample and the types of industries.

Sustainability **2021**, 13, 6104 7 of 16

Table 1.	Sample	profile (	(N =	244).
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Age	Frequency	Gender	Frequency	
Mar	nager	Manager		
25–30	56	Male	187	
31–35	63	Female	57	
36-40	74	Wo	rker	
Above 40	51	Male	139	
Wo	rker	Female	105	
18-25	71			
26-30	49			
31–35	68			
Above 35	56			
Experience	e Manager	Industry		
4–6	79		Ž	
7–10	94			
Above	71	Cosmetics	46	
Worker		Apparels/Textile	69	
1–3	103	Pharmaceuticals	44	
4–6	83	Chemicals	58	
Above	58	others	27	

## 3.2. Measures and Handling of Social Desirability

The authors employed the existing scale to operationalize the constructs. In this vein, the scale of workplace autonomy was measured by using nine-items proposed and validated by Morgeson and Humphrey [86]. This scale has been extensively used by different researchers to measure employee's perception of workplace autonomy [87–89]. IEB was assessed by using nine-item scale validated by Janssen [90] and is widely used by various researchers to measure the innovative behavior of employees at the workplace [7,10,91]. A three-item scale of employee's CSR perception was taken from the study of Fombrun et al. [92]. This scale is also used by extant researchers to measure employees' CSR perceptions [93,94]. All items were measured with the help of a five-point Likert scale.

To address the issue of social desirability, the authors took several measures. For example, the survey items were randomly scattered throughout the questionnaire. The authors did this to break any sequence of the responses by the respondents. This step is also helpful in dealing with the likelihood of any liking and disliking for a particular construct. Likewise, the instrument was checked for accuracy and suitability by experts in the field. This step is necessary to address any ambiguity or confusion in any item statement due to complex or dual-meaning words. Likewise, the authors requested the respondents to provide their true response so that the findings generated by their input may reflect the reality. These guidelines are also proposed by various extant researchers [81,95,96]

#### 4. Results

## 4.1. Convergent Validity, Factor Loadings, and the Reliability Analyses

The authors started the data analysis phase with exploratory factor-analysis (EFA) in SPSS using principal component analysis, with the help of varimax rotation to validate if the item loadings for all variables were appropriate ( $\lambda > 0.5$ ). To do this, the authors used principal-component analysis (PCA) by using varimax rotation. The initial results revealed that all the items were having good factor loadings as there was no item with factor loading of less than the threshold value of 0.5. The item loading extracted from EFA is given in Table 2. Subsequently, the authors tested for the results of average-variance-extracted (AVE) to establish convergent validity and composite reliability (C.R) to establish inter-item consistency. To validate convergent validity, the general criterion is that, if AVE for a construct is greater than 0.5, then the criterion for convergent validity is satisfied [97]. To measure AVE for a construct the authors, first of all, calculated item-loadings ( $\lambda$ ) for each item, and then took the sum of the square of these loadings ( $\lambda$ ) dividing by the number

Sustainability **2021**, 13, 6104 8 of 16

of items. As an instance, there were nine-items of IEB and the sum of the loading square was 5.934, which was divided by 9 (number of items) and resulted in 0.659 as AVE value. After validating the convergent validity, the authors calculated C.R by using the formula:

$$CR = \frac{(\sum \lambda i)2}{\sum (\lambda i)2 + \sum var(\epsilon i)}$$

Following the guidelines of Fornell and Larcker [97], the authors checked each construct's C.R value (C.R should be greater than 0.6) and found that each construct met the criterion of C.R. Thus, there is no issue of C.R in scaled items of the current survey. These results are reported in Table 2 in detail.

Table 2. Item loadings, convergent validity, and reliability results.

Item	λ	$\lambda^2$	E-Variance	$\sum \! \lambda^2$	Items	AVE	C.R
IEB-1	0.88	0.774	0.226				
IEB-2	0.70	0.490	0.510				
IEB-3	0.91	0.828	0.172				
IEB-4	0.84	0.706	0.294				
IEB-5	0.86	0.740	0.260				
IEB-6	0.66	0.436	0.564				
IEB-7	0.93	0.865	0.135				
IEB-8	0.72	0.518	0.482				
IEB-9	0.76	0.578	0.422	5.934	9	0.659	0.945
WAT-1	0.74	0.548	0.452				
WAT-2	0.79	0.624	0.376				
WAT-3	0.68	0.462	0.538				
WAT-4	0.88	0.774	0.226				
WAT-5	0.71	0.504	0.496				
WAT-6	0.90	0.810	0.190				
WAT-7	0.88	0.774	0.226				
WAT-8	0.72	0.518	0.482				
WAT-9	0.84	0.706	0.294	5.721	9	0.636	0.940
CSR-1	0.78	0.608	0.392				
CSR-2	0.72	0.518	0.482				
CSR-3	0.84	0.706	0.294	1.832	3	0.611	0.833

Notes:  $\lambda$  = Item loadings, C.R = composite reliability,  $\sum \lambda^2$  = sum of square of item loadings, E-Variance = error variance, WAT = workplace autonomy.

The authors report different results in Table 3 which include, the results of correlation analysis, discriminant validity, and model fit indices (MFI) values for the measurement model. The correlation values for all constructs were positive and significant, which means that each construct was positively correlated with the other construct. As a case, one can see that the correlation value between CSR and IEB is 0.367, which is positive and significant. To assess discriminant validity (DSV), the authors took the square root of AVE (SQAVE) for a construct and compared it with correlation values. The general rule here is that if the value(s) of correlation is less than the value of SQAVE, then it is confirmed that the criterion of DSV is satisfied and the items of one construct are dissimilar with the items of other constructs in comparison. To explain further, the value of correlation between CSR and IEB is 0.367, and between CSR and WAT, it is 0.239, which is far less as compared to the value of SQAVE (0.812) and hence, discriminant validity is maintained in the current scenario. Lastly, the results of MFI, performed to assess if there is a fit between theory and the data, are also presented in Table 3. In this regard, the authors checked the values of different MFIs against their acceptable range (given in Table 3) and found that there was no issue in any MFI value ( $\chi^2/df = 4.316$ , RMSEA = 0.072, NFI = 0.955, CFI = 0.921, IFI = 0.919, TLI = 0.962, GFI = 0.918).

Sustainability **2021**, 13, 6104 9 of 16

Construct	Mean	S.D	CSR	WAT	IEB
CSR	3.98	0.79	0.782	0.232 **	0.367 **
WAT	4.09	0.97		0.797	0.239 **
IEB	4.13	0.69			0.812
Model fit indices	Range	Obtained	Model fit indices	Range	Obtained
$\chi^2/df$	5.00	4.316	IFI	0.90	0.919
RMSEA	0.08	0.072	TLI	0.95	0.962
NFI	0.95	0.955	GFI	0.90	0.918
CEI	0.00	0.021			

**Table 3.** Correlation, discriminant validity, and MFI.

Notes: S.D = standard deviation, \*\* = significant values of correlation, bold diagonal = discriminant validity results.

#### 4.2. Hypothesis Testing

To validate the hypotheses of the current study, the authors used structural-equationmodeling (SEM) in the AMOS software. SEM analysis is a co-variance-based analysis approach that is very popular among contemporary researchers as it has advanced-level tools to deal with complex research models. The hypotheses testing was done in two sections using SEM. In the first section, the authors analyzed the direct effect model in which no mediator was introduced in the model. The authors conducted the direct effect model to validate Hypotheses 1 and 2 (H1, H2). The results of structural model confirmed that both H1 and H2 are accepted ( $\beta$ 1 = 0.31,  $\beta$ 2 = 0.33, p < 0.05). Hence, based on these results (Table 4), H1 and H2 of the current study are proved and accepted. The first stage of SEM started with verifying the direct effect analysis in which there was no intervention of any mediator in the model. The results of the direct effect model are shown in Table 4. As per these results, the direct effect model produced significant results. These results confirmed that the first two Hypotheses H1 and H2 of the current survey are supported. These outcomes were declared on the basis of beta estimates and p-values  $(\beta 1 = 0.31, \beta 2 = 0.33, p < 0.05)$ . The results further validated that the effect of SL on EIB is stronger as compared to the effect of CSR-E on EIB. Moreover, the model-fit-indices were also significant in this regard ( $\chi^2/df = 3.836$ , RMSEA = 0.059, NFI = 0.967, CFI = 0.937, IFI = 0.928, TLI = 0.969, GFI = 0.932).

**Table 4.** The results for Hypotheses 1 and 2.

					BC 95% CI		
Path	Estimates	S.E	CR	<i>p</i> -Value	BC 95 % CI		- Decision
					Lower	Upper	Decision
CSR→IEB	$(\beta 1) 0.41$	0.073	5.616	***	0.738	1.306	Approved
$WAT \rightarrow IEB$	$(\beta 2) 0.33$	0.038	8.684	***	1.206	1.937	Approved
Model fit indices	Criteria	Obtained	Model fit indices	Range	Obtained		
$\chi^2/df$	5.00	3.836	IFI	0.90	0.928		
RMSEA	0.08	0.059	TLI	0.95	0.969		
NFI	0.95	0.967	GFI	0.90	0.932		
CFI	0.90	0.937					

Notes: BC 95% CI = bias-corrected 95% confidence interval, \*\*\* = significant values.

The second section of SEM analysis was conducted by introducing WAT as the mediating variable. To do this, the bootstrapping technique was applied which is more advanced and powerful as compared to the traditional Baron and Kenny [98] technique for mediation analysis. During the bootstrapping process, the authors used a large bootstrapping sample of 3000 and analyzed the mediation results. The output of the mediation analysis revealed that there is a partial mediation effect of WAT between CSR and IEB. It is worth to notice that the partiality of mediation was established based on the reduced beta value which was originally  $\beta 1 = 0.41$ , but after the inclusion of mediator (WAT), it was dropped to  $\beta 3 = 0.18$ , confirming that there is partial mediation effect of WAT between CSR and IEB ( $\chi^2/df = 0.18$ ).

Sustainability **2021**, 13, 6104 10 of 16

2.893, RMSEA = 0.047, NFI = 0.972, CFI = 0.952, IFI = 0.946, TLI = 0.978, GFI = 0.944). Thus, all three hypotheses of the current survey are approved. Please see Table 5 for more detail.

Path	Estimates	S.E	Z-Score	<i>p-</i> Value	BC 95% CI		<b>-</b>
					Lower	Upper	Decision
CSR→WAT→IEB	(β3) 0.18 **	0.029	6.207	***	0.931	1.537	Approved
Model fit indices	Criteria	Obtained	Model fit indices	Range	Obtained		
$\chi^2/df$	5.00	2.893	IFI	0.90	0.946		
RMSEA	0.08	0.047	TLI	0.95	0.978		
NFI	0.95	0.972	GFI	0.90	0.944		
CFI	0.90	0.952					

**Table 5.** The results for Hypothesis 3.

Notes: BC 95% CI = bias-corrected 95% confidence interval, \*\*, significant at 95% \*\*\* = significant at 99%, S.E = standard error.

### 5. Discussion and Implications

The current study was carried out to serve two major purposes. The first purpose was to test the relationship of CSR with IEB in the SME sector of Pakistan. Likewise, the second purpose was to test whether workplace autonomy mediates between CSR and IEB. In this regard, the study confirmed that CSR initiatives of an SME induce IEB at the workplace, whereas workplace autonomy partially mediates this relationship. SMEs of recent times face a stiff competitive environment that is volatile and dynamic and hence, it is very important for an SME to innovate through the employees. The realization of employees as a source of innovation is quite recent in the literature as, before, the enterprises did not take employees as a source of innovation. It is established in the literature that contemporary businesses face an environment that is changing rapidly and to be successful in such an environment, innovation is a key to generate a sustainable competitive advantage through which an organization can defeat its rivals. The current business world is recognizing that the workers are the ones who innovate not the organization itself, as, without the input of employees, it is difficult to take the organizational process of innovation at an advanced level. In the context of SMEs, innovation is of crucial importance as, on one side, it brings financial benefits through improved profit margins, business efficiency, and product life cycles. On the other side, employees also feel the pride to work for an SME which respects their input to innovate its business process and workplace environment.

As mentioned earlier in this article, workplace innovation does not happen in isolation, as it requires a supportive environment on the part of an SME. In this regard, CSR activities of an organization and workplace autonomy are two such factors that create an environment at a workplace which cultivates innovation. As evident by the respondents of the current study, CSR activities of their SME promote a sense of caring, transparency, honesty, and trust in them. Hence, due to the supportive and caring work environment produced by CSR initiatives, the employees feel the motivation to serve their organization beyond their formal working boundary. Thus, they are engaged in extra-role behaviors such as IEB, for the success of their organization. The authors' argument that CSR activities of an organization create an environment that fosters workplace innovation is also supported by different extant researchers [60,99,100]. In such manner, workplace autonomy is another factor that is well received by the employees of an SME which encourages them to show their innovative skills at the workplace. In an organization where employees are given the freedom to perform their tasks, it is expected that they will invent new and innovative ways of doing business in an SME. Other scholars have also acknowledged the importance of workplace autonomy to foster employee innovative behavior at the workplace [20,101–103]. The theory of self-determination is also helpful to explain this finding, as this theory recognizes that employees have a desire to control their behaviors. When employees observe that an SME is providing an environment in which they have greater control and independence over their behavior, they are highly encouraged and

Sustainability **2021**, 13, 6104 11 of 16

put their best to promote their organization through their innovative input. Put simply, the theory of self-determination provides a basic framework to unpack an individual's fullest potential as it encourages the employees to show their tendency for growth through a psychological need for autonomy.

There are several important implications of the current study for theory and practice. The authors discuss them in detail. In this regard, the first theoretical implication of the current research is that it extends the boundary condition of the theory of self-determination by arguing that this theory provides a comprehensive framework to explain employee's motivation for workplace innovation. The other scholars have extensively used this theory to explain employee engagement [50,104], employee commitment [105], employee performance [106], etc. Yet, another important implication for theory is that the current research study introduces CSR as an enabler to promote workplace innovation. In this regard, the other researchers have largely regarded it as a factor that promotes organizational performance [29,107], organizational citizenship behavior [108], environmental performance [109], etc. Lastly, another addition of this research to theory is that it considers the SME sector for CSR, whereas previously, it was misbelieved that CSR is a volunteer responsibility that is associated with large business and the SME sector has an exception in this vein.

The authors also want to discuss here the practical contribution of the current research study. In doing so, the first practical implication of the current study is that it realizes employees as an important source of innovation for SMEs. This finding has special relevance for the SME sector, because this sector in Pakistan is characterized by a high degree of uncertainty, volatility, and competitiveness which highlights the importance of innovation for this sector. Moreover, being a small business player, an SME is a resource deficient entity for which incorporating business innovation through costly technology, equipment, and plants has always remained a challenge. In this connection, if this sector treats its employees in an efficient manner, then they can serve as a source of innovation which is relatively cheap and effective for an SME. Similarly, another important contribution of the current research study for practice is that it highlights the importance of workplace autonomy for employee innovative behavior at the workplace. The results of our study important implication for the SME sector of Pakistan, because most of the SMEs in Pakistan manage their workforce under a tight supervisory model in which workplace autonomy is not evident to the employees. The reason for this conventional tight supervisory structure in this sector lies in the misconception that workplace autonomy will create an environment in which employees feel that they are not accountable and their efficiency will be undermined. The authors' argument here is that workplace autonomy does not mean that employees are beyond any limit; rather, they become self-responsible and self-accountable, and hence, workplace autonomy should be regarded as an enabler for workplace innovation. Lastly, the current study is also important for the policymakers from the SME sector of Pakistan to realize that sustainability practices such as CSR are not the prime concern for large businesses, but it is equally important for the SME sector, as incorporating CSR, not only serves the volunteer responsibility of a business, but also creates an environment which fosters workplace innovation.

## Limitations and Suggestions for Future

The authors also highlight some limitations associated with this research study with the hope that these limitations will serve as a source of motivation for future researchers. In this aspect, the first limitation of the current study lies in the geographical and contextual concentration of this survey. The current study only considered two large cities of Pakistan. Though these cities constitute a large number of SMEs, it is suggested to future researchers to include more cities and SMEs from other sectors which were neglected in this study. Moreover, although the proposed relationships between the variables of the proposed model were significant, the authors still feel the need to introduce more variables in the model for a better explanation of workplace innovation. For instance, entrepreneurial

Sustainability **2021**, 13, 6104 12 of 16

personality and leadership style may be important moderator and mediator, respectively, for future researchers to incorporate in the proposed model of the current study. Lastly, the cross-sectional nature of data is another point that contributes towards an important limitation of this research study. The authors are in line with other researchers that cross-sectional data are weak in explaining the causal relations and hence, it is proposed that future researchers incorporate a longitudinal dataset for a better causal relationship.

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Sustainability **2021**, 13, 6104 16 of 16

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