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***Challenges of Responsible  
Leadership in Building  
Organizational Legitimacy in  
Developing Economy***

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## *Challenges of Responsible Leadership in Building Organizational Legitimacy in Developing Economy*

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**Abstract:** In light of pressing societal problems and growing power of organizations, responsible leaders are increasingly asked to show responsible leadership – to do better – and to do more by creating a balance between organizational responsibility and multistakeholder. Despite the scarcity of study on CSIR in poor countries, weaker institutions provide a relevant and fascinating framework to investigate corporate social irresponsibility. Therefore, in Pakistan where dynamics such as weak institutions, high corruption, high power distance, low uncertainty avoidance and lack of legitimacy are prevalent makes it an interesting backdrop to explore the interplay between hypocrisy, corporate social irresponsibility, responsible leadership corporate human rights social responsibility and along with the nexus of trust-power-control. Data was collected from 431 employees (managers, supervisors etc.) of different firms. This study contributes to the literature of responsible leadership in the following ways. First, to the best of author’s knowledge, responsible leadership balancing both doing good and avoiding harm has not been investigated to enhance organizational legitimacy, this paper focuses on how responsible leadership manages to reduce CSIR in employees in the organization using their resources to establish their reputation and legitimacy in the weaker institutions. Second, this study argues that while responsible leaders aim to minimize CSIR, they require leader identification to create organizational legitimacy in developing nations. The findings suggest that when employees identify with their leaders in terms of morals, values, and ethics, they tend to reduce unethical behaviors like CSIR within organizations. The results also suggest that employees perceive their leaders as powerful, possessing significant control, and trust them, they are more inclined to actively participate in promoting socially responsible initiatives within the organization.

**Keywords:** Corporate governance, Social media disclosure, Facebook, X, Firm characteristics, Board characteristics, Ownership structure.

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# Challenges of Responsible Leadership in Building Organizational Legitimacy in Developing Economy

## 1. Introduction

Business leaders are faced with increasing stakeholder complexity (Voegtlin et al., 2020) when consumers expect organizations to perform social responsibility leading to protest and negative consumer reaction thus, resulting in organizational death. To deal with this, businesses are now concentrating internally by encouraging responsible behavior that is shared by all the organizational actors to weave socially responsible actions in the fabric of the organization (Sparvero & Chalip, 2022). This act of shared responsible behavior, also known as responsible leadership is defined as a relationship between leaders and stakeholders that is based on ethical principles and values and is fueled by a shared sense of meaning and purpose, through this relationship, the leaders and stakeholders are able to motivate and commit to one another at a higher level in order to achieve sustainable value creation and social change (Pless et al., 2021).

Even though current research has exhibited the importance on responsible leadership (Ramos et al., 2022; Haider et al., 2022; Dong & Zhong, 2022), however, little research has been conducted in investigating 'doing good' and 'avoiding harm' and shared responsibility at individual level. Socially responsible leaders avoid harm by refraining from actions that could damage other people (such as closely adhering to safety laws) and they do good by engaging in activities that aim to improve societal welfare, such as going above and beyond minimum legal requirements to give disabled workers some opportunities for employment (Sundar et al., 2018).

This research builds on shared leadership theory to explore how responsible leaders create legitimacy in organizations by doing good in facilitating CHRSR policies and minimizing CSIR in organizations operating in developing country (characterized by high corruption, low transparency etc.) moderated by trust-power-control and leader identification. In promoting CHRSR activities, managers need trust, control, and power to create legitimacy (Ocasio et al., 2019). On the other

hand, to create organizational legitimacy, they need to avoid harm by minimizing CSIR activities and for this leader identification is essential. In answering these research questions, this study contributes to responsible leadership by three folds. First, to the best of author's knowledge, responsible leadership balancing both doing good and avoiding harm has not been investigated to enhance organizational legitimacy, this paper focuses on how responsible leadership manages to reduce CSIR in employees in the organization using their resources to establish their reputation and legitimacy in the weaker institutions. Second, the nexus of trust-control-power is being investigated to test for CHRSR and legitimacy. Third, this study argues that while responsible leaders aim to minimize CSIR, they require leader identification to create organizational legitimacy in developing nations.

## **2. Theoretical background and hypotheses development**

### ***2.1. Responsible leadership and shared leadership theory***

Shared leadership is described as a dynamic, interactive influence process among organizational actors with the goal of guiding one another toward the accomplishment of team goals (Sweeney, 2022). In line with the strategic concept of responsible leadership, shared leadership encourages more fully utilizing the knowledge, experience, and capabilities of organization members (Pearce et al., 2014). According to a large body of scientific research, shared leadership generally has a favorable impact on organizational results (D'Innocenzo et al., 2014; Wang et al., 2014). When organizational members can assume a leadership role, the idea of shared leadership expands the prototypically of leadership. Over time, more leader behavior consistent with the in-group prototype should be connected to members acting in a way that will be best for the group in the short and long term (Hogg, 2001; Hogg et al., 2012; Sinha et al., 2021).

Responsible leadership is unlikely to thrive in isolation. It is through the deliberate establishment and ongoing support of shared leadership practices, starting from the CEO and extending to the top management team and throughout the organization, that shared leadership fosters a strong foundation for responsible leadership (Geib & Boenigk, 2022). This process is further reinforced through role modeling and the cultural dynamics within the organization. Shared leadership promotes the interchange of knowledge and skills among team members, hence

improving collective problem-solving abilities and innovation (A. Ali et al., 2020) in developing countries. Shared leadership is expected to play a key impact in decreasing corruption in companies since every member of the organization works to reduce corruption (Han et al., 2021; Castro et al., 2020).

### *2.1.1. Development of the hypotheses*

#### *2.1.1.1. RL and OL (H1)*

Responsible leader is characterized as a moral person, moral manager, the one who consider multi-stakeholder and also focuses on long term sustainable growth (Agarwal & Bhal, 2020). RL aims to make moral decisions by acting in an honest, balanced way and by doing the right thing (Metcalf et al., 2019), which makes employees feel appreciated and respected and, in turn, makes them respect the organization (Hiwa et al., 2021). When it comes to personal morality, responsible leaders accept responsibility for their own deeds (Waldman et al., 2020) and work tirelessly to enhance the workplace by being consistent in both their words and deeds (Javed et al., 2020). Due to this reason, employees respect an organization more when they feel that their thoughts are valued by it and that their concerns are not only being heard but addressed (Grunig, 2023). Therefore, responsible leaders play a critical role in boosting legitimacy in organizations by being more sensitive to the requirements of employees (Bridwell-Mitchell & Mezas, 2012). A firm can be viewed as legitimate if it either performs in accordance with society norms or successfully manipulates people's expectations and impressions of the organization (Molecke & Pinkse, 2020). A responsible leader supports legitimacy in organizations by encouraging ethical behavior, cultivating a positive culture, assuring compliance and strong governance, and actively participating in the community (Al Halbusi et al., 2022). These activities help to develop trust, credibility, and a solid reputation, all of which are essential for organizational legitimacy (Miotto et al., 2020). When employees perceive their leaders as supportive, they typically give good assessments to their leaders and organization. (Ben-Yoav et al., 1983; Pandey et al., 2021). The following hypothesis was developed:

H1: Responsible leaders develop organizational legitimacy to create positive organizational outcomes.

### **3. RL and CHRSR (H2)**

Although it is well acknowledged that employees are a key stakeholder group on which leaders should concentrate their efforts (Haque, 2023; Waldman & Galvin, 2008), there have been relatively few studies that have combined the fields of HR management and CSR (Morgeson et.al., 2013). In the presence of responsible leader, HR department arguably plays a crucial role in fostering positive behavior, cultivating an engaged workforce, and establishing an environment where CSR is integrated into every stage of the employee lifecycle through its ties with all groups within the organization (Mishra & Sarkar, 2020). CHRSR has a significant impact on how an organization's setting is shaped for the practice of responsible leadership since responsible leaders operate as "change agents" and feel it's the "right thing to do" (Lehmann et al., 2010) to coach their staff (Osagie et al., 2022). The concept of corporate human resource social responsibility (CHRSR) is demonstrated by the fact that businesses prioritize employee wellbeing in addition to their own objectives (Szczepańska-Woszczyna, 2015) and at the same time responsible leaders should try to embed CSR in the HR system of an organization. Organizations require responsible leaders who collaborate with employees to achieve common goals, communicate organizational changes, and address individual and group issues (Muff et al., 2020). Responsible leadership entails developing relationships with employees and inspiring them for social welfare, as well as attempting to integrate CSR into the organization's HR structure. Responsible leaders lead teams across business, countries, and cultures to accomplish performance objectives aligned with the company's strategic goals (Bocean et al., 2018). HR contributes to responsible leadership at functional, practical, and relational levels by facilitating workers' engagement in CSR projects (Gond et al., 2022). Integrating CSR into the HR toolset can provide a road map for HR professionals to assist their organization's sustainability and business objectives while also improving social and environmental circumstances locally and worldwide (Amoako, 2021).

From the literature above, the following hypothesis was developed:

H2: Responsible leaders promote and encourage CHRSR in organizations to 'do good'.



#### **4. RL and CSIR (H<sub>3</sub>)**

When managers pursue personal wealth at the expense of workers, shareholders, other organization stakeholders, and even society as large, this is referred to as CSIR, which is unethical executive behavior that demonstrates contempt for the welfare of others (Brown et al., 2022; Moon et al., 2005). Responsible leaders focus on reducing irresponsible actions in the organization and they strive to improve the well-being of their employees and the organization. Shared leadership should be used to reduce CSIR (Pearce & Manz, 2011), since it connects leaders and employees via a shared sense of purpose and meaning (Brimhall, 2019). Responsible leadership has become a key environment for corporate survival and performance in investor governance. Recently, corporate leaders are held responsible outside of the economic domains, and their obligations stretch out to different dimensions such as community social, followers, organizations and environmental scopes (Sheehy & Farneti, 2021); Shaaban, 2021). Many irresponsible actions are the result of weak leadership, insufficient board supervision, and inadequate governance norms (Jain & Zaman, 2020). A responsible leader is always concerned about improving the well-being of employees by following ethical standards, communicating openly and honestly with its employees and focuses on the sustainable growth of their organization to make CSIR less impactful in its organization (Swaen et al., 2021). RL is a valuable leadership style that improves corporate reputation and promotes sustainable development in organizations and society, making it a viable alternative to traditional methods. Responsible leaders contribute to fostering psychological empowerment by mitigating irresponsible actions in the organization, which improves work engagement and decreases emotional exhaustion in employees. From the literature provided, it was hypothesized:

H<sub>3</sub>: Responsible leaders decrease CSIR actions in and outside the organization.

#### **5. CHRSR and OL (H<sub>4</sub>)**

Legitimate organizations are not continuously scrutinized, which gives them greater access to essential resources and allows them to expand more freely (del-Castillo-Feito et al., 2022; Suchman, 1995). Corporations must behave in socially responsible manner in order to be accepted as respectable organizations and to prove that they have the right to exist

(Fatima & Elbanna, 2023). Since different stakeholders have different CSR requirements (Maon, Lindgreen, & Swaen, 2010) such as employees require fair labour practices and work life balance, customers require ethical practices and product quality, but due to constrained resources and capabilities it is almost impossible to satisfy all the stakeholders (Jiao et al., 2020). In this case, the catch is to manage organizational capabilities in such manner so that social responsibility of the firms could be fulfilled by taking into consideration all forms of human rights as well (Carroll, 2021). Companies gain legitimacy when stakeholders see them creating more value than they destroy (Miotto et al.,

2020). Organizations can foster a culture of responsibility and honesty by incorporating CSR into the HR department (Alizadeh et al., 2021). This not only improves employee satisfaction and loyalty, but it also promotes the organization's reputation and credibility among stakeholders. Combining CSR and HR management can promote positive employee performance and conduct (Malik et al., 2021). By applying CSR to employee management, organizations can achieve business value and gain respect from the employees (Barakat et al., 2016). When HR engages in CSR efforts that generate the anticipated effects, it increases the organization's esteem in the eyes of its employees (Turner et al., 2019). Effective CSR communication also helps to increase the legitimacy of the firm (Vollero et al., 2018). Organizations that focus on high-quality CSR reporting can enhance a firm's perceived legitimacy, particularly in underdeveloped regions (Dai et al., 2018). Hence:

H4: CHRSR promotes good will in the organization thus increasing organizational legitimacy.

## **6. CSIR and OL (H5)**

CSIR refers to actions taken in opposition to stakeholders' needs that result in confrontation with them and negatively affect firms on a larger scale (Hadani, 2023) which in turn reduces the legitimacy of organizations. Employees develop negative moral sentiments and lose respect for a firm when they realize that it engages in irresponsible behavior (Swaen et al., 2021), such as placing employees under intense pressure and contributing to the deteriorating working conditions (Geng et al., 2022). These irresponsible actions reduce legitimacy of organization for both internal and external stakeholders (Acuti et al., 2023), because the organization

adopts controversial practices that go against ethical standards such as ignoring law, paying bribes and cheating on taxes (Abbasi et al., 2023). Trusted firms that engage in CSIR will be viewed as insincere and thus as violating normative expectations (Croxtton, 2021). Thus, such firms are likely to be seen not only in a more negative affective light, but also as more culpable and likely more responsible for wrongdoing, increasing their chances of being accused of scandals and wrongdoing, because these activities coincide with attribution and expectancy violations linked with legitimacy and CSIR (Hadani, 2023). CSIR is crucial for maintaining organizational legitimacy and avoiding irresponsible actions is as important as engaging in positive CSR activities to uphold a company's legitimacy and stakeholder trust (Corciolani et al., 2020).

Hence, in highly corrupt societies.

H5: CSIR in weak institution decreases organizational legitimacy.

#### *6.1.1.1. Moderation of T-C-P nexus (H6)*

As an enabler for responsible leaders to promote CHRSR in their organization, this study argues for an optimal balance of trust-control-power nexus (TCPN). Employees and stakeholders are more open to a leader's CHRSR vision and activities when they have trust in their leaders (Heet al., 2020). From a relational perspective, employees always look up to such leaders because they believe they appreciate them and give their problems the attention they deserve due to which they also feel more secure and at ease when they are under their direction (Ahmad et al., 2020). Employees view responsible leaders with control as skilled, moral, and dedicated to fostering a supportive and socially responsible work environment (Antunes & Franco, 2016). Higher level of control indicates that managers know how to get the work done and meet the daily, weekly, monthly and/or yearly goals by setting appropriate KPIs (Svirina, 2022; Roth et al., 2020). Managers in both public and commercial businesses acquire and use power every day to achieve their organizations' objectives (Lunenborg, n.d.). As a moral person, power is a tool used by responsible leaders to attain group objectives (Almeida et al., 2022; de Hoogh & den Hartog, 2009). Responsible leaders who have a great deal of power and their employees and top managers listen to them are considered as more powerful leaders (Rus et al., 2012), as compared to those whose opinions are often ignored. Therefore, it was hypothesized as follows:

H6: TCP nexus will moderate the relationship between RL and CHRSR such that higher TCP nexus will strengthen the relationship of RL and CHRSR.

#### *6.1.1.2. Moderation of T-C-P nexus (H7)*

CSR practices involve incorporating social and environmental considerations into HR policies and activities, aiming to foster a positive organizational image and enhance legitimacy (del-Castillo-Feito et al., 2022). Trust is a critical factor that can moderate the relationship between CHRSR and organizational legitimacy. Trust within an organization, particularly between employees and management, can enhance the effectiveness of CHRSR initiatives (Hongal & Kinange, 2020). When employees trust that their organization and HR department is genuinely committed to CSR, they are more likely to support and engage in CHRSR activities, thereby reinforcing the organization's legitimacy (Pirson & Malhotra, 2011). Conversely, a lack of trust can lead to skepticism and cynicism towards CSR efforts, undermining the organization's legitimacy (Vlachos et al., 2013). Power, defined as the ability to influence others and control resources (Pfeffer, 1992), can shape how CHRSR initiatives are developed, implemented, and perceived (Contrafatto et al., 2019). When employees view their leaders with a great deal of power and they also realize that their leaders value employee participation in decision-making processes then CHRSR practices are more likely to be perceived as authentic and aligned with the organization's values, thereby enhancing legitimacy (Lambert et al., 2013). Effective control mechanisms used by leaders can ensure that CHRSR initiatives are consistently implemented and aligned with the organization's overall CSR strategy, thereby enhancing legitimacy (Epstein, 2008). However, overly rigid or coercive control mechanisms can stifle employee creativity and engagement, leading to resistance and potentially undermining the perceived legitimacy of CSR efforts initiated by the HR department (Colaco, 2021).

H7: TCP nexus will moderate the relationship between CHRSR and organizational legitimacy such that higher TCP nexus will strengthen the relationship of CHRSR and OL.

### 6.1.1.3. Moderation of leader identification (H8)

When employees identify with a responsible leader, they are more likely to emulate their ethical behavior, leading to a reduction in CSIR (Wu et al., 2021). The role modeling effect is particularly strong when the leader's actions are consistent with their stated values, reinforcing the importance of ethical behavior and social responsibility (Gächter & Renner, 2018). High leader identification can reinforce a culture of responsibility and ethical behavior within the organization (De Roeck & Farooq, 2018). Employees who identify with responsible leaders are more likely to uphold and propagate these values, thereby mitigating CSIR (Walumbwa et al., 2011). Strong leader identification fosters a sense of accountability among employees (Raza et al., 2023). They are more likely to report unethical behavior and support measures to address CSIR, knowing that their leader values such actions (Dinh et al., 2020). High degrees of leader identification can boost the positive impact of responsible leadership in lowering CSIR. Employees who identify with their leaders are more likely to adopt the ethical principles and values established by responsible leadership, lowering their likelihood of participating in CSIR (Choi et al., 2024). This internalization develops a culture of accountability and ethical behavior, which reduces irresponsible behavior.

Therefore,

H8: LI will moderate the relationship between RL and CSIR such that higher LI will weaken the relationship of RL and CSIR.

### 6.1.1.4. Moderation of leader identification (H9)

Leader identification involves a relational identity (Luo et al., 2014), since followers define themselves in part in terms of the leader (Ashforth et al., 2016), and feel a sense of oneness with the leader. Employees view their organization as legitimate when they perceive their leaders demonstrating confidence, hope, and optimism in the workplace (Doherty & Hunter Revell, 2020). In developing countries due to high uncertainty and constant change, leadership skills and actions promote identity among workers (Aitken & von Treuer, 2020) due to the leader's self-sacrificial nature and resilience that inspires employees to perform well even under pressure the ethical standards and values that these leaders promote (Crucke et al., 2022), especially in the face of corporate wrongdoing. Identifying high-quality leaders helps reduce the detrimental impact of

CSIR on corporate legitimacy by promoting accountability and ethical behavior (Koch-Bayram & Biemann, 2024). When employees sense a strong alignment with their leaders' values, beliefs, and behaviors, they are more likely to adhere to organizational goals and ethics (Raza et al., 2023). This identity can influence how workers perceive and respond to CSIR (Hericher & Bridoux, 2023). In contrast, low leader identification might exacerbate CSIR's negative influence on organizational legitimacy. Employees who do not identify with their leaders are less likely to protect or support the organization's legitimacy in the face of irresponsible actions (Kim & Rim, 2023). This lack of congruence can lead to disengagement, poor morale, and a higher likelihood of whistleblowing, further eroding the organization's credibility (Story et al., 2023).

Hence, it is hypothesized:

H<sub>9</sub>: Leader identification will moderate the relationship between CSIR and OL such that higher LI will strengthen the relationship of CSIR and OL.

#### *6.1.1.5. Mediation of CHRSR (H<sub>10</sub>)*

A salient feature of a responsible leader is the “doing good” element (Bhatti et al., 2023). As a thoughtful and empathetic manager of multi-stakeholders, RL are under more and more pressure to encourage new projects in responsible ways (Luu, 2022). RL also enhances employees' perceptions of CHRSR (Dong & Zhong, 2021) by introducing policies that improve employee's well-being and living standard in a developing country. RL believe in encouraging CHRSR in businesses (Ishee, 2022), such as by giving employees fair access to employment opportunities and an acceptable standard of life such as basic education, medical facilities and growth opportunities (Brough et al., 2020), which in turn boosts employees self-esteem (Li et al., 2022) and encourages employees to respect their organization (Byun et al., 2020). Also, responsible leadership fosters a culture of trust and engagement. When CSR principles are integrated into HR practices, employees are more likely to feel valued and motivated (Aguinis & Glavas, 2019). This increased engagement leads to higher organizational commitment and better performance, which positively impacts organizational legitimacy (Fatma et al., 2018). Responsible leaders instill ethical values and social responsibility within the organization (Castillo et al., 2020). These values are operationalized through CSR practices, which ensure that the organization's HR activities reflect its commitment to CSR (Shen & Benson, 2016). This alignment

enhances organizational legitimacy by demonstrating consistency between the organization's values and actions (Kim et al., 2010).

Thus, it is hypothesized that CHRSR mediates the relationship between RL and organizational legitimacy.

H<sub>10</sub>: CHRSR mediates the relationship between RL and OL.

#### *6.1.1.6. Mediation of CSIR (H<sub>11</sub>)*

One key characteristic of a responsible leader is to "avoid harm". In a developing country with institutionalized corruption, RL must pay attention by reducing CSIR (Ismail & Hilal, 2023) behaviors like discriminating against employees or paying them below-market salaries in order to strengthen the legitimacy of the firm (Krupa et al., 2019). As a moral manager, a responsible leader sets an example of achieving results ethically and pays attention to what subordinates have to say (Agarwal & Bhal, 2020), but in a developing country, a leader can only do this by reducing CSIR in the organization (Khan & Kamal, 2021), so that workers can feel proud about their manager's capability. CSIR is considered as one of the major challenges for management thought and practice (Pearce & Manz, 2011) especially in developing countries because factors such as corruption, low transparency and accountability are often impossible to fight off (Adam & Fazekas, 2021). Often managers and employees with high moral and ethics have seemed like disturbance in the society and are forced to alter their behavior to conform to the society's ethical standards. Organizational legitimacy will increase as employees and external stakeholders view RL managing CSIR in a manner that is acceptable in such a society. Thus, the following hypothesized was developed:

H<sub>11</sub>: CSIR mediates the relationship between RL and OL.

## **6.2. Methodology**

### *6.2.1. Operationalization of variables*

A questionnaire is employed in this study, and responses are rated on a seven-point Likert scale, with scores ranging from 1 (strongly disagree) to 7 (strongly agree). The study adopted responsible leadership's four sub constructs, moral person, moral manager, multi-stakeholder consideration and sustainable growth focus. Moral person was measured by using three

items developed by Brown et al., (2005). A sample item of moral person is "My manager takes ownership for his own actions". The sub-construct, moral manager was also assessed using three items developed by Brown et al., (2005). A sample item includes "My manager sets an example of achieving results ethically". We adopted Agarwal and Bhal, (2020), two item scale of multi- stakeholder consideration based on an extensive literature review. A sample item is "My manager considers stakeholder well-being as important business outcome". The three item scale developed by Agarwal and Bhal, (2020), is applied to measure sustainable growth focus. A sample item is "My manager links present business tasks with long-term organizational goals".

We measured customers' overall perceptions of corporate social irresponsibility (CSIR) by using twenty- three items scale developed by Wagner et al., (2009). A sample item is "My firm puts its employees under strong pressure". We assessed legitimacy using two sub-constructs, external and internal legitimacy. External legitimacy was assessed using four item scale developed by Goldsmith et al., (2000). A sample item includes "My firm wins' social recognition and praise". We measured internal legitimacy by using four item scale developed by (Kostova & Zaheer, 1999). A sample item includes "My firm strengthens the internal bond in our company".

Sense of power was assessed using a four item scale developed by Anderson et al., (2012). A sample item is "My manager can get people to listen to what he says". The five-item scale developed by Aulekh et al., (1996) was applied to measure control. A sample item is "My firm regularly monitors the quality control maintained by my manager". We measured trust using an eight item scale developed by Mayer and Davis, (1999). A sample item is "I feel very confident about my manager's skills". Leader identification was assessed by using a five item scale developed by Bass, (1985). A sample item is "I have complete faith in my manager". We adopted a nine item scale to assess corporate human resource social responsibility (CHRSR) developed by Waltz, (2001). Sample item included for CHRSR is "I have not faced any discrimination in the workplace".

### *6.2.2. Face validity and Q-sort analysis*

To pre-assess the validity and reliability of the scales, three practitioners from three different organizations and two academicians reviewed and evaluated the common pool of measurement items once they had been



created. First, structured interviews were conducted to evaluate the accuracy and relevance of each sub-construct's definition as well as the language of the interview questions (Q. Zhang & Cao, 2018). Following that, the interviewers were instructed to group the questionnaire items into the appropriate sub-constructs (Sekhon et al., 2022). According to the experts' feedback, unimportant and incomprehensible material were removed or altered. Q-sort measure was used to evaluate all the instruments of study (Boom et al., 2021). Q-sort measure consisted of three steps such that first the judges were asked to mention whether all the items are relevant and clear (Wulff, 2019). Second, they were asked to divide and place all the items under most suitable category or construct. Third, they specified whether to keep, drop, modify or add items to the constructs. The original set of 155 items for all the constructs was reduced to 72 following a thorough review of every item, with the intention of further refining the items. All the items were further modified based on the comments from all practitioners and academicians.

### 6.2.3. *Sample size and respondents*

According to Hair et al., (2010), the appropriate sample size for a study or research that uses both structural equation modeling and the partial least squares-structural equation modeling approach (PLS-SEM) is between 150 and 400. Additionally, prior studies by Wilson et al., (2018) and Wilson and Keni, (2018) highlighted the need for more than 200 sample sizes to be selected for a study. Based on the aforementioned theories, a sample size of 200-300 was chosen for this study, which was more than the quantity recommended by the researchers who made the aforementioned statements.

The sample respondents were anticipated to have experience or knowledge in CSR and responsible leadership. As our study is based on the theory of shared leadership, our target respondents included all the responsible leaders such as lower management, middle management and top management throughout the organization. We focused our survey on employees who had been working with their supervisors for more than 6 months. The target respondents were required to fill the questionnaire regarding their immediate supervisor if they had worked under that person for at least 6 months (Saloniki et al., 2022; Oliver et al., 2020). Therefore, a purposive sampling technique was used to select the respondents for our study.

#### 6.2.4. *Data collection*

In this research, we tried our best to reach employees from all socioeconomic classes and all genders without any discrimination. Through personal contacts we contacted an HR association, a prestigious association of professionals in the area of human resource management and upon our request and convenience of the managers they shared questionnaire link on WhatsApp group with more than 900 managers. We also shared the questionnaire on another WhatsApp group for CSR Club Pakistan (CCP), a prestigious association of companies to integrate social and environmental concerns in their business operations, with around 11000 members in that group. To research a bigger sample, HR groups on Facebook with more than 40,000 managers were reached by posting a request for participation and questionnaire link on the group's wall. We shared each questionnaire no more than twice as a reminder. If the person responded to that questionnaire, no more reminders were sent until a new questionnaire was posted on the site.

A total of 458 responses were obtained and analyzed. Our participants included 251 males and 207 females and most of the participants belonged to age bracket of 25 to 35 years. The detailed information about the participants of this study is shown in Table 1. Employees belonging to different managerial levels were a part of this study. There were 264 middle level managers, 35 top level managers and 35 low level managers. Most of the employees were a part of local organizations (62.3%), whereas 19.4% were from government organizations and 18.1% were from MNC's. The statistics revealed that 209 employees were from the manufacturing industry and 249 were from the service industry.

#### 6.2.5. *Data analysis*

The data was analyzed using partial least square equation modeling (PLS-SEM) in the current study using the statistical program Smart PLS (4). Data checks involving multi-collinearity and the common method bias (CMB) were made. Determining common method variance (CMV) is crucial because cross-sectional research focuses on the same respondents and collects all data at a single moment in time (Chin et al., 2012; Podsakoff et al., 2003). The single-factor test by Harman is used to verify CMV. By doing this, it is ensured that no one element or factor accounts for a sizable amount of the overall variance in the data. After that, multi-collinearity is examined to make sure the independent variables don't have a strong

correlation with one another. In order to assess the problem of multicollinearity, variance inflation factor (VIF) is used for all the independent constructs.

After examining and controlling for potential biases, confirmatory factor analysis (CFA) is used for validating the instrument. Path analysis is next used to test for indirect effects (mediation), and finally structural equation modeling (SEM). According to the criteria of Fornell and Larcker, (1981), following components are evaluated for CFA such as composite reliability (CR), average variance extracted (AVE) and outer loadings of all the items. According to Hair et al., (2012), there is a specific criterion that factor loadings of all the items should be greater than 0.708 to be considered for the analysis. To measure reliability, Cronbach alpha (CA) and composite reliability is used and the values for both measures should be higher than 0.7 for internal consistency to be deemed appropriate (Hair et al., 2011; Sorra & Dyer, 2010). Convergent validity is tested using AVE and the value should be greater than 0.5 for convergent validity to exist. Discriminant validity is tested using Fornell-Larcker criterion and Heterotrait-Monotrait matrix, which expresses the degree to which one latent construct in the dataset differs from another. According to Hair et al. (2019), discriminant validity evaluates if the inner model's constructs and their indicators are unique and whether they are drawing on a distinct yet related idea. The Heterotrait-Monotrait Ratio (HTMT) method is a novel criterion that Henseler et al. (2015) presented to evaluate discriminant validity in variance-based models.

The structural analysis first evaluates the direct link responsible leadership (RL) and organizational legitimacy (OL) along with control variables. CSIR and OL This study examined 6 models: Model 1 examined the base model with mediators. Model 2 tested the moderation of TCP between RL and CHRSR. Model 3 also tested the moderation of TCP between CHRSR and OL. Model 4 investigated the relationship between RL and CSIR with the moderation of LI. Model 5 explored the relationship between CSIR and OL with the moderation of LI. Finally, Model 6 encompassed all moderators to examine their combined effect on the model. In our study, we employed six models to mitigate the cumulative impact of all variables, which can diminish explanatory power. Consequently, we tested five models prior to the final one to disregard the double-barreled hypotheses.

### **6.3. Results**

#### *6.3.1. Common bias and response bias test*

To determine the single-source data collection can lead to common method bias (CMB), we initially assessed CMB using the approach outlined by MacKenzie and Podsakoff (2012). To evaluate CMB, we scrutinized the variance inflation factor (VIF) values, as recommended by Kock (2015). The analysis revealed that all VIF values were below 3.3, indicating that CMB does not pose a significant issue for this study, as per the findings of Hair et al. (2022).

#### *6.3.2. Measurement model assessment*

Table 3 displays the quantification model's findings. The findings supported the model's validity and reliability since the construct reliability (0.70), average variance extracted ( $>0.50$ ), and factorloadings ( $>0.70$ ) all exceeded the pertinent cutoff conditions (Hair et al., 2022). Discriminant validity was established by setting the values at less than 0.90. Findings in Table 4 show that all the values except for two were less than 0.90, indicating improved discriminant validity (Henseler et al., 2015).

#### *6.3.3. Structural model assessment*

Table 5 displays the results of hypotheses testing using the structural model. This table also shows the coefficient of determination ( $R^2$ ) which was estimated to measure how well a statistical model predicts an outcome.

Model 1 was the base model and it tested two mediation paths i.e. CHRSR between RL and LEG and CSIR between RL and LEG. RL to LEG was positive and significant ( $H_1: \beta = 0.221, P = 0.000$ ). The relationship between RL and CHRSR also came out to be positive and significant ( $H_2: \beta = 0.778, P = 0.000$ ).  $H_3$  leading from RL to CSIR was negative and insignificant ( $H_3: \beta = -0.078, P = 0.168$ ).  $H_4$  shows the relationship between CHRSR and LEG which was positive and significant ( $H_4: \beta = 0.634, P = 0.000$ ).  $H_5$  leading from CSIR to LEG was positive and insignificant ( $H_5: \beta = 0.001, P = 0.980$ ). The specific indirect effects of CHRSR between RL AND OL indicates that CHRSR mediates the

relationship between the two ( $H_{10}: \beta = 0.493, P = 0.000$ ). Therefore, the result shows that mediation existed in model 1.

Model 2 analyzed the moderating effect of TCP between RL and CHRSR.  $H_1, H_2, H_4$  in Model 2 were positive and significant ( $H_1: \beta = 0.222, P = 0.000, H_2: \beta = 0.318, P = 0.000, H_4: \beta = 0.634, P = 0.000$ ) except for  $H_3$  ( $\beta = -0.078, P = 0.168$ ) and  $H_5$  ( $\beta = 0.000, P = 0.986$ ). In Model 2, the moderating influence of TCP between RL and CHRSR was examined, revealing a statistically significant moderation effect of TCP ( $H_6: \beta = 0.047, P = 0.041$ ).

Model 3 tested the moderation of TCP between CHRSR and LEG. In Model 3, hypotheses  $H_1, H_2,$  and  $H_4$  exhibited positive and statistically significant associations ( $H_1: \beta = 0.001, P = 0.000; H_2: \beta = 0.778, P = 0.000; H_4: \beta = 0.338, P = 0.000$ ), whereas  $H_3$  showed a negative and non-significant relationship ( $H_3: \beta = -0.078, P = 0.166$ ). We found  $H_5$  to be negative and significant in Model 3 ( $H_5: \beta = -0.070, P = 0.007$ ).  $H_7$  indicates the moderation of TCP between CHRSR and LEG, revealing a significant and negative moderation effect. ( $H_7: \beta = -0.062, P = 0.01$ ).

Model 4 tested the moderation of LI between RL and CSIR. Hypotheses  $H_1, H_2, H_3, H_4$  emerged to be significant in Model 3 ( $H_1: \beta = 0.221, P = 0.000, H_2: \beta = 0.778, P = 0.000, H_3: \beta = -0.221, P = 0.025, H_4: \beta = 0.634, P = 0.000$ ) except for  $H_5$  which was insignificant ( $\beta = -0.001, P = 0.966$ ).  $H_3$  was found to be statistically significant only in Model 3.  $H_8$  examined the moderation of LI between RL and CSIR which emerged to be negative and insignificant ( $H_8: \beta = -0.143, P = 0.052$ ).

Model 5 examined the moderating effect of LI on the relationship between CSIR and LEG. However, significant results were observed for  $H_1, H_2$  and  $H_4$  ( $H_1: \beta = 0.216, P = 0.000, H_2: \beta = 0.778, P = 0.000, H_4: \beta = 0.632, P = 0.000$ ) except for  $H_3$  ( $\beta = -0.078, P = 0.167$ ) and  $H_5$  ( $\beta = 0.013, P = 0.742$ ).  $H_9$  tested the moderation of LI between CSIR and LEG, revealing a non-significant negative impact ( $H_9: \beta = -0.028, P = 0.491$ ).

Model 6 shows the results of full model with TCP and LI as moderators. The results of model 6 in Table 5 indicate that the first hypothesis ( $H_1$ ) concerning the positive and insignificant relationship between responsible leadership and organizational legitimacy is not supported ( $\beta = 0.053, P = 0.407$ ). Hypothesis 2, suggesting a positive and significant correlation

between responsible leadership and CHRSR, is also accepted ( $\beta = 0.318$ ,  $P = 0.000$ ).

Hypothesis 3 demonstrates a negative and significant association between responsible leadership and CSIR ( $\beta = -0.275$ ,  $P = 0.001$ ), thus, confirming its acceptability as well. H<sub>4</sub> reveals a positive and significant relationship between CHRSR and LEG ( $\beta = 0.425$ ,  $P = 0.000$ ) which was also supported. H<sub>5</sub> shows a negative and insignificant relationship between CSIR and organizational legitimacy ( $\beta = -0.066$ ,  $P = 0.051$ ), therefore, it was not supported. Hypothesis 6 tested the moderating effect of TCP between RL and CHRSR and the result shows that TCP positively moderates the relationship and is significant (H<sub>6</sub>:  $\beta = 0.047$ ,  $P = 0.000$ ), therefore it is accepted. Hypothesis 7 examined the moderation of TCP between CHRSR and LEG, revealing a negative and non-significant moderation effect (H<sub>7</sub>:  $\beta = -0.046$ ,  $P = 0.092$ ), thus indicating lack of support.

Hypothesis 8, which tested the moderation of LI between RL and CSIR, resulted in a negative and significant moderation effect (H<sub>8</sub>:  $\beta = -0.158$ ,  $P = 0.000$ ), thereby, it is accepted. H<sub>9</sub> investigated the moderating influence of LI between CSIR and LEG. The findings revealed a negative and insignificant moderation (H<sub>9</sub>:  $\beta = -0.018$ ,  $P = 0.638$ ), thus rejecting the hypothesis. Hypothesis 10 posits that CHRSR mediates the relationship between responsible leadership and organizational legitimacy, therefore, it is supported and shows full mediation (H<sub>10</sub>:  $\beta = 0.135$ ,  $P = 0.000$ ). The eleventh hypothesis (H<sub>11</sub>) shows the mediating role of CSIR between responsible leadership and organizational legitimacy, which is not supported as it shows no mediation (H<sub>11</sub>:  $\beta = 0.018$ ,  $P = 0.103$ ). In Model 6, hypotheses H<sub>1</sub>, H<sub>2</sub>, H<sub>4</sub>, H<sub>6</sub>, H<sub>8</sub>, and H<sub>10</sub> are accepted, whereas hypotheses H<sub>3</sub>, H<sub>5</sub>, H<sub>7</sub>, and H<sub>9</sub> are not accepted.

First, mediation of CHRSR between responsible leadership and organizational legitimacy (RL  $\rightarrow$  CHRSR  $\rightarrow$  OL) was examined. The second mediation tests how CSIR mediates the relationship between RL and OL (RL  $\rightarrow$  CSIR  $\rightarrow$  OL). The moderators, trust-control-power nexus and leader identification are evaluated using the interaction moderation approach. For all the direct, indirect and moderator hypotheses the path coefficients as well as their significance levels using both t values and p values are examined.

Moreover, Lohmöller (1987) proposes the SRMR (root mean square leftover) estimation in the PLS as a sign of the goodness of-fit. This figure represents the variance between the observed correlation matrix and the correlation matrix anticipated by the model. Hu and Bentler (1998) and Sarstedt et al. (2011) prescribe that this figure be equivalent to or under 0.08. Our model yields a score of 0.056, which is below the recommended threshold.

#### **6.4. Discussion**

Organizations have obligations extending beyond their economic and financial objectives, known as social responsibilities (Sheehy & Farneti, 2021). Additionally, organizations maintain social connections with society, not just economic contracts (Mayer, 2021). In this study, our model tested for two aspects of doing good and avoiding harm by minimizing CSIR. Consistent with the hypotheses, we find that responsible leadership does not always create legitimacy in the organization, therefore, it is necessary for the whole organization to work towards enhancing legitimacy (Javed et al., 2021). Our findings diverge from prior literature, which indicates that responsible leaders bolster legitimacy in organizations through transparent systems and accountability (Claasen & Roloff, 2012). Previous literature shows responsible leaders who engage in stakeholder interaction and address social problems are more likely to gain legitimacy (Shaaban, 2021). The negative association between responsible leadership and organizational legitimacy in Pakistan, as observed in our literature, could be caused by a mix of cultural, institutional, and organizational variables, as well as stakeholder perceptions and socioeconomic pressures (M. Khan et al., 2020). Economic constraints and corruption in emerging economies, such as Pakistan, might cause organizations to emphasize short-term financial benefits above long-term ethical principles (Arslan, 2020). This might result in a contradiction between responsible leadership and corporate interests, reducing perceived legitimacy.

Our results indicate that HR department in the organizations contribute to responsible leadership through established or evolving practices. They facilitate and cultivate an internal organizational environment that fosters responsible leadership through both conventional and innovative HR practices, which promotes CSR in the organization (Dong & Zhong, 2021). Previous literature also supports our findings that CHRSR assists in achieving a more equitable distribution of power between corporate

leaders and employees by providing employees with a platform to voice their opinions (Gond et al., 2011). Our research also indicates that when HR departments endeavor to integrate CSR into their organizations, it contributes to enhancing the esteem of the firm in the eyes of its employees. This is because employees recognize that their company prioritizes their well-being (J et al., 2023). Responsible executives play an important role in promoting and implementing socially responsible HR policies. They set the tone at the top, modelling ethical behaviour and establishing a culture of accountability that pervades the entire firm (Voegtlin & Patzer, 2020). Responsible leaders connect with the employees and consider their well-being, which is an essential component of CHRSR (Aman-Ullah et al., 2024). Such involvement aids in developing a positive image and obtaining a social license to operate, which is critical in a developing country like Pakistan where community links and social endorsement are key (Sarfraz et al., 2023).

This paper contributes to CSIR literature by demonstrating how employees try to minimize irresponsible actions in developing countries. Our findings suggest that when leaders are perceived as being responsible by their employees then they refrain from engaging in irresponsible actions (Koch-Bayram & Biemann, 2024). Previous literature supports our findings where responsible leadership has been shown to foster an ethical climate within organizations, discouraging socially irresponsible actions. This is because responsible leaders prioritize ethical decision-making, stakeholder participation, and sustainable practices, which together lower the risk of CSIR (Voegtlin et al., 2020). Pakistan's religious impact stresses ethical behavior, fairness, and social responsibility (Khan et al., 2021). Leaders who follow these ideals are less likely to participate in or tolerate CSIR. Responsible leadership is sometimes viewed as satisfying religious commitments, hence lowering irresponsible conduct (Bouichou et al., 2022). Our study shows that when employees identify with their responsible leaders in terms of morals and values then they refrain from irresponsible actions. Previous literature also shows that leader identification improves the psychological link between leaders and followers, resulting in increased levels of engagement and cooperation (Rahmadani et al., 2020). In such situations, CSIR may be regarded as contrary to the shared principles established by responsible leadership (Jain & Zaman, 2020).

The findings of our study suggest that when CSR is embedded in the HR system of the organization then it enhances the organization's legitimacy.



According to Kim et al. (2021), organizations with strong CHRSR practices are perceived as more legitimate by their stakeholders, resulting in improved reputational and financial outcomes, which support our findings. Organizations who engage in education and skill development through CHRSR projects help to close the skills gap in Pakistan's workforce. This investment not only benefits the community, but it also increases the organization's legitimacy as a good corporate citizen. Prior literature shows that when organizations implement CHRSR measures such as fair salaries, employee welfare programs, and community development projects, they address key social concerns such as poverty and unemployment. This active engagement in social advancement promotes organizational legitimacy because they are perceived as contributing to societal progress (A. Raza et al., 2020).

The findings of this study suggest that when organizations act irresponsibly then it reduces the respect of the organization in the eyes of the employees. However, previous literature also supports these findings that organizations engaging in CSIR endure criticism and condemnation because their acts are deemed to be opposed to societal interests. This negative reputation erodes their legitimacy in the eyes of stakeholders (Acuti et al., 2023). The poor enforcement of laws in Pakistan exacerbates CSIR's detrimental influence on organizational credibility. Organizations that behave with impunity weaken public trust and confidence (Nwankwo et al., 2023).

Our research indicates that when employees perceive their leaders as powerful, possessing significant control, and trust them, they are more inclined to actively participate in promoting socially responsible initiatives within the organization (Khaskheli et al., 2020). Prior literature suggests when employees have great trust in their leaders, they are more engaged and willing to participate in HR activities that encourage social responsibility (Caldwell & Jamali, 2023). Previous literature supports our findings that effective responsible leaders balance power dynamics within the firm, ensuring that all employees feel appreciated and respected. This balance is vital for developing a social responsibility culture in HR practices (Bastardo & Day, 2021). Our findings confirm earlier research, indicating that good leaders understand how to strike a balance between allowing staff autonomy and exercising required control (Unger & Sann, 2023).

This study also demonstrates that when employees align with their leaders in terms of morals, values, and ethics, they tend to reduce unethical behaviors like CSIR within organizations. Conversely, when employees do

not identify with their leaders, they are more prone to engage in corruption such as bribery, embezzlement, and other fraudulent activities (Manara et al., 2020). We also observe that CSIR has a detrimental effect on organizational legitimacy, even when employees can relate to their leaders. These outcomes are anticipated in developing nations such as Pakistan, where individuals exploit the weaknesses of state institutions, and corruption exerts a significant influence with pervasive micro-level effects that affect daily service operations (Walker, 2023). Prior research also demonstrates a negative correlation between CSIR and organizational legitimacy, as CSIR encompasses actions that contradict the interests of stakeholders, resulting in conflicts with them (Lin-Hi & Müller, 2013).

This study shows that CHRSR mediates the relationship between responsible leadership and organizational legitimacy. Prior literature also supports our finding that CHRSR acts as an approach for translating responsible leadership into organizational legitimacy by implementing HR strategies (Wang et al., 2021). These strategies focus on employee well-being, diversity, equity, and ethical treatment which reinforces firms' commitment to the values of responsible leadership (Karahana, 2022). While direct studies on the mediating impact of CHRSR between responsible leadership and organizational legitimacy are sparse, empirical research has shown that both responsible leadership and CHRSR have a positive impact on organizational results. For example, Iqbal et al., (2020) discovered a positive relationship between responsible leadership, CHRSR, and organization performance, implying a possible mediation influence on organizational legitimacy. In developing economies, like Pakistan, CHRSR efforts can assist firms in navigating regulatory complexity and mitigating the risks associated with corruption and fraud (Masehela & Mhlanga, 2023). Responsible leaders protect corporate legitimacy by promoting openness, accountability, and ethical behavior (Javed et al., 2020). This reduces the likelihood of regulatory violations and reputational damage.

## **6.5. Implications**

### *6.5.1. Theoretical Contribution*

This paper indicates that "doing good" and "avoiding harm" represent two conceptually separate categories or forms of leader behavior, each with distinct psychological foundations and unique predictors (Liao et al., 2024). Our study also contributes to the theoretical refinement of the RL

concept by defining RL as an individual who embodies morality, acts as a moral leader, and considers the interests of multiple stakeholder groups when making decisions (Solinger et al., 2020). Responsible leaders influence moral behaviors and serve as credible and ethical role models for their followers (Ogunfowora et al., 2021). In theoretical frameworks for RL, our research draws primarily from shared leadership theory with the idea that leadership is shared by all individuals at all levels (Lorinkova & Bartol, 2021). Moreover, by demonstrating the potential outcomes achievable through responsible behavior, this study deepens our knowledge of the efficacy of responsible leadership (Tian & Suo, 2021) and may strengthen confidence in constructive leadership models (Arasli et al., 2020). However, it is very challenging for the leaders to act responsibly in developing nations where there is a lack of proper governance structures, laws and regulations (Nguyen et al., 2020). In such circumstances, leaders should create a culture where everyone focuses on minimizing the harmful effects through their ethical conduct (Al Halbusi et al., 2022).

This study extends the shared leadership theory by indicating a crucial aspect of HR's contribution to the concept of 'responsible leadership' lies in managing the relationship with employees. HR professionals have the capacity to provide procedures and resources that enable relational exchanges with employees regarding CSR matters and themes (Boutmaghzoute & Moustaghfir, 2021). They can aid in managing the employer-employee relationship and strive to establish a more equitable distribution of power between corporate leaders and employees by empowering employees to voice their opinions (Zhu et al., 2022). This amplifies the potential impact of employees on corporate responsible leadership. Our study extends to our understanding of trusting a leader and perceiving them as possessing greater control and authority which can influence employees' inclination towards engaging in positive behaviors. The pattern of findings suggests that responsible leaders play a vital role in reducing CSR in organizations by maintaining their demeanor and acting ethically even in weak state institutions (Pereira, 2021). Our findings diverge from previous literature that suggests responsible leaders inherently bolster organizational legitimacy through transparent systems and accountability (Claasen & Roloff, 2012). Instead, we found that the HR department plays a critical role in contributing to responsible leadership by establishing and evolving practices that foster an environment conducive to CSR (Dong & Zhong, 2021). This supports prior research indicating that CSR-oriented HR practices can lead to a more

equitable power distribution between corporate leaders and employees, providing a platform for employee voices (Gond et al., 2011).

### 6.5.2. *Practical Implications*

The study provides practical implications for businesses and provides guidelines for the managers in terms of enhancing the legitimacy of their firms. Managers must listen to their employees so that they feel that their thoughts are valued, and their concerns are addressed (Al-Ghazali & Afsar, 2021). Corporations can use numerous techniques to encourage and guarantee that managers actively listen to their staff such as offering workshops that emphasize the importance of two-way communication and teaching techniques for effective dialogue (Prabowo & Saptiany, 2024). Firms must also conduct regular employee surveys to gather feedback on various aspects of the workplace, including management practices, and use the results to identify areas where managers need to improve their listening skills (Tong et al., 2021). Organizations should design and implement comprehensive leadership development programs that emphasize ethical behavior, social responsibility, and sustainable decision-making (Al Halbusi et al., 2022). Organizations should focus on leadership development programs such as mentorship and coaching where they can pair emerging leaders with experienced mentors who exemplify responsible leadership (Murrell et al., 2021). All this further helps the organization to gain the respect that it desires. Top management should encourage open and transparent communication between leaders and their teams (Abbu et al., 2022). Trust is reinforced when leaders are honest about challenges and successes (Soderberg & Romney, 2022). Leaders should be given the necessary resources and support to fulfill their duties efficiently (Bartsch et al., 2020). This encompasses providing access to training programs, mentorship opportunities, and fostering a supportive organizational culture. While responsible leaders need sufficient power to influence and drive positive change, it is crucial to balance this power with mechanisms that ensure accountability (O'Donoghue & van der Werff, 2021). One method to achieve this is by clearly defining the extent of leaders' authority, outlining the specific areas where they can make decisions independently and where they must seek consultation from others. On the other hand, the community of policymakers should also develop and implement targeted measures and policies that can effectively allow businesses to actively minimize the irresponsible actions of the employees (Didier et al., 2021). The policy makers must strive to strengthen

the anti-corruption laws and regulations and ensure fair judicial processes to hold corrupt individuals accountable (M. Ali et al., 2023).

Implementing and advocating for CHRSR yields positive results. To effectively implement CHRSR, we recommend that firms offer incentives, such as linking employees' social performance to performance appraisals or providing rewards, to encourage greater support and involvement in external CSR activities (Hsieh et al., 2022). Some of the strategies that organizations can adopt are by integrating CSR-related objectives into performance appraisals (Q. Zhang et al., 2022) and evaluate employees based on their contribution to CSR initiatives and ethical conduct (Nejati et al., 2020). Organizations can use the following KPIs, such as tracking incidents of ethical violations and monitor adherence to the code of conduct and assessing the impact of CSR initiatives e.g. such as the number of volunteer hours, funds raised for social causes, and environmental improvements (Affouneh et al., 2023). These firms should also develop a sustainability policy that outlines the organization's commitment to environmental protection and resource conservation (Nassani et al., 2022). Other than that, they must also focus on establishing guidelines for ethical sourcing and procurement, ensuring that suppliers and partners adhere to CSR standards (Eyo-Udo et al., 2024). In doing so, organizations can improve their reputation and increase the level of respect they receive from their employees.

## **6.6. Limitations and Future Directions**

Similar to other studies, there are some limitations in our study that should be acknowledged and considered when interpreting and generalizing our results. Our study is cross sectional in nature and the data is collected only from Pakistan so we cannot generalize the findings of this study as this approach provides a snapshot of the current situation, allowing us to analyze the relationships between variables at one specific moment (Kumar et al., 2024). We encourage future researchers to validate our findings across various developing nations or cultural contexts (R. U. Khan et al., 2021). By doing so, researchers can determine whether the observed relationships and patterns hold true in different settings, thereby increasing the robustness and generalizability of our findings (Li et al., 2023). This broader validation can help develop more comprehensive and universally applicable theories and practices (Baelen et al., 2023). In this paper, we used trust-control-power nexus as a moderator, future studies could test trust separately as a moderator so that the individual

impact could be measured (L. Zhang et al., 2023). We used shared leadership theory in our study, so another potential area for future research might involve incorporating stakeholder and social learning theories for interesting results (Elneel et al., 2023). Future researchers could use other mediated and moderated paths affecting organizational legitimacy, since, in this research, we only focused on two mediators (CHRSR, CSIR). In the future, additional research should attempt to determine the mechanisms of responsible leadership on legitimacy by using green washing as a mediator and corruption as moderator which may affect the relationship between responsible leadership and legitimacy (J. Zhang et al., 2021). We would encourage future research to address the limitations faced by our study. We focused on organizational legitimacy in our study, future research may wish to explore other aspects of legitimacy such as moral and normative legitimacy (del-Castillo-Feito et al., 2022).

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**Tables****Table 1: Sample demographic data**

<b>Variables</b>	<b>Total Response</b>	<b>Percent</b>
	<b>Employee's Position</b>	
Lower Level	182	39.7
Middle Level	221	48.1
Top Level	55	12.0
	<b>Employee's Gender</b>	
Male	251	54.7
Female	207	45.1
	<b>Employee's Age</b>	
24 and below	78	17.0
25 - 35	251	54.7
36 - 45	97	21.1
46 - 55	20	4.4
56 - 65	11	2.4
66 and above	1	0.2
	<b>Employee's Education</b>	
Bachelors	221	48.1
Masters	178	38.8
MPhil/PHD or above	47	10.2
Secondary	12	2.6
	<b>Number of years under current manager</b>	
1 - 2 years	253	55.1
3 - 4 years	99	21.6
4 - 5 years	72	15.7
5 years or more	34	7.4
	<b>Managerial Level</b>	
Top level managers	35	34.6
Middle level managers	264	57.5
Low level managers	35	7.6
	<b>Tenure of manager in current organization</b>	
1 - 6 months	33	7.2
6 - 12 months	94	20.5
1 - 3 years	151	32.9
3 - 5 years	74	16.1
more than 5	106	23.1
	<b>Type of Organization</b>	
Government	89	19.4
Local	286	62.3
MNC	83	18.1
	<b>Firm Size</b>	
1 - 100	121	26.4
101 - 300	95	20.7
301 - 500	83	18.1
501 - 1000	52	11.3
1001 and more	107	23.3

Variables	Total Response	Percent
	<b>Tenure of manager incurrent industry</b>	
12 months or less	44	9.6
2 - 5 years	147	32
6 - 15 years	163	35.5
16 - 25 years	79	17.2
26 - 40 years	20	4.4
40 years and above	5	1.1
	<b>Type of Industry</b>	
Manufacturing	209	45.5
Service	249	54.2

**Table 2: Correlations**

	RL	CSIR	LEG	LI	CHRSR	POW	TRUST	CONTROL
<b>RL</b>	1	-0.14	0.705***	0.795***	0.771***	0.611***	0.804***	0.780***
<b>CSIR</b>		1	0.028	0.047	0.080	0.296***	0.083	0.057
<b>LEG</b>			1	0.708***	0.787***	0.743***	0.773***	0.774***
<b>LI</b>				1	0.846***	0.663***	0.900***	0.826***
<b>CHRSR</b>					1	0.669***	0.814***	0.833***
<b>POWER</b>						1	0.758***	0.713***
<b>TRUST</b>							1	0.877***
<b>CONTROL</b>								1

\*\*. Correlation is significant at the level at the 0.01 level (2 – tailed)

**Table 3: Results of measurement model for strategy implementation**

Variables	Items	Factor Loading	AVE	Cronbach's Alpha	rho_A	Construct Reliability
<b>RL</b>	RL1	0.799	0.693	0.951	0.952	0.958
	RL2	0.835				
	RL3	0.848				
	RL4	0.880				
	RL5	0.795				
	RL6	0.837				
	RL7	0.861				
	RL8	0.761				
	RL9	0.841				
	RL10	0.865				
<b>CSIR</b>	CSIR2	0.779	0.716	0.98	0.99	0.981
	CSIR3	0.844				
	CSIR4	0.842				
	CSIR5	0.859				
	CSIR6	0.763				
	CSIR9	0.759				
	CSIR10	0.800				
	CSIR11	0.796				
	CSIR12	0.862				

Variables	Items	Factor Loading	AVE	Cronbach's Alpha	rho_A	Construct Reliability
	CSIR13	0.840				
	CSIR14	0.782				
	CSIR15	0.903				
	CSIR16	0.886				
	CSIR17	0.893				
	CSIR18	0.896				
	CSIR19	0.885				
	CSIR20	0.868				
	CSIR21	0.877				
	CSIR22	0.862				
	CSIR23	0.881				
<b>LEG</b>	LEG1	0.717	0.723	0.944	0.951	0.954
	LEG2	0.794				
	LEG3	0.872				
	LEG4	0.834				
	LEG5	0.889				
	LEG6	0.913				
	LEG7	0.881				
	LEG8	0.885				
<b>LI</b>	LI1	0.941	0.854	0.962	1.148	0.967
	LI2	0.906				
	LI3	0.925				
	LI4	0.905				
	LI5	0.951				
<b>CHRSR</b>	CHRSR1	0.830	0.741	0.95	0.951	0.958
	CHRSR3	0.828				
	CHRSR4	0.867				
	CHRSR5	0.845				
	CHRSR6	0.852				
	CHRSR7	0.874				
	CHRSR8	0.889				
	CHRSR9	0.897				
<b>POWER</b>	SOP 1	0.881	0.760	0.843	0.861	0.905
	SOP 2	0.908				
	SOP 3	0.824				
<b>TRUST</b>	TRUST 1	0.911	0.824	0.957	0.957	0.966
	TRUST 2	0.904				
	TRUST 3	0.901				
	TRUST 4	0.924				
	TRUST 5	0.918				
	TRUST 6	0.886				
<b>CONTROL</b>	CONT 1	0.761	0.754	0.917	0.925	0.938
	CONT 2	0.878				
	CONT 3	0.911				
	CONT 4	0.917				
	CONT 5	0.864				

**Table 4:**

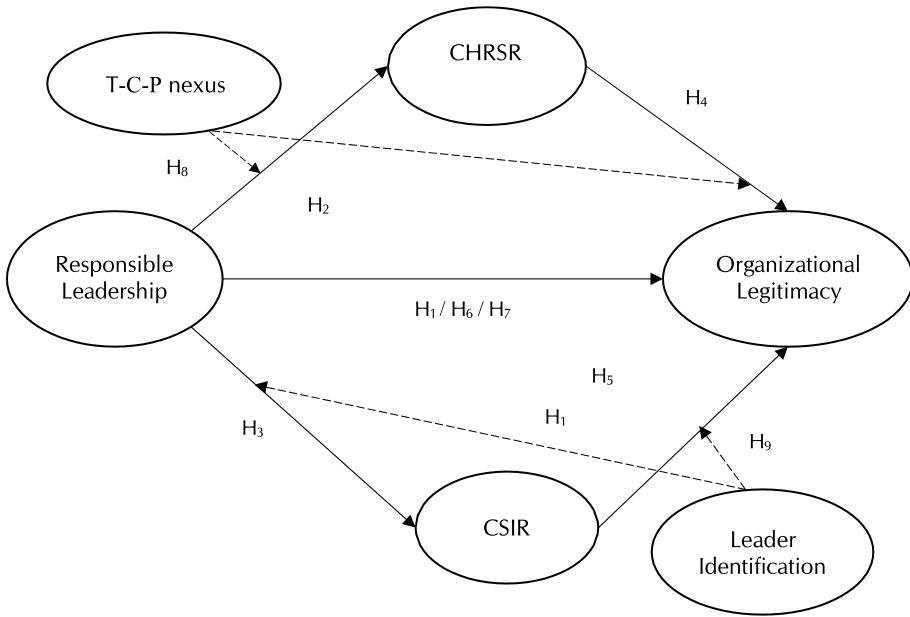
Variables	Fornell Larcker	CHRSR	CON	CSIR	LEG	LI	RL	SOP
CHRSR								
CON		0.894						
CSIR		0.072	0.098					
LEG		0.843	0.833	0.082				
LI		0.880	0.88	0.057	0.744			
RL		0.816	0.837	0.067	0.747	0.832		
SOP		0.752	0.815	0.152	0.885	0.755	0.715	
Trust		0.842	0.923	0.057	0.815	0.936	0.848	0.843

**Table 5:**

Hypotheses		Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
<b>Total effects</b>							
H1	RL $\square$ LEG	0.714** *	0.423** *	0.270** *	0.714** *	0.707***	0.206***
<b>Direct Effects</b>							
H1	RL $\square$ LEG	0.221** *	0.222** *	0.001** *	0.221** *	0.216***	0.053
H2	RL $\square$ CHRSR	0.778** *	0.318** *	0.778** *	0.778** *	0.778***	0.318***
H3	RL $\square$ CSIR	-0.078	-0.078	-0.078	-0.221** *	-0.078	-0.275***
H4	CHRSR $\square$ LEG	0.634** *	0.634** *	0.338** *	0.634** *	0.632***	0.425***
H5	CSIR $\square$ LEG	0.001	0.000	-0.070** *	-0.001	0.013	-0.066
H6	TCP x RL $\square$ CHRSR		0.047** *				0.047***
H7	TCP x CHRSR $\square$ LEG			-0.062** *			-0.046
H8	LI X RL $\square$ CSIR				-0.143		-0.158***
H9	LI X CSIR $\square$ LEG					-0.028	-0.018
<b>Specific Indirect Effects</b>							
H10	RL $\square$ CHRSR $\square$ LEG	0.493** *	0.201** *	0.263** *	0.493** *	0.491***	0.135***
H11	RL $\square$ CSIR $\square$ LEG	0.000	0.000	0.005	0.000	-0.001	0.018
R <sup>2</sup>		CHRSR = 0.605	CHRSR = 0.735	CHRSR = 0.605	CHRSR = 0.605	CHRSR = 0.605	CHRSR = 0.706
		CSIR = 0.006	CSIR = 0.006	CSIR = 0.006	CSIR = 0.057	CSIR = 0.006	CSIR = 0.060
		LEG = 0.669	LEG = 0.669	LEG = 0.741	LEG = 0.669	LEG = 0.670	LEG = 0.736
SRMR		0.047	0.046	0.046	0.080	0.044	0.056

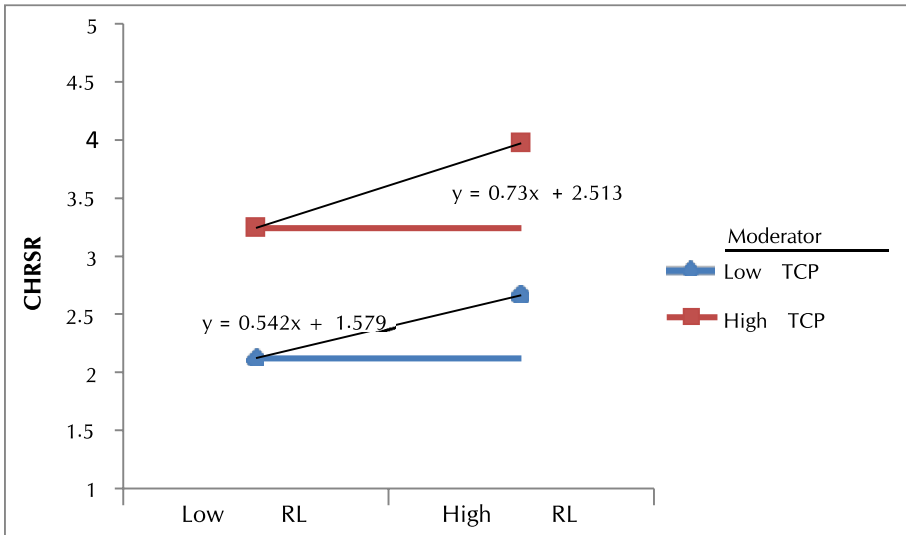
## Figures

Figure 1: Theoretical framework



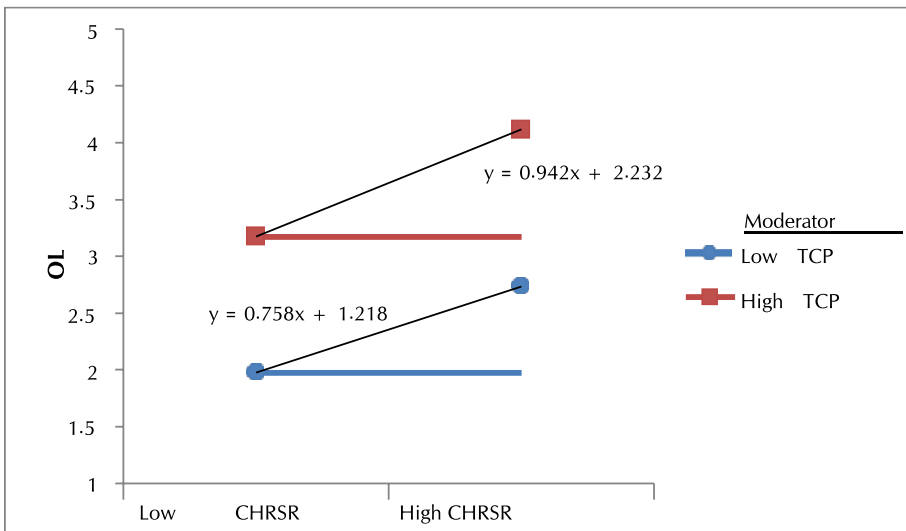
### Interaction Graphs

#### TCP moderates the relationship between RL and CHRSR



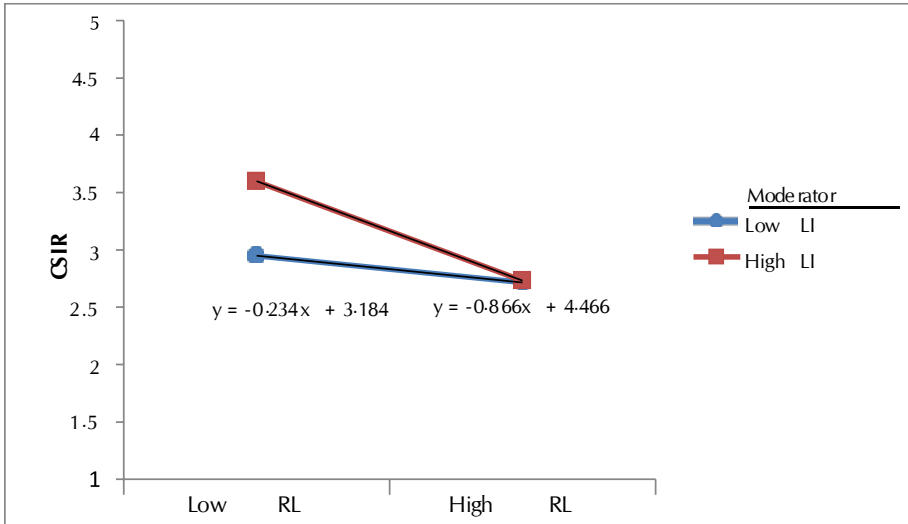
TCP strengthens the positive relationship between RL and CHRSR.

#### TCP moderates the relationship between CHRSR and OL



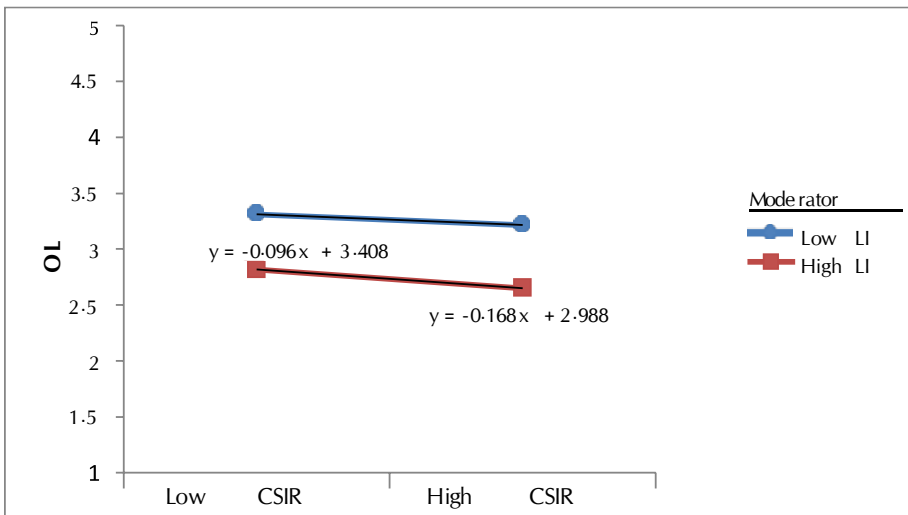
AVGTCP dampens the positive relationship between CHRSR and LEG.

**LI moderates the relationship between RL and CSIR**



LI strengthens the negative relationship between RL and CSIR.

**LI moderates the relationship between CSIR and OL**



LI dampens the positive relationship between CSIR and LEG.





The Lahore School of Economics was established in 1993 as a private, non-profit university with the goal of developing world class teaching and research in Pakistan. The objectives of the LSE are to prepare young Pakistanis to undertake research in economics, finance, banking, business management, industry, and development, in order to deepen their understanding of, and be able to productively contribute to, the major issues and policies that impact Pakistan and Asia at large.

The Innovation and Technology Centre (ITC) was established in April 2015 at the Lahore School of Economics with an aim to promote innovation, a key to growth in Pakistan. The ITC is a platform for academics, the business community and the public sector to collaborate in areas of economic and social importance including innovation and technology, macroeconomic and microeconomic constraints facing firms, productivity growth, manufacturing, export promotion, and environment sustainability. In addition to the internationally recognized academic output it produces every year, the ITC conducts annual surveys of manufacturers, exporters and policymakers on business confidence, technology adoption, innovation, and export competitiveness. The Centre enjoys a wide range of connections with top-level policymakers, the Chambers of Commerce of various major cities of Pakistan and manufacturers.

The ITC produces consumer reports, working papers and other outputs as part of the LSE's overall publication programme, which also comprises of the Lahore Journal of Economics, Lahore Journal of Policy Studies, Lahore Journal of Business, a textbook series, Lahore School Case Study Journal, the CREB Working Paper Series, and CREB Policy Paper Series. The LSE strongly encourages both in-house and external contributors.



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