

Fostering Individual Ethical Behaviour Through Integrated Corporate Social Responsibility and Ethical Leadership

LIM Choon Lee^a, LING Chen Hoe^b

^a cleelim18@gmail.com

^{a,b} Sunway University (Jeffrey Sachs Center on Sustainable Development), 47500 Bandar Sunway, Malaysia

Abstract

The research aimed to understand the effects of integrated corporate social responsibility (CSR) combined with ethical leadership on individual's ethical behaviour. While there have been rich literatures on organisational behavioural effects of CSR, the concept of integrated CSR remains unexplored. Integrated CSR activities incorporate ethical and responsible decision-making into core business operations, unlike conventional CSR activities which were managed peripherally from the businesses. The research also explored the mediating effect of perceived corporate ethics between integrated CSR and ethical leadership with individual ethical behaviour, as well as the moderating effect of perceived CSR-Fit between integrated CSR and perceived corporate ethics. The research adopted quantitative research approach and data were analysed using the Statistical Package for Social Sciences software. The outcomes of the study confirmed the relationships between integrated CSR and ethical leadership with individual ethical behaviour, and perceived corporate ethics fully mediated the relationships between integrated CSR and individual ethical behaviour but only partially mediated the relationships between ethical leadership and individual ethical behaviour. The outcome did not support the moderating effect of perceived CSR-fit between integrated CSR and perceived corporate ethics. The research findings offer insights to businesses on the important elements in fostering individual ethical behaviour at workplaces and the roles of integrated CSR and ethical leadership in supporting the initiative. By integrating ethical behaviours and decision-making into core operations will directly support United Nation's Sustainable Development Goals (SDGs), particularly SDG12 on Responsible Consumption and Production.

Keywords: Integrated CSR, Individual Ethical Behaviour, Ethical Leadership, Corporate Ethics

1. Introduction

Social and environmental issues caused by the unethical and irresponsible actions of businesses continued to dominate local and global news headlines ever so often. Two incidents of toxic gas pollution caused by illegal and irresponsible dumping of hazardous waste in Pasir Gudang, an industrial town in the southern state of Peninsular Malaysia, in March and June 2019 affected thousands of residents (Xu & Kontinentalist, 2019; Palansamy, Chin & Tan, 2019). Twenty-five people required intensive medical care and almost a thousand more hospitalised. Over a hundred schools were ordered to close due to the proximity to the affected river. Some children even suffered long-term neurological damage, from the poisoning affecting their mobility. Yet disposal of hazardous waste in Malaysia was regulated under the Environmental Quality (Scheduled Wastes) Regulations 2005.

The US Customs and Border Protection Department (CBP) issued Withhold Release Order (WRO) in recent years to Malaysian companies on multiple occasions for alleged labour exploitation, involving excessive overtime, poor living conditions, retention of travel documents and debt bondage (Ghosh, 2021; Cheah, 2021).

COVID-19 outbreak has further exposed the crowded and unsanitary condition of employer-provided accommodations, which led to large number of infections among workers, particularly migrant workers who relied on employer-provided accommodations. One of Malaysian disposable glove manufacturers which was issued multiple WROs was the epicentre of the largest COVID-19 clusters in the country and undercover video footage revealed deplorable housing condition and unsafe working environment inside the factories (Szeto, Taylor & Tomlinson, 2021). The Malaysia's Workers' Minimum Standards of Housing and Amenities Act 2019 or Act 446 aimed to improve the living condition of migrant workers by enforcing the minimum acceptable standards of housing and amenities, was originally scheduled to take effect on 1 June 2021, finally came into force on 1 September 2020 (Khor, 2021). Across the southern border, migrant workers living in dormitories in Singapore accounted for 75% of the country's total COVID-19 cases as at April 2020, (Ruma, Koustav & Aradhana, 2020). Reports revealed that a single dormitory room was occupied by twenty workers with one shared bathroom, making it impossible for physical distancing. Large worker dormitories in Singapore were regulated under Foreign Employees Dormitories Act (Feda), which took into consideration public health and safety as well as provision for social amenities, and yet it was not enough to provide safe and hygienic living conditions to the workers.

Legislation and regulations have not prevented these issues, as decision-makers in businesses continued to manipulate regulatory grey areas and poor enforcement for profit maximisation or pure convenience, either oblivious or unconcerned about the potential social and environmental impact of their actions. Critics suggested that regulatory compliance by profit-seeking businesses was driven by the "amoral calculators", when the penalties or the probability of getting caught outweighs the benefit of non-compliance (OECD, 2020; Vaughan, 1998). This demonstrated the importance of self-governance by businesses to operate responsibly while generating profit, by not only not creating harm to the society and environment, but also potentially adding values to the society and environment.

1.1 Background of Research

Corporate Social Responsibility (CSR) has evolved into a norm in businesses today, as general public expects businesses to not only provide quality products and/or services but also to consider the social and environmental impacts of their activities. The public now has access to a plethora of news platforms and internet to obtain and share information.

CSR activities have conventionally centred around philanthropy activities, where businesses offer donations in cash and kinds to the communities, volunteer in projects or sponsor specific beneficiary groups. These activities are externally focused on the communities where the businesses operate in and commonly associated as "give-back to community" initiatives. While philanthropy activities have benefitted the communities in times of needs, served as a morale booster to employees and offered businesses the social licence to operate, they remained disassociated from the core of business operations. Along with the reporting requirement, CSR activities became check-in-the-box activities to meet requirements and a periodical if not annual event, managed peripherally to the businesses. As such, businesses that report adoption of philanthropy CSR now may not necessarily avoid negative publicity when the business operations produce negative externality to the communities or avoid loss if employees act irresponsibly at work. Peripheral CSR lacks the real essence of CSR, where businesses commit to maximise impacts to the communities and environment in the long run, by avoiding and eliminating harmful effects, while remaining profitable to sustain the businesses.

While CSR has been widely adopted and broadly researched since the initial introduction of the concept in 1950s, the definition and practice of CSR continue to evolve and have expanded across multiple management disciplines over the years. It has been used extensively by academicians from different disciplines, adopted by businesses either as peripheral or embedded practices, and policy consideration for policy makers (Arena, Azzone & Mapelli, 2018). CSR's agility is a critical factor which has enabled the concept to remain relevant amidst the dynamic business practices and progress of societies. Therefore, CSR is relevant to everyone and yet holds

different meaning to each person, depending on various factors – discipline, industry, time, country, culture (Mohd Isa, 2012). The paradigm shift in CSR can be associated with the shift in public expectations and enactment of law, which shifted the baseline of acceptable practices and became a societal norm over time. As a consequence, the concept of CSR becomes temporal and context specific. For example, child labour was a common practice in the eighteenth century in Britain during the Industrial Revolution, evident from the enacted law at that time, namely Cotton Factories Regulation Act 1819, Regulation of Child Labour Law 1833 and the Ten Hours Bill of 1847 (Tuttle, n.d.). However, child labour is no longer an acceptable norm today although some marginalised countries still socially condoned the use of child labour.

After six decades of active research and practice, criticism on CSR began to appear in early 2010, targeted at the implementation of CSR not the ideology of CSR. Critics acknowledged the success of CSR at micro level through internal CSR but there were escalating concerns over environmental decline and poor ethical markers. The collapse of Lehman Brothers caused by misrepresentation of financial statements and unethical behaviours of top managers shook both financial and stock markets, triggering the Global Financial Crisis of 2008 (Azadinamin, 2013). Fourteen employees of Foxconn factory in China committed suicide as a tragic display of protest against inhumane treatment at work, stressful work condition and ruthless management. Ironically Foxconn published its inaugural Corporate Social and Environmental Responsibility Report in the same year, outlining its commitment and plans to be CSR champion in its industry (Kwek, Ho & Kwong, 2011). Scholars argued that classical CSR has failed to address the social and environmental matters in a sustainable manner (Mosca, & Civera, 2017). CSR must look beyond philanthropy and was purportedly used as a tool to derive extrinsic value. Businesses need to view CSR as the way businesses earn profit instead of the way to spend profit.

The concept of integrated CSR places the social and environmental considerations at the core of the business, where ethical and responsible decision-making takes place in daily business operations, nearest to the people who execute the decisions. However, there is a gap in understanding the causality of the implementation of integrated CSR, in elements not commonly used in extant literatures. The current literatures related to integrated CSR discussed the concept extensively but less empirical research.

1.2 Problem Statement

Businesses are important vital signs to economic development and well-being of people in a country. As trades grew beyond borders and trading of non-physical goods became possible, the actions and decisions of business entities and its agents impact profitability, the communities where the businesses operate and the environment, where it consumes and disposes resources. Therefore, businesses must seek to optimise the positive impacts and mitigate potential negative impacts to its profit, community and environment.

Employees as individuals in businesses play unique roles as both potential consumers of the goods or services sold by the businesses and also an agent to the business. Individuals act an agent on behalf of businesses, making and authorising transactions, and could even execute agreements in the name of the entities. Therefore, it is critical that individual employees act ethically and behave responsibly in their daily tasks in support of the organisations' purposes. Although individuals are protected from being personally liable when acting on behalf of organisations under Section 183 of the Contracts Act 1950, businesses can now be charged for criminal offence conducted by its employees under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which came into force effective 1 June 2020 (Faruqi, 2010; Kherk, Chuah, vandePol & Cuthbert, 2020). As a result, there is a growing urgency to identify if there are systemic factors that can foster greater ethical behaviours among individuals.

Past researches studied the impact of micro-level CSR adoption to employee behaviours, including the impact on employee affective organisation commitment, organisational identification, employee engagement and employee green behaviour. These studies have explored the concept of CSR in various frameworks such as internal (Mostafa & Shen, 2019; Rasool & Rajput, 2017) and external CSR framework (Rasool, 2017), CSR stakeholder framework, intrinsic and extrinsic CSR framework and Carroll's Pyramid of CSR framework (Kim,

Milliman & Lucas, 2020; Lee, Song, Lee, Lee & Bernhard, 2013). De Roeck and Farooq (2017) also looked into the interactive effect of CSR and ethical leadership on one's socially responsible behavioural tendency, focusing on environmental and community driven CSR activities. These activities were externally focused and unrelated to the core of the businesses. The research highlighted the importance of consistency between CSR perception and ethical leadership in driving individuals' own tendency towards socially responsible behaviours. Vitolla, Rubino and Garzoni (2016) conducted case study analysis of the integration of CSR in six organisations and concluded that the level of integration was dependent on the macro environment, competitive intensity and the management philosophy.

1.3 Research Gap

While there have been rich literatures studying the causative effects of CSR to individual behaviours, the researcher did not come across studies on the causative effect of integrated CSR to individual behaviours. Unlike conventional CSR activities, integrated CSR activities blend into the day-to-day work of individuals and understanding the effects and relationship offer an opportunity for businesses to recondition work practices to create ethical workplaces (Carucci, 2016). In addition, integrated CSR can be implemented by organisations of any size and carries less fund-burden compared to conventional CSR which can attract higher adoption rate among businesses. Most importantly, it offers an opportunity to nib the issue of unethical and irresponsible individual behaviours that cause social and environmental concerns, at the core if integrated CSR can be an option to be considered although it will never be the cure for all social ills. The outcome also offers businesses case in point to embrace CSR by integrating ethical and responsible decisions into its operations instead of performing CSR activities as residual activities or after-thought (Visser, 2011), supporting businesses towards achieving United Nation's Sustainable Development Goals (SDG) 12 on Responsible Production and Consumption.

1.4 Research Objectives

The current research aims to investigate the effects of integrated CSR activities and ethical leadership on individual ethical behaviour. It also aims to confirm if individuals would relate integrated CSR to being ethical and responsible, as the adopted CSR framework differs from the conventionally known CSR activities.

1.5 Research Questions

This research aims to address four research questions below:

1. Does integrated CSR influence individual ethical behaviour?
2. Is integrated CSR more important than ethical leadership in influencing individual ethical behaviour?
3. Do implementation of integrated CSR and presence of ethical leadership lead to perceived corporate ethics?
4. Does alignment of CSR activities with corporate culture influence (moderate) perceived corporate ethics?

2. Literature Review

This section explains contextual background of the research by exploring past literatures on the relevant topics, presenting the discussions on the variables, introducing the research framework and outlining the hypotheses that the research seeks to investigate.

2.1 Corporate Social Responsibility (CSR)

The evolution of CSR has been an interesting one that mirrored the advancement of societies, economic development, and key global events. The 1950s was marked as the initiation era of CSR but the concept of philanthropy could be traced to before Industrial Revolution (IR) in 1800s in Britain and the United States (USA) (Carroll, 2008; Hansen, 2017). The adoption of CSR has shown to be a step-up process over time and gradually

expanded outside of Britain and USA as globalisation of trade flourished in the 1990s. CSR has since been leveraged as a concept, a tool, a business strategy and the most recent, a way of doing business.

Academicians often debated over the definition of CSR and some lamented that the lack of clear definition caused a divergent in the practice (Yildiz & Onzerim, 2014). The term social responsibility was first introduced by Howard R. Bowen in his publication titled *Social Responsibilities of the Businessmen* in 1953, where he referenced social responsibility as the duties of businessmen to conduct their businesses and make decisions that were aligned with the values and objectives of the society. Bowen's writing stemmed from his belief that businesses at the time were highly influential and the actions of the businesses affected everyone in the society in many ways (Carroll, 2008). This was a defining publication as it specifically called attention to responsibility of businesses beyond profit making.

Fast-forward decades later, in its effort to promote adoption of CSR among its member countries, as a path towards sustainable development, the European Commission defined CSR as the business concept where social and environmental concerns were voluntarily integrated into the business operations and its interactions with stakeholders (European Commission, 2001). This unconventional definition not only aligned to Elkington's Triple Bottom Line (TBL) principles but also highlighted the importance of integration of CSR into the business operations.

2.2 A Brief History of CSR

After the initial debut by Bowen, academicians continued to study and clarified the definition, concept and dimensions of CSR from 1960s through to 1980s. The explosive economic growth and business expansions since IR had resulted in concentration of power among businesses, which escalated social tensions and social movements. Businesses were pressured to contribute to public welfare consistent with the social power they acquired (Frederick, 1960). Philanthropy CSR dominated the CSR activities in early years.

Critic against CSR was first written by Milton Friedman in 1970. Friedman advocated that the responsibility of businesses in a free-enterprise was to maximise profit and it was inappropriate to use enterprise resource for social purposes (Friedman, 1970). Friedman even akin social responsibility to socialism where political power defied market mechanisms in allocation of resources. However, Friedman emphasised in the article that maximisation of profit must be done in accordance with social norms, and within the frameworks of law and ethics, which fundamentally was the core of CSR in promoting ethical and responsible actions.

Nevertheless, driven by the change in public expectations on the obligations of businesses, regulatory frameworks were beginning to be established in 1970s, to formalise the additional responsibilities of businesses. This also led to the establishment of governing agencies like the Environmental Protection Agency and the Occupational Safety and Health Administration in the USA.

As the concept started gaining foothold, frameworks were being introduced to enable operationalisation of CSR in businesses. Harold Johnson first introduced the stakeholder approach to CSR in his publication of *Contemporary Society: Framework and Issues* in 1973, when he specifically associated corporate responsibility to employees, suppliers, local communities and the nation (Carroll, 2008). In 1979, Archie B. Carroll defined social responsibility framework to consist of economic responsibility, legal responsibility, ethical responsibility and discretionary expectations of the society. This framework was heavily adopted in subsequent researches, particularly as a reference to Corporate Social Performance (CSP) and was re-introduced as the Carroll's CSR Pyramid in 1991. The introduction of stakeholder theory by Edward Freeman in 1984 reinforced the obligations of businesses beyond shareholders to include broader groups of the stakeholders. The publication of the Brundtland Report in 1986 and the adoption of Montreal Protocol a year later shifted the focus to CSR operationalisation and triggered interests in developing business cases to justify CSR implementation. It was the

tipping point that accelerated CSR implementation, particularly along with the expansion of business operations from the developed countries to developing countries in the East, and the wave of globalisation in the 1990s.

The dawn of the new millennium saw a proliferation of international standards and certification bodies to institutionalise CSR practices, as the concept gained global attention when prominent world leaders espoused the importance of CSR, and the concepts of business ethics and corporate citizenship were emphasized. When the United Nations introduced the Millennium Development Goals (MDGs) in 2000 and the Sustainable Development Goals (SDGs) in 2015, CSR was viewed as the framework that supported the attainment of these goals (Latapí Agudelo, Jóhannsdóttir, & Davídsdóttir, 2019). Porter and Kramer (2006) suggested that businesses have opportunities to add value to the societies by integrating the needs of the business with the needs of the societies, leading to the term of strategic CSR and shared value creation. Fragmented CSR that was disconnected from business strategies had tendency to address the tension between business and society, mitigating potential risks instead of driven efforts to create values.

CSR was believed to arrive at the Malaysian shore when multinational investors set up operations in the country (Amran, Zain, Sulaiman, Sarker & Ooi, 2013). CSR was commonly adopted by multinational companies and larger companies in Malaysia but the small-medium enterprises were beginning to show interest in adoption, particularly when they were faced with supply chain demand from large companies (Chelliah & Jaganathan, 2017). Since September 2006, Bursa Malaysia or the Kuala Lumpur Stock Exchange board mandated all public listed companies on the main board to include disclosure of CSR activities in annual reports. However, most of the CSR activities in Malaysia focused on philanthropy activities.

There have been substantial empirical evidences that the adoption of CSR has positive impact on the business's corporate image which resulted in improved profitability, customer loyalty, brand preference, as well as being employer-of-choice by jobseekers especially among millennials. CSR has also been widely studied in organisational behaviour spectrum on its influence on employee engagement, organisational commitment (Rodrigo, Aqueveque, & Duran, 2019; Glavas & Godwin, 2013), organisational identification (Testa, Boiral & Heras-Saizarbitoria, 2017; Hameed, Riaz, Arain & Farooq, 2018), supported by the social identity theory, because CSR adoption improves perception of being socially responsible. Cue consistency theory has also been used to explain how employees assessed the consistency of CSR activities to form their judgement about the workplace or the employer.

Three common frameworks have been commonly adopted in past researches – either Carroll's CSR Pyramid with four-components of responsibilities or the internal CSR framework with various CSR actions targeted at improving employees' well-being and work condition or the CSR stakeholder framework which referenced CSR activities towards customers, employees, society and government.

2.3 Individual Ethical Behaviour

Individual ethical behaviour is an important element in any business as individuals employed are entrusted to execute business affairs on behalf of the employers. It represents the individual's dedication to embrace ethical practices (Choi, Ullah & Kwak, 2015). Individuals have moral and legal obligations to perform the assignments in the best interest of the employers at the highest ethical standards. Individual ethics is guided by one's value of what is right or wrong, based on the individual's assessment. Therefore, individuals with high ethical values are less likely to conduct fraudulent acts at work (Sujeewa, Ab Yajid, Khatibi, Azam & Dharmaratne, 2018).

PriceWaterhouseCoopers (PwC)'s Global Economic Crime and Fraud Survey 2020 revealed that fraud incidences in Malaysia remained high compared to other ASEAN countries (PwC, 2020). As high as 35% of the fraud committed involved corruption and another 33% is committed by internal employees.

The Fraud Triangle introduced by Donald R. Cressey in 1953 explained that fraudulent behaviours happened when elements of pressure, opportunity and rationalisation or lack of personal integrity coexisted at the same time (Roszkowska & Mele, 2020). The model was enhanced in 2004 by Wolfe and Hermonson who postulated that the presence of three elements in Cressey's model would not lead to fraudulent act if the perpetrators lacked the skill and capability to commit the fraud, adding the element of capability (capacity) to develop the Fraud Diamond Theory.

2.4 Integrated Corporate Social Responsibility

As a precursor to many aspects of businesses today, CSR has been accepted as a requirement or licence to operate. However, there have been incongruencies between the CSR commitment and implementation of CSR in some companies, signalling potential window-dressing CSR. Wickert, Scherer and Spence (2016) attributed the failure of “not-walking-the-talk” to the inconsistency between CSR commitment and declaration made to stakeholders (“talk”) and the actions taken to address social and environmental gaps in the business operations (“walk”). Wayne Visser (2011) wrote that despite achieving some improvement at micro level projects, CSR had failed at the macro level because social, environmental and ethical health conditions have not improved but deteriorated. Businesses applied CSR selectively in compartmentalised program instead of taking the holistic approach, in order to appear less bad rather than being good. Visser articulated that classical CSR failed because the design was flawed and there was no congruence between the claim and the action. Putting the classical CSR behind, he called for a transformative CSR or CSR 2.0 which was built around four key elements of value creation, good governance, societal contribution and environmental integrity.

Another lens to view the “to-be” CSR was as an embedded approach to the business's core competencies, operations and business strategy (Aguinis & Glavas, 2013), instead of being activities that were totally disjointed from the business. For example, donating to charitable organisations and volunteering were examples of peripheral CSR. Initiatives that helped reduce environmental impact of the business but not part of the business operations, or strategic goals were also considered peripheral CSR. The argument was that embedded CSR must be built on the core competencies of the business, while peripheral CSR was content generic which could be implemented by any other businesses, and offered no strategic advantage to the businesses.

The continuous pursuit for a holistic CSR approach that reflected its true nature of multi-disciplinary and strategic relevance that balances the elements of economic, social and environmental led to the conceptualisation of integrated CSR. Integrated CSR coalesced social, environmental and ethical concerns into business strategy and operations, which required the business to re-evaluate its priorities and goals (Mosca & Civera, 2017). With its roots in stakeholder theory, integrated CSR concerned everyone in the organisation as well as external stakeholders. Integrated CSR involved more than merely adding sustainable characteristic to existing products, qualifying the products to be green offerings. It involved systemic redesign of product or service to make the offering a responsible and sustainable offering throughout its value chain. So integrated CSR consideration went beyond what was being produced to how it was being produced, at every step of the process. It promoted businesses to “do well by being good” and not just “doing good”. Mosca and Civera (2017) proposed the integrated CSR framework as illustrated in Figure 2.1, which consisted of three dimensions – standards, strategic philanthropy and integrated outputs.

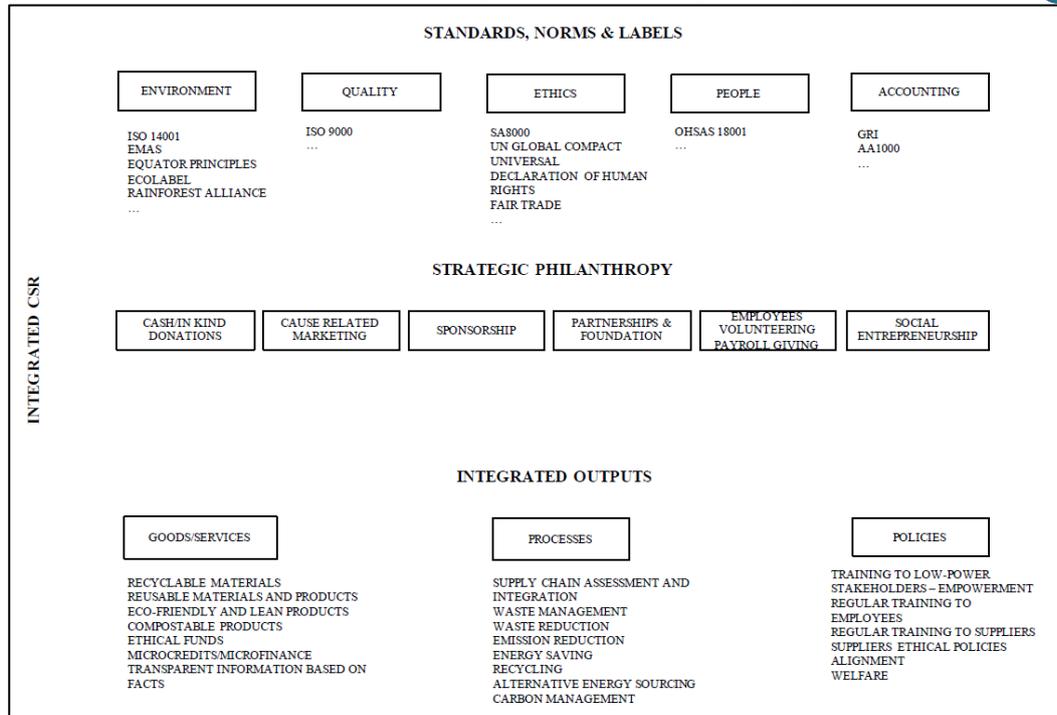


Figure 2.1: Framework of Integrated CSR (adopted from Mosca & Civera, 2017)

One key implication of integrated CSR approach was that it is no longer bound by size of the business. Cost consideration had always been an area of concerns for classical CSR implementation and associated with larger organisations. As businesses looked within for areas which they created social and environmental impacts with integrated CSR, it was possible for organisations of any size to adopt (Mosca & Civera, 2017)

2.5 Ethical Leadership

Ethical leadership is defined as the demonstration of behaviours that are congruent with social norms, observed through personal actions and the leader’s interaction with others, and advocating similar behaviours of the followers by establishing two-way communication, reinforcement and decision-making (Brown, Treviño & Harrison, 2005). The typical ethical conducts which are considered normatively appropriate are honesty, trustworthiness, fairness and care. However, cultural differences can influence the definition of normatively acceptable behaviours. Ethical leadership defines the ethical climate of shared perception of acceptable behaviours and the treatment of ethical issues within the organisation (Elçi & Alpkın, 2009).

2.6 Perceived Corporate Ethics

Corporate ethics is one of the elements that define an organisation’s culture, exhibited in multidimensional interactions of both formal and informal systems of behavioural controls. The formal systems are reflected in the organisation’s policies, codes and rewards and recognition program. The informal systems are the shared beliefs, norms and set of acceptable behaviours practiced by individuals in the organisation. Perceived corporate ethics represents employees’ assessment of the organisation’s ethical practices based on employees’ personal interactions and organisational factors (Hunt & Vitell, 2006).

2.7 Perceived CSR-Fit

The element of CSR-Fit can be studied from various dimensions. Past studies have explored CSR-Fit from the angles of internal fit, functional and image fit, natural or created fit, and corporate culture fit (De Jong, & van der Meer, 2015). Fundamentally, CSR-Fit confirms the perceived consistency of the adopted CSR activities to the dimensions being investigated. A high-fit or low-fit outcome does not imply that the program is being positively or negatively viewed. This is because CSR-Fit typically does not have direct effect to behaviours. It commonly mediates or moderates other factors. This research will focus on the congruence between CSR activities with the organisation’s culture.

2.8 Proposed Conceptual Framework

The current research proposed the conceptual framework as displayed in Figure 2.2, building on the knowledge and insights of past literatures. The framework leveraged cue consistency theory to understand if the cues stemming from the business’s adoption of integrated CSR (ICSR), which should create a condition of an ethical and responsible workplace and the presence of ethical leadership (EL) would improve individual’s perception of corporate ethics (PCE) and if the enhanced PCE positively influenced individual ethical behaviour (IEB). The framework also investigated the moderating role of perceived CSR-fit (PCF), between ICSR and PCE.

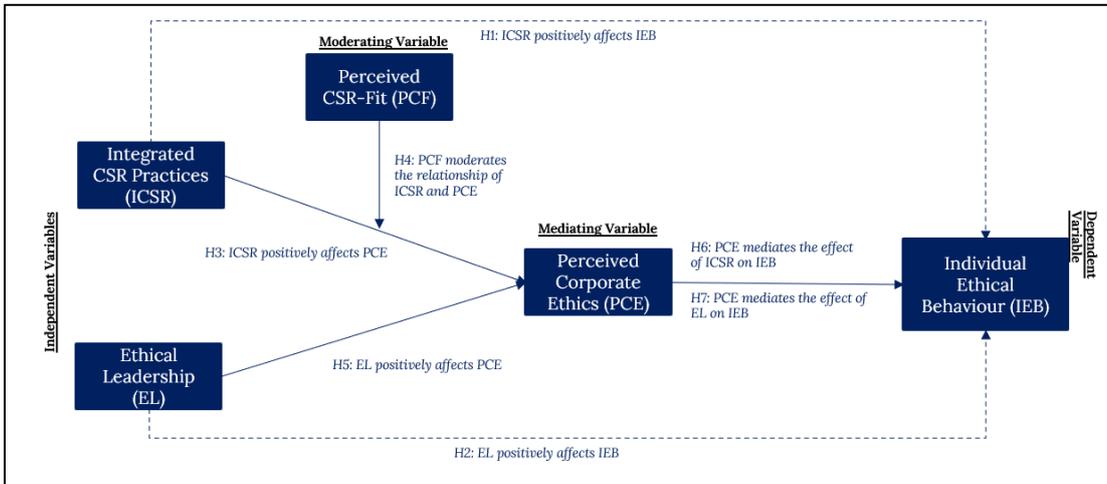


Figure 2.2: Research Conceptual Framework

2.9 Hypotheses Development

The conceptual framework investigated seven hypotheses, outlined in the next sub-section.

2.9.1 Relationship between ICSR and IEB

Integration of CSR into business strategy and business operations, creates a consistent workplace condition that promotes ethical and responsible decision-making, where every individual has skin-in-the-game. Unlike residual CSR, implementation of integrated CSR is subtle and intrinsic in nature. Some individuals may not even recognise the activities as CSR. In an ICSR environment, individuals are consistently exposed to activities, process and policies that take stock of social and environmental impacts to the stakeholders. Therefore, individuals continuously receive normative identity cues from the work environment that internalised ethical behaviour in their day-to-day tasks at work. Ruiz-Palomino and Martinez-Canas (2011) studied the relationship

between implementation of ethical policies and procedures, which was part of ICSR component, to employee ethical intention in the insurance and banking industries in Spain and found that ethical policies and procedures positively influenced employees' ethical intent. The researchers explained that the total effect was supported by the presence of ethical leaders to model the policies.

Implementation of CSR programs opened up doors to create awareness among individuals on socially responsible behaviour. De Roeck, El Akremi and Swaen (2016) were optimistic about the possibilities of CSR in creating greater positive social change beyond workplace as continuous exposure would enable the individuals to internalise the values promoted by CSR.

The proposed hypothesis to investigate this relationship is:

H1: Integrated CSR positively affects Individual Ethical Behaviour

2.9.2 Relationship between EL and IEB

Leaders set the cultural and ethical tones of businesses. Individuals in organisations tend to emulate the behaviours of leaders. Therefore, when ethical leaders “walk the talk” and “talk the walk” of high ethical values, individuals will be motivated to review, challenge, highlight matters that have ethical concerns for reviews. Unethical leadership will generate the opposite outcome, as individuals will assume it is acceptable to imitate the unethical behaviour from the social learning process (Treviño & Brown, 2005). The way leaders reward and punish negative behaviours will also signal a strong message on the appropriateness of the behaviours. De Roeck and Farooq (2017) reported the moderating role of EL between CSR and individuals' association with the organisation and increased organisation identification positively impacted individual's green behaviour and societal behaviour.

In a study on the factors that influence ethical behaviours of Takaful (Islamic Insurance) agents, supervisor's influence was the second highest influencing factors after pressure on sales target (Abdullah, Hassan, & Yusoff, 2020). The research also revealed that supervisor's influence could be a two-edged sword because sales supervisors who placed pressure on agents to deliver higher sales volume could result in unethical behaviours of agents.

The proposed hypothesis to investigate this relationship is:

H2: Ethical leadership positively affects Individual Ethical Behaviour

2.9.3 Relationship between ICSR and PCE, moderated by PCF

Valentine and Fleicshman (2007) revealed that individuals associate CSR programs with their beliefs of professional ethics, and these beliefs led to ethical attitudes. They also recommended businesses to reinforce the congruence between desired ethical standards and CSR activities, as conflicting standards will create value disharmony in individuals that could negatively impact their professional ethics beliefs.

Implementation of ICSR demonstrates the business's obligation and walking-the-talk of ethical and responsible behaviours will positively influence PCE. Nevertheless, it is also important that individuals view the consistency between the ICSR activities and the organisations' cultures and/or values. If the “walk” fails to match the “talk”, it could lead individuals to view the activities as insincere. Kim and Lee (2019) described that higher CSR-Fit impacted consumers perception that the CSR intent was authentic and hence improved the attitude towards the brand. At the same time, the consumers' involvement in the CSR program moderated the view of fit and authenticity. As integrated CSR activities are built into the process and policies, individuals will be closely participating in the program, providing more opportunities or touch points for employees to assess the relevance

of the activities to the organisations' culture, making the fit to organisations' culture even more relevant (Schaefer, Terlutter, & Diehl, 2019). Lee, Park and Lee (2012) also confirmed that positive appraisals of the CSR program when it was perceived to fit the organisation's culture impacted their sense of attachment to the organisation.

The proposed hypotheses to investigate these relationships are:

H3: Integrated CSR positively affects Perceived Corporate Ethics

H4: Perceived CSR-Fit moderates the relationship between Integrated CSR and Perceived Corporate Ethics

2.9.4 Relationship between EL to PCE

While ethical leaders are role models of the ethical standards of organisations from the perspective of social learning, the social exchange perspective, ethical leaders are regarded as trustworthy and fair (Choi et. al, 2015). Social exchanges happen when leaders maintain high quality relationships with individuals in the organisation. In the interactions, if individuals recognise that they are treated fairly, they will reciprocate with good attitude and behaviour in support of the leaders and avoid taking actions that would place the leaders or the organisations at risk. EL reflects the organisation's ethical positioning, hence positive social exchange interactions will enhance individual's view of the organisation's ethical standards. Hansen, Dunford, Alge and Jackson (2015) found that individuals look to the elements of EL and organisational impacts to the external communities to form perceptions of the organisations' ethical climate.

The proposed hypothesis to investigate these relationships is:

H5: Ethical leadership positively affects Perceived Corporate Ethics

2.9.5 Relationship between ICSR and EL to IEB mediated by PCE

Individual's perception of an organisation's ethics functions as a cue to individual to reciprocate with the way that is consistent with the perception. Such perception influences ethical reasoning of individuals (Hunt & Vitell, 1986). Baker, Hunt & Andrew (2006) found that when individual's view on the organisation's ethics standard was high, the individual's affective organisational commitment increased leading to lower turnover rate. Valentine and Barnett (2007) explained that perceived corporate ethics affected ethical decision-making because it eliminated ethical dilemma in the decision-making process. While these studies applied PCE as moderating factor which influenced the outcome, Choi et. al (2015) validated the mediating role of PCE between EL and employees' attitudes towards CSR. Besides, EL reduced workplace deviance behaviour when mediated with the perception of internal CSR (organisational practices and policies that support employee wellbeing) (Mostafa & Shen, 2019). Cue consistency theory indicated that individuals assessed the consistency of various signals to reinforce their understanding, which determined the behaviours. Individuals receive the cue from observation of CSR activities and leadership behaviours which influence their own green and societal behaviour (De Roeck & Farroq, 2017).

The proposed hypotheses to investigate these relationships are:

H6: Perceived Corporate Ethics mediates the effect of Integrated CSR on Individual Ethical Behaviour

H7: Perceived Corporate Ethics mediates the effect of Ethical Leadership on Individual Ethical Behaviour

Table 2.1 below summarised the seven hypotheses to be investigated in the current research.

Table 2.1: Summary of Proposed Hypotheses

Hypothesis	Relationship	Description
H1	ICSR → IEB	Integrated CSR positively affects Individual Ethical Behaviour
H2	EL → IEB	Ethical Leadership positively affects Individual Ethical Behaviour
H3	ICSR → PCE	Integrated CSR positively affects Perceived Corporate Ethics
H4	ICSR → (PCF) → PCE	Perceived CSR-Fit moderates the relationship between Integrated CSR and Perceived Corporate Ethics
H5	EL → PCE	Ethical Leadership positively affects Perceived Corporate Ethics
H6	ICSR → PCE → IEB	Perceived Corporate Ethics mediates the effect of Integrated CSR on Individual Ethical Behaviour
H7	EL → PCE → IEB	Perceived Corporate Ethics mediates the effect of Ethical Leadership on Individual Ethical Behaviour

3. Methodology

This section discusses the research design and research instrument. It will also describe the approach to the selection of sampling frame, pilot testing exercise and the execution of the research instrument. The last part of the section will describe the step-by-step data analysis method employed in this research.

3.1 Research Approach and Design

The research adopted the explanatory research design, aimed at advancing extant knowledge of the relationships between the variables in order to draw inferences from the data to better support managerial decision-making regarding implementation of ICSR and the area of focus in fostering individuals' ethical behaviour. It leveraged the quantitative research method which involved a set of questionnaires as research instrument for data collection. Quantitative research method is applied for this research as it seeks to explain the relationships between variables, to quantify opinions and attitudes and corresponding behaviours. However, the research instrument included one open-ended question to draw insights from respondents on CSR topics that matter to them in order to enable local businesses (scope of sampling plan) to develop CSR program strategies that fit the purpose.

3.2 Research Scope and Sampling Plan

The research assumed a convenient sampling method, targeting individuals employed by companies operating in Malaysia, regardless of management levels. The sampling frame excluded individuals employed on part-time or casual basis because part-time employees would not have sufficient exposure to the organisations' operations in the brief tenure and would typically be excluded from certain activities, to be able to assess the organisation's CSR adoption and leaderships effectively (Clinebell & Clinebell, 2007).

In addition, individuals who are employed outside of Malaysian shore, even by Malaysian companies were also excluded, to ensure consistency in the legal and ethical framework of operations. These exclusions are managed via participant consent acknowledgement, on the electronic questionnaire.

This sampling plan was devised to obtain broad spectrum responses while ensuring the respondents could offer a fair representation of the organisations' CSR practices and ethical leadership pattern. Furthermore, integrated CSR and ethical leadership touch every level of the organisations albeit in different manners. Thus, views from respondents from different industries and different level of organisations offer rich insights to address the research questions.

The electronic link to the questionnaire was sent through emails, LinkedIn messaging and WhatsApp messaging to a group of contacts with the request to roll the questionnaire to bigger audience.

3.3 Research Instrument

The research was executed using a self-administered questionnaire, administered via an online survey platform (Microsoft Form). The questionnaire comprised of three key components. The first component consisted of 43 items related to the five variables investigated in this research. These items were adapted from different publications, as summarised in Table 3.1 and appeared as four sections on the online questionnaire. The items contained both positively and negatively worded statements to mitigate acquiescence bias. In order not to overdo on the negative statements, only 19% of the items were negatively worded. The items were adapted not to mention the word “CSR” in them, except one, to avoid immediate association of the survey with CSR which could affect responses.

The second component consisted of six questions, which measure the personal sentiment of respondents regarding CSR concept. The objective of the second component is to draw insights on how respondents perceive CSR, and is the key to support or improve execution of ICSR in organisations. In order to facilitate responses to this section, the researcher defined the concept of CSR, extracted from Bursa Malaysia. The last component of the questionnaire consisted of six questions to collect demographic data of the respondents.

Therefore, there were a total of 55 items in the questionnaire. The first two components were measured on 7-point Likert Scale, which was the common scale used in past CSR-related studies, except the last question in the second component which was an open-question. The demography related questions utilised nominal scales.

3.3.1 Components of Research Instrument

Individual Ethical Behaviour – Dependent Variable

There were two elements investigated in IEB – the ethical element and the sustainability element. Past empirical studies have related ethical behaviour solely from the point of individual’s actions alignment with his/her ethical beliefs, fundamentally confirming the individual’s “say-do” consistency. However, environmental sustainability is closely relevant to individual’s ethical value (Khan, Du, Ali, Saleem, & Usman, 2019). Therefore, the current research expands on the context of ethical behaviour to include sustainability behaviour indicators. The measurement scale of the ethical element is adapted from Baker et. al (2006) and the sustainability behaviour is adapted from Su and Swanson (2019)

Integrated CSR – Independent Variable

As there were limited studies on ICSR, especially exploratory or explanatory studies, existing literatures on ICSR focus on conceptual analysis and framework development. Building on the ICSR Framework introduced by Mosca and Civera (2017) and referencing the Awareness-raising Questionnaire on CSR by the European Commission Directorate-General for Enterprise (EC, 2005), ICSR measure is represented with 16 items, 4 items each for the component of People, Process, Products, Policies adapted from the EC questionnaire and 4 items on Philanthropy, adapted from Kim et. al (2020). As the items were adapted from a self-assessment questionnaire, three of the five components were formative constructs.

Formative measurement scale consists of items that are not inter-related and the items put together define the construct, which means eliminating any item in the construct will change the nature of the construct itself (Christophersen & Konradt, 2012). For example, measure of people-related ICSR is derived from the organisation’s approach to skill development, non-discriminatory approach, health and safety protection for employees and employee welfare. These items are not interchangeable unlike reflective constructs and hence the

items in a formative scale may not be correlated. As a consequence, construct validity and reliability are not meaningful for formative scales (Hair, Black, Babin & Anderson, 2018; Freeze & Rachke, 2007). The components that are built on a formative scale are People, Process and Policies.

Ethical Leadership – Independent Variable

The EL measurement scale adapted five validated items from Kim and Thapa (2018)'s EL construct. The original measurement scale contained ten items but five items were excluded in Kim and Thapa's analysis following low standardised factor loading, hence excluded from current questionnaire too. The five items measure EL from the perspective of the leader's role-modelling and fair decision-making.

Perceived Organisational Ethics – Mediating Variable

The PCE measurement scale was adapted from Hunt, Wood and Chonko (1989)'s corporate ethical values scale. The original 5-item scale was consolidated into four to avoid the differentiation of unethical actions that resulted in primary gain or corporate gain.

Perceived CSR-Fit – Moderating Variable

The PCF measurement scale was adapted from Lee, Park and Lee (2013)'s research, which looked into the impact of perceived corporate cultural fit to employees' perception of the CSR activities. This scale was used as reference to individual's perception of congruity between ICSR activities to the cultures and visions/missions of the organisations.

Table 3.1 presents a summary of the adapted sources of different section of the questionnaire related to the research framework.

Table 3.1: Summary of Sources of Questionnaire Adaptation

Variable	Type	Number of Questions	Source
Individual Ethical Behaviour	Dependent	6	Baker, T. L., Hunt, T. G., & Andrews, M. C. (2006).
		5	Su, L.J. & Swanson, S.R. (2019).
Integrated CSR	Independent	16	Awareness-raising Questionnaire - Corporate Social Responsibility (CSR). European Commission.
		4	Kim, Milliman & Lucas (2021).
Ethical Leadership	Independent	5	Kim, M.S. & Thapa, B. (2018).
Perceived CSR-Strategy Fit	Moderating	4	Lee, E. M., Park, S.-Y., & Lee, H. J. (2013).
Perceived Organisation Ethics	Mediating	5	Hunt, S. D., Wood, V. R., & Chonko, L. B. (1989).

Personal Sentiment on CSR

The questions in this section were crafted to gauge the sentiments among respondents on the context of CSR. As indicated in the earlier section, CSR means something to everyone but most of the time it holds different meaning to different individuals. Understanding the sentiment can assist businesses to better focus their CSR initiatives, education and communication. This is particularly important for businesses that embark on ICSR as not all individuals are able to relate the activities to CSR in itself. One of the six questions in this segment was an open question, aiming to draw out feedback from respondents on the aspects of the CSR which they would like to see their companies do more. The response to this question will offer insight to the current practice gaps of CSR in the country.

Demographic Data

The last section of the questionnaire contained questions to understand the demographic background of the respondents, which included age, gender, role in organisation, length of service, industry and the type of business (whether local or foreign entities, either private or public listed).

The nominal scale for age has been grouped to identify the respondents based on the different generations – Gen Z (less than 24 years old), Millennials (25 – 40 years old), Gen X (41 – 56 years old) and Boomers (older than 57 years old).

3.3.2 Pilot Testing

Two pilot tests of the questionnaire were conducted before the full implementation of the survey to assess the clarity and appropriateness of the items. The first test, with five respondents was a simple response burden test to ensure the length of the questionnaire will not deter the respondents from completing the survey and the statements as well as instructions were easy to comprehend. Feedbacks from the respondents were assessed and appropriate adjustment made.

The second pilot test was conducted in order to test the validity and reliability of the constructs. The pilot test was administered online and sent to a small group of contacts. A total of 42 responses were received over 2 weeks. The responses were downloaded from the online platform and data were processed using Microsoft Excel before being exported into the Statistical Package for Social Sciences (SPSS, version 27) software for construct validity and reliability analysis. The statements used were further modified and streamlined to suit the local culture and understanding before the full deployment of data collection.

3.4 Data Collection and Analysis Plan

Survey data from the final deployment were stored on the online platform and was analysed using the SPSS software. The subsequent sub-sections describe the step-by-step data analysis method performed in the research. The procedure to determine the statistical analysis required is based on the process flow, marked in blue lines, as depicted in Figure 3.1.

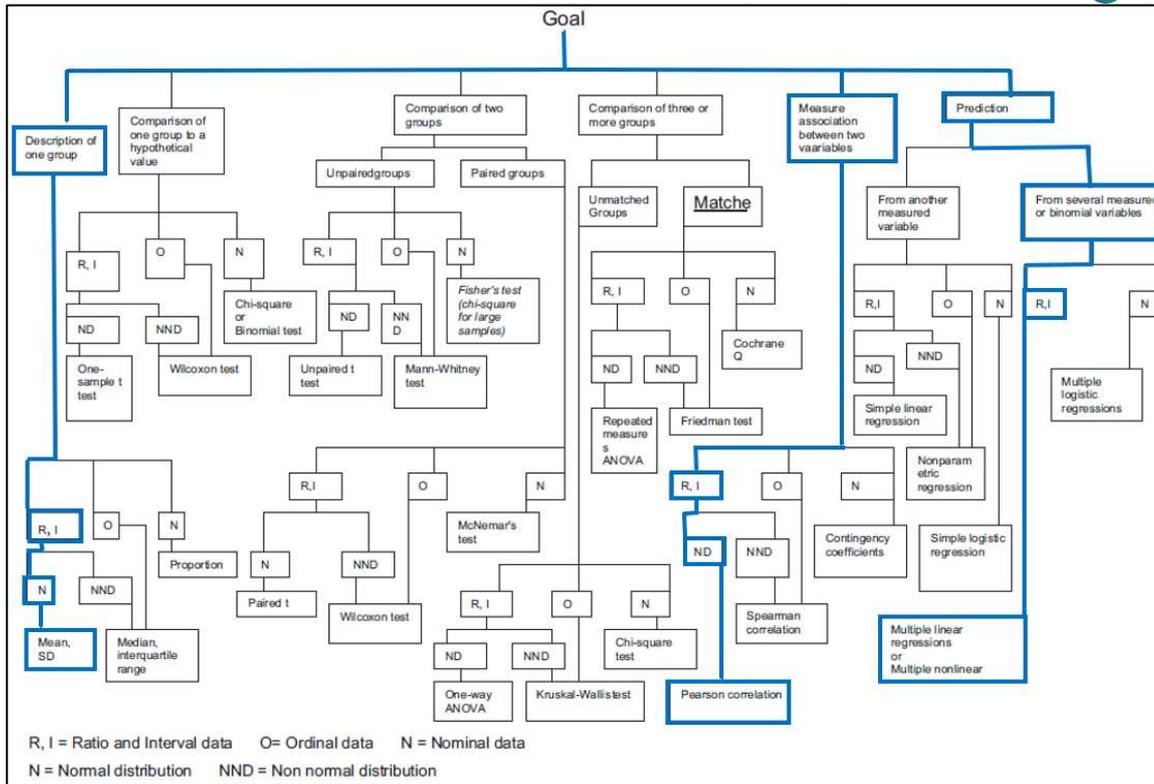


Figure 3.1: Selection of Appropriate Statistical Tests Flowchart (Adopted from Jaykaran, 2010)

3.4.1 Data Preparation

Data downloaded from the online survey platform were processed using Microsoft Excel before further statistical analysis. The first step of data preparation included assigning labels to each item (Qnum), to facilitate ease of identification, and the downloaded data were scrubbed to remove additional columns which were default columns from the online platform. As appropriate setting was done on the online questionnaire, there was no missing value in any of the responses. The responses were then coded using scale specific reference tables and the negatively phrased items were reverse-scored, using formulas. The responses to the single open-ended question were separated from the dataset, to be processed separately. Lastly, the scrubbed data were exported into SPSS for further analysis.

3.4.2 Sample Adequacy and Factor Analysis

Before initiating regression analysis, factor analysis was performed to ascertain that the items sufficiently measure the intended components. This step excluded the CSR sentiment and demographic questions. The items used to describe the three formative scales were also excluded from factor analysis. Therefore, a total of 31 items grouped into 7 components entered factor analysis.

The pre-requisites to validity testing are the test on sampling adequacy, measured by the Kaiser-Meyer-Olkin (KMO) index and the test that the items are correlated using the Barlett's Test of Sphericity (BTS) significance. The acceptable KMO threshold is 0.6 or higher, while BTS must be significant at $p < 0.05$ (Chan & Idris, 2017). When both criteria were fulfilled, confirmatory factor analysis was performed to provide a structure of a set of

variables and identify the significance of each item. Items with loading factors greater than 0.5 within a component would suggest sufficient convergent validity and hence were retained for analysis (Hair, et. al, 2018).

3.4.3 Reliability of Measures

The reliability tests were performed to ensure that a set of items, formed through the factor analysis reduction to represent a scale can consistently measure the intended scale. The Cronbach's alpha coefficient is commonly used to measure internal consistency of scale. The Cronbach's alpha coefficient of a scale must be a minimum of 0.7 to be considered acceptable and value above 0.8 is considered good. (Hair, et. al, 2018; Taber, 2018). However, Tavakol and Dennick (2011) cautioned that alpha value above 0.9 could indicate redundancies among the items and the scale items could be reduced to shorten the test length.

3.4.4 Data Analysis Plan

After confirming the validity and reliability of the data and scales, statistical analysis was performed to test the hypotheses in order to address the research questions. Statistical data analysis produced two key types of statistics. Descriptive statistics provide an overview of the responses received and the demographic data of the respondents. Inferential statistics helps draw conclusion to the relationships between the variables and to validate the conceptual framework.

Firstly, one-way analysis of variance (ANOVA) was performed to examine the differences of the mean scores of the variables. This step is important to determine there is no multicollinearity in the dataset. The same was also performed on the Personal CSR sentiment questions to understand the perception of the respondents towards CSR.

The next step was to perform a multiple regression analysis to examine the relationships between variables, to enable predictive analysis of the cause-and-effect of the variables. Lastly, in order to analyse the moderating and mediating relationships of the variable, SPSS plug-in PROCESS procedure by Andrew Hayes was used. The moderating effect was tested using Model 1 while the mediating effect was tested using Model 4.

As there was an open-ended question in the questionnaire, thematic analysis approach was adopted by first coding the responses by identifying key words to the responses and arranged by themes to enable a better representation of all the responses.

4. Results and Findings

This section presents the findings of the research. The results are explained using descriptive and inferential statistics. Significance level of 0.05 ($\alpha = 0.05$) will be used in all discussions unless stated otherwise.

4.1 Descriptive Statistical Analysis

A total of 159 responses were collected from the survey and this section discusses the characteristics of the respondents. Female respondents represented 102 (64%) of total respondents and half of this group of respondents were Gen-X (41-56 years old). Gen-X also formed 55% of the male respondents group. 57% of female respondents and 71% of male respondents are in the positions of middle to senior management. A small group of 4% of the respondents preferred not to indicate their gender.

Table 4.1: Gender and Role in Organisation of Respondents

Gender	Role in Organisation	Freq	Percent (within group)	Percent (of total)
Female	Executive	20	19.6%	12.6%
	Junior Management	19	18.6%	11.9%
	Middle Management	46	45.1%	28.9%
	Senior Management	12	11.8%	7.5%
	Contract Employee	1	1.0%	0.6%
	Others	4	3.9%	2.5%
Female Total		102		64.2%
Male	Executive	11	21.6%	6.9%
	Junior Management	3	5.9%	1.9%
	Middle Management	20	39.2%	12.6%
	Senior Management	16	31.4%	10.1%
	Contract Employee	1	2.0%	0.6%
Male Total		51		32.1%
Prefer Not to Say	Executive	2	33.3%	1.3%
	Junior Management	1	16.7%	0.6%
	Middle Management	2	33.3%	1.3%
	Others	1	16.7%	0.6%
Prefer Not to Say Total		6		3.8%
Grand Total		159		

Gen-X was the largest group of the respondents (51%), followed with the Millennials (25-40 years old) which formed 47% of the respondents. There was one Gen-Z (less than 24 years old) respondent and three Baby Boomers (above 57 years old) respondents. 60% of the respondents were in the middle and senior management roles, while 35% were in junior management and executive roles.

Table 4.2: Gender and Age of Respondents

Generation	Age	Gender	Freq	Percent (within group)	Percent (of total)
Gen-Z	Less than 24 years old	Female	1	100.0%	0.6%
	Less than 24 years old Total		1		0.6%
Millennial	25 - 40 years old	Male	21	28.4%	13.2%
		Female	50	67.6%	31.4%
		Prefer Not to Say	3	4.1%	1.9%
	25 - 40 years old Total		74		46.5%
Gen-X	41 - 56 years old	Male	28	34.6%	17.6%
		Female	51	63.0%	32.1%
		Prefer Not to Say	2	2.5%	1.3%
	41 - 56 years old Total		81		50.9%
Baby Boomer	Above 57 years old	Male	2	66.7%	1.3%
		Prefer Not to Say	1	33.3%	0.6%
	Above 57 years old Total		3		1.9%
Grand Total			159		100.0%

45% of the respondents have been with their current organisations between 3 to 10 years, while 32% have served less than 3 years. The remaining 23% have been with their current organisations for more than 10 years, with almost an equal split between those serving 10 to 15 years range and those above 15 years. Based on the length of service of the respondents, majority would have sufficient knowledge of the organisations to assess the organisations' activities in response to the survey.

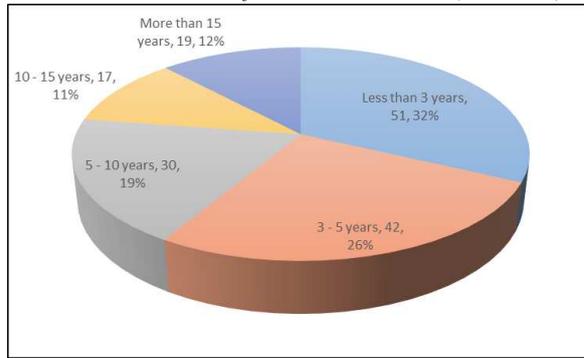


Figure 4.1: Length of Service with Current Organisation

The respondents were from a broad industrial background, with 18% from engineering and manufacturing industry, and 14% from accountancy, banking and finance industry. The other industries represented by the respondents are computing or IT, healthcare, energy and utilities, science or pharmaceuticals, property and construction, education, business, consultancy or management and others. The wide industrial background of the respondents offers a broader spectrum of insights to the topic.

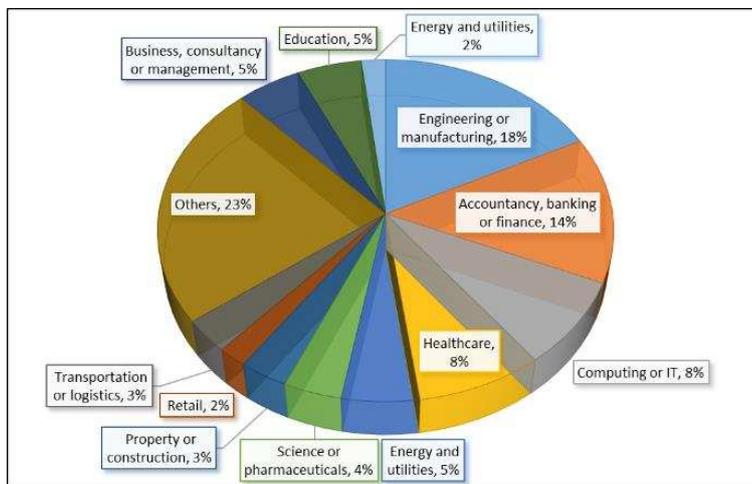


Figure 4.2: Industrial Background of Respondents

37% of respondents work in public listed companies, either foreign or Malaysian companies and 60% work in private limited companies, either foreign or Malaysian companies. 42% of the respondents work in foreign companies operating in Malaysia, almost equally spread between public listed and private limited companies. 4% of respondents work in either a partnership, public sector or sole proprietorship organisation.

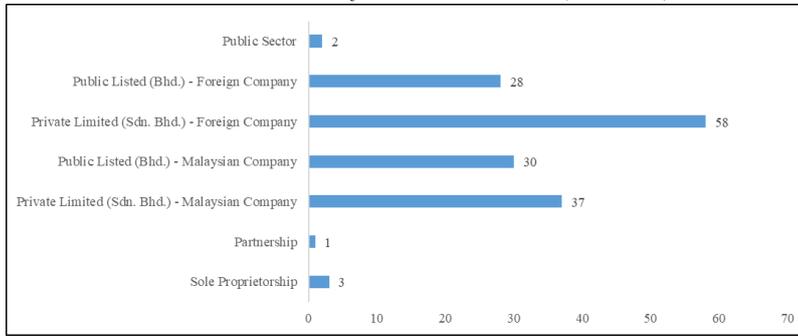


Figure 4.3: Types of Business Structure of Respondents' Organisation

4.2 Scale Validity and Reliability

4.2.1 Factor Analysis

The test for sampling adequacy revealed a Kaiser-Meyer-Olkin value of 0.849, which was greater than the 0.6 threshold and the Bartlett's Test of Sphericity was significant. Therefore, the items and dataset were suitable to be used for factor analysis.

Table 4.3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.849
Bartlett's Test of Sphericity	Approx. Chi-Square	3162.630
	df	465
	Sig.	0.000

In addition, the extractions communalities values were greater than 0.5 for all items, indicating that an acceptable portion of the variance of each item was explained by the analysis. In the Total Variance Explained output, SPSS extracted seven components which explained 69.2% of the variance, and all seven components have Eigenvalue greater than 1.

Table 4.4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.507	30.667	30.667	9.507	30.667	30.667	4.954	15.982	15.982
2	3.242	10.457	41.124	3.242	10.457	41.124	3.679	11.869	27.851
3	2.732	8.813	49.938	2.732	8.813	49.938	3.294	10.627	38.478
4	2.166	6.988	56.925	2.166	6.988	56.925	2.813	9.075	47.553
5	1.465	4.726	61.651	1.465	4.726	61.651	2.621	8.454	56.007
6	1.214	3.917	65.568	1.214	3.917	65.568	2.424	7.820	63.827
7	1.144	3.691	69.259	1.144	3.691	69.259	1.684	5.432	69.259

Extraction Method: Principal Component Analysis.

The Rotated Component Matrix eliminated 8 items that were cross-loaded. The items that were retained for scale reliability tests, have factor loadings greater than 0.5 and no cross-loading, except one item where the cross-loaded factor was greater than 0.5.

Table 4.5: Outcome of Validity Test

Variable	Component	N of Items
Individual Ethical Behaviour	IEB_E	5
	IEB_S	3
Ethical Leadership	EL	5
Integrated CSR	CSR_PPL	4
	CSR_PRC	4
	CSR_PRD	2
	CSR_POL	4
	CSR_PHL	4
Perceived Corporate Ethics	PCE	2
Perceived CSR-Fit	PCF	2

* CSR_PPL, CSR_PRC, CSR_POL are formative scale and excluded from validity test

4.2.2 Reliability Analysis

All seven components tested for internal consistency displayed Cronbach's alpha coefficient of 0.8 or greater, indicating high level of internal consistency.

Table 4.6: Summary of Cronbach's Reliability Tests

Variable	Component	Cronbach's Alpha	N of Items
Individual Ethical Behaviour	IEB_E	0.815	5
	IEB_S	0.765	3
Ethical Leadership	EL	0.893	5
	CSR_PPL		4
ICSR	CSR_PRC		4
	CSR_PRD	0.811	2
	CSR_POL		4
	CSR_PHL	0.936	4
	Perceived Corporate Ethics	PCE	0.885
Perceived CSR-Fit	PCF	0.850	2

* CSR_PPL, CSR_PRC, CSR_POL were formative scales and excluded from reliability test

One limitation with the final measurement scales was the two-item scales to measure PCE and PCF. The conventional acceptance for multi-item measurement scale was minimum of three items as it would better represent the intended construct (Hair, et. al, 2018). There have also been studies exploring the use of single-item measurement scale in clinical assessments and marketing research, where the measured concept is simple and can be directly observable (Hair, et. al, 2018). Hoepfner, Kelly, Urbanoski, and Slaymaker (2011) found that the use of single-item scale demonstrated more superior validity in comparison with multiple-item scale in predicting relapse of substance abuse. The commonly used single-item measure in businesses today is the measurement of Net Promoter Score (NPS), which is measured based on the response to a single statement of "How likely are you to recommend our company to a friend or colleague?", to represent the Voice of Customer (VOC)

The challenge with two-item scale was commonly low internal reliability, although it was not observed with the outcomes of the analysis where Cronbach's alpha value for both two-item scales were greater than 0.8. Eisinga, Grotenhuis, and Pelzer (2012) recommended the use of Spearman-Brown reliability test as the more suitable indicator for a 2-item scale. However, Eisinga et. al cautioned that multi-item scale was still the preferred approach and two-item measure should only be applied as last resort. Nevertheless, research on food security using two-item measurement was tested and found to be valid in the clinical setting in Australia too (Young, Jeganathan, Houtzager, Di Guilmi, & Purnomo, 2009). As a consequence, an additional test of reliability was performed to confirm the internal consistency of PCE and PCF as recommended by Eisinga et. al.

The Spearman-Brown reliability tests showed high internal consistencies for both PCE and PCF, with coefficient values greater than 0.8. The outcomes were very close to the Cronbach’s reliability tests. Therefore, both variables would be used in subsequent analysis.

Table 4.7: Summary of Spearman-Brown Reliability Tests

Variable	Component	Spearman-Brown Coefficient	N of Items
Perceived Corporate Ethics	PCE	0.887	2
Perceived CSR-Fit	PCF	0.851	2

* Equal Length

4.2.3 Data Normality Assessment

The analysis utilised the skewness and kurtosis values to validate the normality of data. This validation was important to ensure that the data modelled a normal distribution, and any outliers could be isolated from further statistical analysis. However, there had been no clear unanimity on the thresholds of normality (Orcan, 2020). This analysis adopted the lower threshold of absolute of 1 to determine if the data was normally distributed.

The initial assessment indicated there were outliers in the dataset, as skewness and kurtosis values were greater than 1 for two of the variables. Eleven outliers were identified based on the boxplot charts. The outliers were responses #15, #16, #42, #60, #74, #94, #117, #133, #134, #150, #155.

Table 4.8: Normality Test with Original Dataset

	N	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
EL	159	1.00	7.00	4.8931	1.28591	-0.768	0.192	0.113	0.383
PCE	159	1.00	7.00	5.5409	1.25028	-1.216	0.192	1.430	0.383
PCF	159	2.00	7.00	5.4151	1.13099	-0.694	0.192	0.137	0.383
ICSR	159	1.83	6.89	5.0206	0.90002	-0.862	0.192	1.175	0.383
IEB	159	2.13	7.00	4.8986	0.96181	-0.215	0.192	-0.182	0.383
Valid N (listwise)	159								

The normality test was repeated after the removal of the outliers. Table 4.9 displayed that the remaining 148 responses were normally distributed, and correlation testing could be applied.

Table 4.9: Normality Test after Removal of Outliers

	N	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
IEB	148	3.00	7.00	5.0772	0.86011	0.026	0.199	-0.711	0.396
EL	148	1.40	7.00	4.9865	1.20941	-0.719	0.199	0.069	0.396
ICSR	148	2.89	6.89	5.1231	0.78084	-0.413	0.199	-0.142	0.396
PCE	148	2.50	7.00	5.6824	1.07720	-0.921	0.199	0.196	0.396
PCF	148	3.00	7.00	5.5203	1.03325	-0.510	0.199	-0.378	0.396
Valid N (listwise)	148								

4.3 Variables Mean Analysis

Mean statistics of each variable was computed after the items were validated to be able to sufficiently measure the construct, with good internal consistency and outliers removed. Table 4.9 summarised the mean statistics of each variable. PCE has the highest mean value among all five variables at 5.6824. The same outcome was observed across different demographic groups. However, the PCE mean scores for different length of service in organisation demonstrated strong correlation where the longer years of service, the higher the PCE mean score. The same was observed with PCF mean score with the exception that the group with less than 3 years of service and the group with more than 15 years of service showed higher mean scores compared to the others. The PCE mean and PCF mean for the group of respondents who have served more than 15 years was even higher than the overall PCE and PCF mean at 6.03 and 5.9118 respectively. So, individuals who rated highly on PCE and PCF seemed to demonstrate higher stickiness to the companies. Another interesting finding was the high PCE mean score from the public sector respondents at 6.25. The public sector respondents also demonstrated highest mean score across all other dimension, except PCF, where the mean score was the lowest compared to other business types. Nevertheless, it was more difficult to generalise this outcome due to the low representation of respondents from public sector.

The lowest mean among the five variables was EL at 4.9865, and EL also displayed the lowest mean among the Gen-X, and the more junior ranked respondents including contract workers, as well as those who have served the organisation between 5-10 years. Private limited Malaysian companies were also found to have the lowest mean score in EL.

4.4 Inferential Statistical Analysis

In order to examine the relationships among all variables in the conceptual framework and to test the hypotheses, correlation analysis and regression analysis were performed. Correlation expressed the strength and direction of the relationships between two variables, measured by Pearson correlation coefficient, as dataset was normalised data. Correlation would not imply cause-and-effect relationship but merely measured the relationships, where x and y could be interchangeable. Pearson correlation coefficient ranges between -1 to 1.

The outcome of regression analysis illustrated the relationships in the form of an equation, denoting the cause-and-effect of how one variable affected another, to enable prediction of the dependent variable based on the changes to the independent variables. In addition, mediating variable would indicate if the relationships between independent and dependent variables were further enhanced with the presence of the mediator.

4.4.1 Correlation and Regression

The Pearson coefficient correlation (r) values for all variables, presented in Table 4.10, were above 0.3 and all the relationships were significant at 99% confidence level. Cohen (1988) suggested that $r < 0.30$ reflected weak relationship while r value between 0.30 and 0.49 indicated moderate relationship, and $r > 0.5$ indicated strong relationship. However, $r > 0.8$ could indicate the possibility of collinearity, as it could affect the regression model (Vatcheva, Lee, McCormick & Rahbar, 2016). None of the paired relationships displayed potential multicollinearity but these were further validated using the Variance Inflation Factor (VIF) in regression analysis.

Table 4.10: Pearson Correlations

		Correlations				
		IEB	EL	ICSR	PCE	PCF
IEB	Pearson Correlation	1	.359**	.356**	.413**	.392**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	148	148	148	148	148
EL	Pearson Correlation	.359**	1	.566**	.484**	.452**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	148	148	148	148	148
ICSR	Pearson Correlation	.356**	.566**	1	.683**	.667**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	148	148	148	148	148
PCE	Pearson Correlation	.413**	.484**	.683**	1	.663**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	148	148	148	148	148
PCF	Pearson Correlation	.392**	.452**	.667**	.663**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	148	148	148	148	148

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

IEB displayed moderate correlation with EL, ICSR, PCE and PCF. EL showed strong correlation with ICSR. ICSR displayed strongest correlations among all pairs with PCE and PCF.

4.4.2 Relationships between ICSR and EL with IEB

A multiple regression model was established to validate the relationships between the independent variables and the dependent variable. The model coefficient, R equalled 0.404, indicated a moderate correlation between the independent and dependent variables. The coefficient of determinant R² value of 0.163, indicated that 16.3% of the variance in IEB is explained by ICSR and EL. The ANOVA table produced a F-value of 14.15 which was statistically significant at p<0.05*, mathematically expressed as F(2,145) = 14.15, p<0.05*. Therefore, the model was a good fit of the data.

Table 4.11: Multiple Regression (ICSR, EL, IEB) - Model Fit Output

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.404 ^a	0.163	0.152	0.79216	1.902

a. Predictors: (Constant), ICSR, EL
b. Dependent Variable: IEB

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.759	2	8.880	14.150	.000 ^b
	Residual	90.991	145	0.628		
	Total	108.750	147			

a. Dependent Variable: IEB
b. Predictors: (Constant), ICSR, EL

The unstandardised coefficients in Table 4.12 explained the predicted change in ICR when either ICSR or EL changed one measurement unit. The unstandardised coefficients for ICSR and EL were 0.247 and 0.165 respectively. This can be explained as IEB is predicted to increase by 24.7% when there is one unit of increase

of ICSR. The standardised coefficients indicated that both ICSR and EL have almost the same explanatory power on IEB, with EL being a slightly stronger predictor with 0.232 compared to 0.225 for ICSR. The VIF values for both independent variables are less than 5, confirming there were no multicollinearity in the data. These results support hypotheses H1 and H2, validating that both ICSR and EL positively affect IEB.

Table 4.12: Multiple Regression (ICSR, EL, IEB) - Coefficients Output

Model		Coefficients ^a					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	2.987	0.435		6.869	0.000		
	EL	0.165	0.066	0.232	2.517	0.013	0.679	1.472
	ICSR	0.247	0.102	0.225	2.437	0.016	0.679	1.472

a. Dependent Variable: IEB

The multiple regression equation was:

$$IEB = 2.987 + 0.247ICSR + 0.165EL + \epsilon$$

4.4.3 Relationships between ICSR, EL with PCE

The second multiple regression model aimed to validate the relationships between ICSR and EL with PCE. The R-square value of this model was 0.480, which explained that 48% of the variability of PCE was explained by the model. The model was a good fit based on F-value significance at $p < 0.05^*$. The unstandardised coefficients for ICSR and EL were 0.830 and 0.128 respectively, and both were significant at $p < 0.05^*$, with its standardised coefficient beta at 0.601 compared to 0.143 for EL. These results supported hypotheses 3 and 5, validating that ICSR and EL positively affect PCE.

The multiple regression equation is:

$$PCE = 0.795 + 0.830ICSR + 0.128EL + \epsilon$$

Table 4.13: Multiple Regression (ICSR, EL, PCE) - Model Fit Output

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.693 ^a	0.480	0.473	0.78222	2.232

a. Predictors: (Constant), ICSR, EL

b. Dependent Variable: PCE

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.852	2	40.926	66.887	.000 ^b
	Residual	88.722	145	0.612		
	Total	170.574	147			

a. Dependent Variable: PCE

b. Predictors: (Constant), ICSR, EL

Table 4.14: Multiple Regression (ICSR, EL, PCE) – Coefficients Outputs

Model		Coefficients ^a					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	0.795	0.429		1.852	0.066		
	EL	0.128	0.065	0.143	1.972	0.051	0.679	1.472
	ICSR	0.830	0.100	0.601	8.277	0.000	0.679	1.472

a. Dependent Variable: PCE

4.4.4 Moderating relationship of PCF between ICSR and PCE

The analysis to validate the moderating relationship of PCF between ICSR and PCE was performed using Andrew Hayes’ PROCESS Procedure for SPSS version 3.5.2. Before performing the analysis, the PCF variable values were re-coded into a dichotomous variable (PCF_CAT) of 1 (values ranging from 1-4.99) and 2 (values ranging from 5-7). Model 1 of PROCESS was applied to the analysis as there was only one moderator in the study. The model used ICSR as the independent variable and PCE as the dependent variable.

Model 1 of PROCESS automatically generated an interaction term (Int_1) which was derived by multiplying the independent variable and dependent variable of the model. Figure 4.4 illustrated the conditional effect of moderating variable. Based on the outcomes presented in Table 4.15, p-value for Int_1 was greater than 0.05, and the range of LLCI and ULCI contained zero. Therefore, the outcome suggested that there was no evidence of moderation between the variables. The model as a whole was significant, $F(3,144) = 49.583, p < 0.05^*$, as the relationship between ICSR and PCE was significant, at $p < 0.05^*$.

This analysis indicated that hypothesis 4, which stated that PCF moderated the relationship between ICSR and PCE cannot be supported.

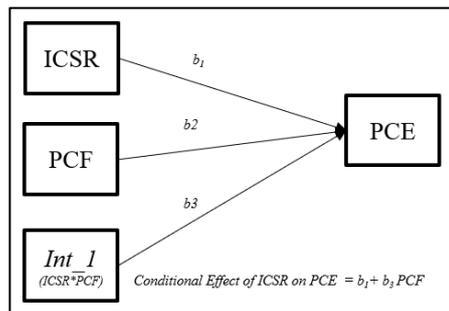


Figure 4.4: Conditional Effect of Moderating Factor

Table 4.15: PROCESS Procedure Model 1 Outcome

Model Summary						
R	R-sq	MSE	F	df1	df2	p
0.7128	0.5081	0.5827	49.583	3	144	0

Model						
	coeff	se	t	p	LLCI	ULCI
constant	-0.3471	1.7426	-0.1992	0.8424	-3.7915	3.0974
ICSR	0.9875	0.3883	2.5427	0.0121	0.2199	1.755
PCF_CAT	1.2031	1.0117	1.1891	0.2363	-0.7967	3.2028
Int_1	-0.1263	0.2164	-0.5834	0.5605	-0.5541	0.3015

Product terms key:
Int_1 : ICSR x PCF_CAT

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	0.0012	0.3404	1	144	0.5605

4.4.5 Mediating effect of PCE, between ICSR and EL with IEB

Model 4 of PROCESS is a simple mediation model which applies to model with one mediator or two parallel mediators. The first analysis aimed to test the mediating effect of PCE between ICSR (independent variable) and IEB (dependent variable).

There were four sections to the outputs of the analysis, representing the four-step analysis of mediating effect. The first model was a simple regression model between ICSR to PCE. The coefficient determinant of the model was 0.4659, where 46.6% of the variance of PCE could be explained by ICSR. The model was significant with $F(1,146)=127.37$, $p<0.05^*$ and the unstandardised coefficient of 0.9417, represented path (a) in Figure 4.5. The second model was multiple regression model with ICSR and PCE as independent variables and IEB as dependent variables. The model produced R^2 of 0.181 and was significant with $F(2,145)=16.018$, $p<0.05^*$. The coefficient of 0.2544 represented path (b) in the simple mediation model. The third model studied the linear relationships between ICSR and IEB and the model was significant with R^2 of 0.1267 and the model was a good fit with $F(1,146)=21.1913$, $p<0.05^*$.

The last model included the total, direct and indirect effects of the model. The indirect effect of ICSR on IEB was 0.2395. The key to determine if the indirect effect existed by referring to the bootstrapping lower and upper limits. If the interval between BootLLCI and BootULCI did not contain zero, then the mediating effect existed. In this analysis, zero fell outside of BootLLCI and BootULCI range of the model, and hence concluded that the mediating effect existed. The direct effect of ICSR on IEB was not significant with $p>0.05$. Therefore, the analysis deduced that PCE has a full mediating effect between ICSR and IEB, due to the absence of direct effect.

Table 4.16: PROCESS Procedure Model 4 - ICSR, PCE, IEB

TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y

Total effect of X on Y

Effect	se	t	p	LLCI	ULCI
0.3922	0.0852	4.6034	0	0.2238	0.5605

Direct effect of X on Y

Effect	se	t	p	LLCI	ULCI
0.1526	0.1133	1.3473	0.18	-0.0713	0.3765

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
PCE	0.2395	0.0803	0.0773	0.3917

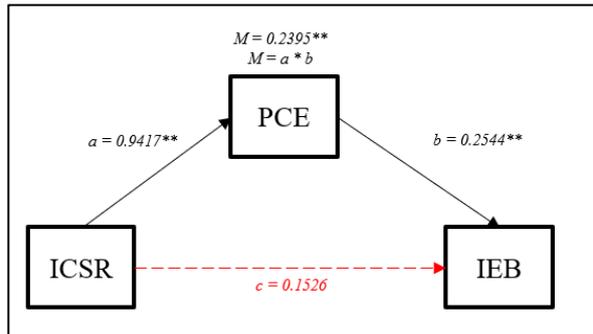


Figure 4.5: Pathway of a mediation process of PCE between ICSR and IEB (*p<0.05)

The same analysis was repeated to validate the mediating effect of PCE between EL and IEB. The direct effect of EL on PCE produced R^2 of 0.2341 and was significant with $F(1,146)=44.6322$, $p<0.05^*$ and the coefficient was 0.431 representing path (a). The multi regression of EL and PCE as independent variables and IEB as dependent variables generated R^2 value of 0.2038. The multi-regression model was significant with $F(2,145)=18.56$, $p<0.05^*$ and coefficient of 0.2495 represented path (b) in the Figure 4.6. The third simple regression model between EL and IEB had a R^2 value of 0.129 and the model was significant. The indirect effect of EL on IEB was 0.1075, and zero existed outside of the BootLLCI and BootULCI interval, indicating that the indirect or mediating effect of PCE was significant. In addition, there was a significant direct effect of EL on IEB, and the coefficient 0.1469 represented path (c) in the pathway diagram. Therefore, PCE partially mediated the relationship between EL and ICSR. Figure 4.6 illustrated the pathway of the mediation effect.

Table 4.17: PROCESS Procedure Model 4 Output - EL, PCE, IEB

TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y

Total effect of X on Y

Effect	se	t	p	LLCI	ULCI
0.2555	0.0549	4.6505	0	0.1469	0.364

Direct effect of X on Y

Effect	se	t	p	LLCI	ULCI
0.1479	0.0602	2.4562	0.0152	0.0289	0.2669

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
PCE	0.1075	0.0346	0.0474	0.1824

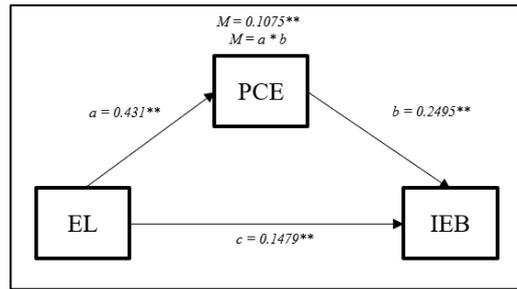


Figure 4.6: Pathway of a mediation process of PCE between EL and IEB (*p<0.05)

4.4.6 Relationship of ICSR, EL, PCE and IEB

When PCE was included into the multiple regression model, the values of R and R² improved. The model coefficient, R improved from 0.404 to 0.453 and R² from 0.163 to 0.205. The model remained a good fit for data, as the F-test remained significant at p<0.05*.

Table 4.18: Multiple Regression (ICSR, EL, PCE, IEB) - Model Fit Output

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.453 ^a	0.205	0.189	0.77476	1.859

a. Predictors: (Constant), PCE, EL, ICSR
b. Dependent Variable: IEB

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.313	3	7.438	12.391	.000 ^b
	Residual	86.437	144	0.600		
	Total	108.750	147			

a. Dependent Variable: IEB
b. Predictors: (Constant), PCE, EL, ICSR

However, as PCE fully mediated ICSR and IEB, ICSR became insignificant in this model, with $p > 0.05$ when PCE was added to the regression. Based on the standardised coefficient beta values, PCE was a stronger predictor of IEB than EL. There was no evidence of multicollinearity in the model as the VIF values were all less than 5.

Table 4.19: Multiple Regression (ICSR, EL, PCE, IEB) - Coefficients Output

Model		Coefficients ^a						Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients					
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF	
1	(Constant)	2.807	0.430			6.523	0.000		
	EL	0.136	0.065	0.191	2.095	0.038	0.662	1.512	
	ICSR	0.059	0.120	0.054	0.494	0.622	0.461	2.168	
	PCE	0.227	0.082	0.284	2.754	0.007	0.520	1.923	

a. Dependent Variable: IEB

Table 4.20 summarised hypotheses testing outcomes and further illustrated in Figure 4.7:

Table 4.20: Summary of Hypotheses Testing

Hypothesis	Relationship	Description	Outcome
H1	ICSR → IEB	Integrated CSR positively affects Individual Ethical Behaviour	Accepted
H2	EL → IEB	Ethical Leadership positively affects Individual Ethical Behaviour	Accepted
H3	ICSR → PCE	Integrated CSR positively affects Perceived Corporate Ethics	Accepted
H4	ICSR → (PCF) → PCE	Perceived CSR-Fit moderates the relationship between Integrated CSR and Perceived Corporate Ethics	Rejected
H5	EL → PCE	Ethical Leadership positively affects Perceived Corporate Ethics	Accepted
H6	ICSR → PCE → IEB	Perceived Corporate Ethics mediates the effect of Integrated CSR on Individual Ethical Behaviour	Accepted
H7	EL → PCE → IEB	Perceived Corporate Ethics mediates the effect of Ethical Leadership on Individual Ethical Behaviour	Accepted

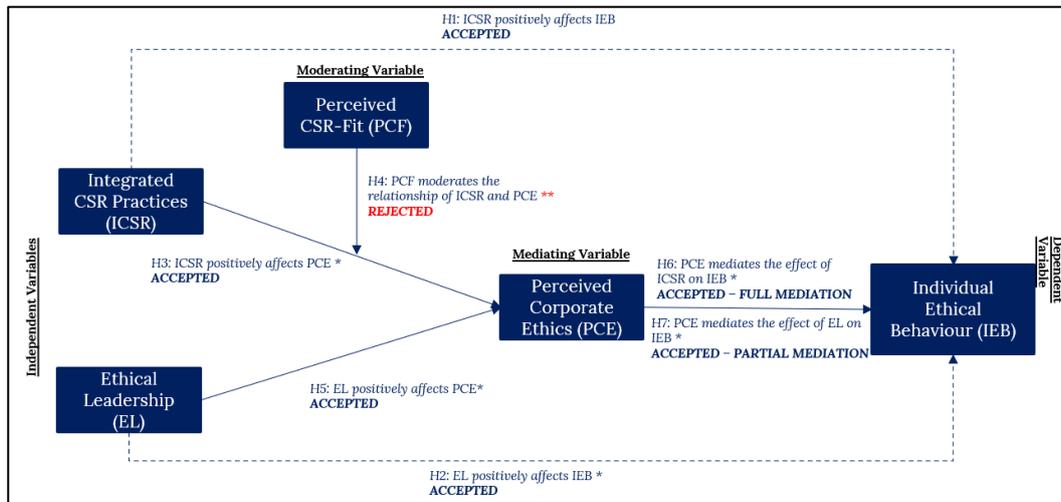


Figure 4.7: Summary of Hypotheses Testing Outcome

4.4.7 Personal Sentiment on CSR

The survey included a section to draw responses from respondents on their views of CSR, to the best of their understanding and expectations. The section contained five statements measured on 7-point Likert Scale and an open question. The main intent was to facilitate prioritisation of CSR engagement with employees in order to achieve the best outcomes of CSR initiatives. The analysis included the full dataset collected from 159 respondents.

The first statement “CSR is about making donations, in cash and goods to communities” generated a mean score of 3.97 out of 7.00, which was the high end of neither agreeing or disagreeing. This result was reasonably positive as there was a good balance of respondents who believed that the scope of CSR was broader than philanthropy, which was a good sign, especially with 60.4% of respondents were from middle to senior management level.

The mean score for statement “CSR is about employees volunteering time to support social causes was 5.53, indicated high willingness of respondents to support companies’ initiatives that support communities’ well-beings, even outside of office hours. Therefore, philanthropy CSR activities could be opportunities for businesses to enhance employee engagements.

Respondents generally disagreed that CSR was the job of a dedicated function, with a mean score of 2.60. This outcome indicated the sentiment that CSR activities should be the responsibilities of broader stakeholders even within the organisations. The responses were aligned to the next statement that majority of respondents agreed that CSR was about incorporating ethical considerations in every decision-making process, with mean score of 5.46. However, when posed with the challenge of maintaining CSR priority when business’s profitability was compromised, more a fifth of respondents remained neutral resulted in mean score of 3.25. Table 4.21 summarised the outcome of the five statements in this section.

Table 4.21: Personal Sentiment of CSR (values indicate percentage of 159 respondents)

Statement	Mean
(SEN1) CSR is about making donations (in cash and goods) to communities.	3.97
(SEN2) CSR is about employees volunteering time (both during or outside of office hour) to support social causes.	5.53
(SEN3) CSR is the job of a dedicated function (department) only.	2.60
(SEN4) CSR is about incorporating ethical considerations in every decision making process.	5.46
(SEN5) CSR should not be a priority when profitability is compromised.	3.25

The last question in this section included an open-ended question of “What do you want to see your company do more in CSR?”, to gain insights into the existing gaps in the current CSR practices among the businesses. 27.7% of respondents either did not leave additional comments or commented that the companies were currently doing sufficiently for CSR. The balance 72.3% generated 132 unique responses, with some responses offered more than one inputs. 61% of the responses would like the companies to conduct more philanthropy activities including providing assistance to marginalised and local community, charity, education support, and as high as 16% of the response would like the companies to offer more volunteering opportunities for employees. 14.4% would like the companies to establish policies to offer opportunities to local candidates and disabled, more transparent policies, policies to support environmental preservation and support community development. 5.3% called out the needs for businesses to maintain employee equity and well-being, which included creating healthier work environment and improving internal CSR.

Other themes that were highlighted in response to the open question were the needs for businesses to integrate CSR into operational processes, review internal processes to ensure more holistic approach to CSR, ensuring the authenticity of CSR activities and involving employees in CSR activities. Table 4.22 summarised the key themes of the responses.

Table 4.22: Summary of Thematic Analysis to Open Question - "What do you want to see your company does more in CSR?"

Theme	Count	%
Do more philanthropy	81	61.4%
Company policy	19	14.4%
Employee - equity and well-being	7	5.3%
Improve internal process	4	3.0%
Start CSR	4	3.0%
Internalise CSR into business operations	4	3.0%
Communication and awareness	4	3.0%
CSR Integrity	4	3.0%
Leadership in action	2	1.5%
Employee Participation	2	1.5%
External Stakeholders	1	0.8%
Total	132	100.0%

In conclusion, the CSR sentiment and thematic analysis is consistent with the hypothesis testing outcomes. Generally, 27% of responses articulated the language of Triple Bottom Line and believe that businesses should support and develop local communities and be conscious of their impacts to the environment. The responses from this section demonstrated the readiness of the sampled community to embrace CSR, although philanthropy CSR remains top in the list of call outs. The outcome of the thematic analysis also highlighted the importance of leadership role-modelling in CSR adoption and opportunities for policy reviews.

5. Discussions, Implications and Recommendations

This section discusses the findings from the previous chapter, the implications of the findings to business practices, the limitations of current research and recommendations for future research.

5.1 Discussions

The outcomes of the research reinforced the importance of positive workplace eco-systems in influencing ethical behaviour. Workplace ecosystems comprise of different individuals (stakeholders) who are interconnected, the manner these individuals interact among themselves and the "rules of nature" that govern the way individuals should behave, the hardware and the common purpose of the ecosystems. Workplace ecosystems can be extremely complex given all individuals come from different backgrounds, religion, upbringing, culture, education, and beliefs (Dastidar, 2015). Therefore, individuals look for cues based on their observations of the daily activities within the business to model their own behaviours. Leadership is another important element that affects the dynamism of the ecosystem. Through role-modelling, leaders set the tone, including the "unspoken rules" of what are permissible and how tasks are expected to be performed. This finding is consistent with De Roeck and Farooq (2017), which established the relationships between environmental and social CSR activities along with ethical leadership to positive individual environmental and social behaviour.

There are other past studies that confirmed the positive effects of CSR activities and ethical leadership on employee's engagement (Soni & Mehta, 2020), motivation at work, perceived meaningfulness of work (Rodrigo, Aqueveque, & Duran, 2019), increased job satisfaction (Dezmar-Krainz, 2015) and organisational identification (Schaefer et al., 2019). The current research viewed CSR from different perspectives from the past researches, and studied the impact of implementation of integrated CSR, which prioritised ethical and responsible decision-

making in daily business operations, in the forms of policies and processes, product development, people policy (internal CSR) and strategic philanthropy activities. Therefore, ICSR is subtle and given the novelty of the ICSR concept, many not be able to relate these activities to CSR, especially in developing countries, like Malaysia where the concept of CSR is still strongly correlated with philanthropy. Philanthropy has positive and significant impacts to beneficiary communities and businesses should be encouraged and commended for doing good for the communities. However, philanthropy by itself is not sustainable especially during the times when businesses face profitability challenge like during the COVID-19 pandemic that forced many businesses to shut down due to extensive lockdowns that happened in many countries. This is observed in the responses to the CSR sentiment of the current research, where one fifth of the respondents somewhat agree to strongly agree that CSR should not be a focus when profitability is challenged. During the COVID-19 pandemic, businesses faced restrictions due to lockdowns which impacted their revenue stream and hence welfare organisations suffered tremendously when financial help from philanthropy activities tightened their belts (Ahmad, 2020).

Besides, small and medium businesses tend to shy away from CSR, unless it derives “positive business case”, as it is perceived to be cost-centred activities, which require allocation of funds (Magrizos, Apospori, Carrigan, & Jones, 2020). Public listed companies performed CSR activities, which consist mostly of philanthropy activities because it is mandated by the stock exchange authority to report CSR. ICSR on the other hand offered equal opportunity for every business to perform CSR by embedding ethical and responsible considerations in daily operations regardless of size of businesses. The outcome of this research confirmed that ICSR played a role in positively influence individual’s ethical behaviour. When implemented alongside with leaders who walk-and-talk ethics, it creates a workplace ecosystem where individuals live-and-breath ethical and responsible decisions in their daily tasks. Such reciprocal behaviour has been related to the Broken Window Theory, which proposed that any visible hints of crime or disorderly behaviour, however small, could escalate into more serious crimes (Delgado, 2020). Broken window is a cue to individuals on the acceptable condition. If broken windows are not repaired, translating to misdemeanours not punished or misguided policy not corrected, are hints to individuals that such behaviours are acceptable and can be mimicked or such behaviours should be adhered to in order to fit in (Treviño & Brown, 2005). Askew, Beisler and Keel (2015) also identified organisational environment to be most important determinant of ethical behaviour or otherwise.

In addition, ICSR scope goes deep into the DNA of businesses to include ethical considerations in policies and processes, which serve as gatekeepers, eliminating the pressure and opportunity for fraud, which are the two of the three reasons for fraud according to the Fraud Triangle (Roszkowska & Mele, 2020). Unrealistic performance expectations could force even individuals with high personal ethics into “loss prevention” modus operandi, by bending rules to avoid job loss or incentive deprivation (Carucci, 2016).

The findings also revealed that PCE fully mediated the effect of ICSR on IEB, which could be due to the subtlety of ICSR and individuals obtained the cues based on their perception of ethics of the businesses when they were not able to relate the activities directly with CSR. Hence ICSR mirrors organisation’s ethical standards or perception of the organisation’s ethical standards. On the other hand, demonstration of ethical leadership was more visible and hence, PCE has a partial mediating effect on EL towards IEB. EL has both direct and indirect effect towards IEB. This is aligned with past studies where leadership is found to influence individuals’ positive or negative behaviours (Sayed Mostafa & Shen, 2019). ICSR fundamentally creates an ethical work climate, which then promotes individuals to practice ethical values at work and ethical leadership reinforces the organisation’s stand towards ethical values (Kim & Choi, 2021).

The present research did not find any moderating role of PCF between ICSR and PCE. Yoo and Lee (2018) explained that when the individuals are familiar with the CSR activities and personal relevance is high, the effect of CSR-Fit became insignificant. This could be due to the nature of direct engagement of individuals in the ICSR activities, which enabled the individuals to assess PCE directly, without moderation of cultural alignment.

Although the model used in the research concluded that ICSR and EL only explained 16.3% of the IEB, it has successfully identified the relationships between the variables. IEB is a complex element that involves depth of various factors, ranging from one's perceived justice on others or on self, and one's in-built moral compass. ICSR plays a role in influencing IEB and the ICSR involved more than philanthropy, as individuals assessed the daily activities, policy and processes when assessing the corporate's ethical value. Businesses activities and operations must consistently demonstrate ethical and responsible alignment, and only by this will be able to instil the DNA of ethics into the organisations.

Every individual develops unique experiences within the organisation through interactions with different process, policies, leaders and co-workers that affect the perception and interpretation of the organisations, leading to different behavioural outcomes. Perception of the manner others in the organisation are treated forms perception of organisational justice, translating into the ethical standards held by the organisation (Hollingworth & Valentine, 2014).

5.2 Managerial Implications

The findings from the research shed lights on several aspects which can be adopted and prioritised by businesses in the quest to create ecosystems that promote individual ethical behaviours. Firstly, businesses should explore the implementation of ICSR in view of its impact to individuals' perception of the businesses' ethics and in fostering individual's ethical behaviour by establishing a roadmap to progressively integrate CSR into the business operations. The employees need to be engaged along the process design to allow feedbacks to be incorporated and at the same time aligning the change to the businesses' purposes. CSR integration will involve changes to the way work is performed today and progressive integration will allow businesses to address any competency and technological gaps and to ensure just transition of work and expectations.

Secondly, communication and awareness are critical to help individuals understand the social and environmental impacts of the work and business processes, besides the contribution to the businesses' profitability. The thematic analysis has revealed the increasing awareness among respondents on the need of balancing the elements of people, planet and profit in businesses. Understanding the implications enable individuals to connect the dots between the activities, purposes and outcomes, empowering individuals to make the appropriate decisions. Theory of Planned Behaviour explained individual ethical intent that led to the behavioural demonstration was influenced by the individual's assessment of performing the ethical behaviours, the subjective norm of the ethical perceptions and the perceived own abilities to be able to control the behaviour (Ajzen, 1991; Rahaman, Stouten & Guo, 2019). Therefore, it is important for policy and process documentations to articulate the "why" besides the "how", and relating them to the purpose of the organisations. Integrating CSR equips individuals with body of knowledge that enable them to dissect and resolve complex ethical dilemmas, helping them make right decisions that are aligned with the organisations' purposes or missions.

Businesses need to explore the possibility of establishing internal CSR lingo that blends into the DNA of the business operations and the messaging must be articulated regularly in all processes. The descriptive findings indicated that individuals who are new to the organisations and long-serving individuals (bipolar in tenure) and individuals in very junior position as well as individuals in very senior positions (bipolar in role) rated their organisations higher in PCE and PCF. Therefore, individuals in the mid-tenure and mid-role seem to require cue reinforcements through more regular messaging in the process. For example, annual and mid-term performance review process could include gathering responses from individuals for continuous improvement and the areas that they would like to see the leaders do more. Performance assessment criteria is a critical tool in reinforce ICSR into the organisations' DNA. If an organisation continues to reward for results alone, it continues to apply pressure on individuals to "do-all-the-necessary" to deliver maximum results, preventing the Pressure of the Fraud Triangle. However, performance assessment gambit that place balanced focus on results and behaviour will balance the scale on how the result is delivered. The best result should not be rewarded as best performance if the manner the result is obtained is not desirable. This applies not only at individual's level but also at corporation's

level. If shareholders continue to emphasise results, they indirectly send the message of results-only mindset to corporations and hence the domino effect within the corporations. Continuous improvement is another approach to enable check-and-balance and prompt corrective actions on processes.

In addition, the descriptive analysis also suggested relatively lower PCE and PCF means for respondents who have been in service with the organisations between 3-15 years as well as individuals in junior management and executive (non-management) roles. This emphasised the importance of regular reinforcement in communication, either by leaders or through corporate programs. When individuals are absorbed into day-to-day tasks at work over the years, the essence of the jobs sometimes got lost or diluted. Junior executives and junior management individuals may not have sufficient exposure to the organisations' strategies and purposes to help them connect-the-dots. Hence, maintaining the meaningfulness or constant alignment of the purpose will ensure individuals stay on track.

As philanthropy CSR remains a significant direct association of businesses' contribution to the communities and the outcome of the survey also revealed that employees generally want to be involved in the organisations' CSR activities, businesses need to offer opportunities for employees to participate in such events. Philanthropy activities must not only take place at the headquarters or parent countries but should involve local operations and local communities. The individuals want to contribute positively to the local communities. In addition, CSR activities can be organised through small groups project management where individuals from different roles and different interest areas could subscribe to the projects of their interests, as almost 80% of respondents do not agree that CSR is a job of a single department. Enabling this approach is not only engaging but also spreads the resources required for external CSR activities.

Appointment of leaders must also be guided by stringent criteria which not only takes into consideration the performance of the candidates but also the behaviours of the candidates, because while it is important to be able to deliver results, it is equally if not more important that the results are delivered ethically. Characteristics of strong ethical leaders are trust-worthiness, honesty, fairness, promote open two-way communications, respectful and practise managerial courage (Rehani & Khokhar, 2018). Leaders are to play the critical role as change agents in the process of integration of CSR into the operations and this role can never be delegated. The ability of the leaders to "walk-the-talk" of integrating CSR in both personal and professional capacity sets the bar for the businesses.

Table 5.1: Summary of Managerial Implications

Hypothesis	Relationship	Description	Outcome	Implication(s)
H1	ICSR → IEB	Integrated CSR positively affects Individual Ethical Behaviour	Accepted	Establish a roadmap to progressively introduce ICSR into the businesses' operations, engaging the employees in the process design and aligning the change to the businesses' purposes.
H3	ICSR → PCE	Integrated CSR positively affects Perceived Corporate Ethics	Accepted	Continous employee engagement and messaging on the significance of the businesses' operations towards social and environmental agendas.
H6	ICSR → PCE → IEB	Perceived Corporate Ethics mediates the effect of Integrated CSR on Individual Ethical Behaviour	Accepted	Offer opportunities for employees to participate in various local philanthropy programs
H2	EL → IEB	Ethical Leadership positively affects Individual Ethical Behaviour	Accepted	Leadership characteristics that demonstrate consistent personal and professional ethical standards, "walking-the-talk" of the organisations' values and significance of ICSR.
H5	EL → PCE	Ethical Leadership positively affects Perceived Corporate Ethics	Accepted	Leaders to play the role of change agents in the process of implementation of ICSR and actively participate in the ongoing review process.
H7	EL → PCE → IEB	Perceived Corporate Ethics mediates the effect of Ethical Leadership on Individual Ethical Behaviour	Accepted	Importance of clear criteria in the selection and/or promotion of individuals to leadership position.
H4	ICSR → (PCF) → PCE	Perceived CSR-Fit moderates the relationship between Integrated CSR and Perceived Corporate Ethics	Rejected	

5.3 Limitations and Future Studies

While the research has achieved its objectives, there are several limitations that could be further enhanced in future studies. Firstly, the sample characteristics in the current research are predominantly from the middle and senior management roles and limited representation from the Gen-Z, which has started to enter the job markets now. The sample consisted of reasonable balance in terms of gender, and length of service in organisation. Therefore, future studies could expand of the age groups in order to gain insights to the views of the youngest generation currently in the job markets. Besides, it would be insightful to have the views of junior executives and managers on the subjects, who would be closer to the ground where activities take place.

Another limitation was the two-item measurement scales applied for PCE and PCF. The items in the original scales were validated in several past studies but appeared to be cross-loaded in the present study. Future study can consider expanding on the original four-item scales, and to consider the cultural nuances that fit the Asian culture.

Besides, ICSR research is still a reasonably green field concept. More exploratory studies to gain greater insights on the matter can further accelerate adoption. Fundamentally, every organisation today would have already implemented some components of ICSR, the new body of knowledge can empower the businesses to address the adoption more holistically. Establishment of ICSR constructs can provide a consistent foundation for researchers to continue to expand on this subject. Mosca and Civera (2017) have introduced a great framework which can continue to be leveraged and expanded. Future studies can seek to formalise the ICSR scales to allow more researches into this field to allow comparability and generalisability. Academic researches will lay strong foundation for ICSR and helping businesses to achieve sustainable framework of operations that create positive social and environmental values instead of mitigating risks.

The current research failed to support the moderation effect of perceived CSR-Fit between integrated CSR and perceived corporate ethics. While this could be due the proximity of individuals to the tasks and hence the effect of cultural fit becomes insignificant, it is important not to lose sight of the importance of congruity of “say-do”. Therefore, future studies could seek to revalidate the role of CSR-Fit in the implementation of ICSR.

If future study could adopt a broad scale research, it would be interesting to conduct the same framework for a cross-countries comparison among the Asian countries. The cultural differences and economic maturity could reveal different insights that could make implementation of ICSR in different culture and industry smoother and quicker.

5.4 Conclusions

In conclusion, the research has expanded on the existing knowledge of integrated CSR and its influence towards individual ethical behaviour. It offers a path towards addressing the research problem statement as it confirmed that integrated CSR and ethical leadership - effectively a healthy ecosystem that can foster individual ethical behaviour. The findings also delivered answers to the four research questions. Firstly, integrated CSR does influence individual ethical behaviour, although it is fully mediated by individuals’ perception of corporate ethics, emphasising the importance of awareness and communication. Secondly, integrated CSR and ethical leadership are equally important in influencing individual ethical behaviour, based on the standardised coefficient beta. Thirdly, implementation of integrated CSR and the presence of ethical leadership improved perceived corporate ethics. Lastly, CSR-fit to corporate culture does not influence the relationships between ICSR and perceived corporate ethics, unlike the conventional CSR as the fit is no longer relevant when the individuals are also actors in the integrated CSR activities.

While Carroll placed economic responsibility as the foundation of the CSR pyramid, followed by legal responsibility and then ethical responsibility and lastly discretionary obligation, the researcher proposes that businesses need to be built on the foundation of ethics and sustainability. CSR is voluntary beyond legal obligations because it is impossible for legislations and regulations to stay relevant to all communities and yet tight enough to govern every aspect of business operation without restricting innovations and creativity. It is not the dilemma between “do well to do good” or “do good to do well”, but “do it right to do well, and where possible do good”. Every aspect of business operation has a role to play towards an ethical and sustainable workplace, and ultimately ethical and sustainable community. If ethical standard is not upheld in one of the functions or individuals, the broken wheel will ultimately lead to a halt if not breakdown of the ecosystem. CSR is a journey and not merely performance indicators to be reported in the annual financial reports or annual integrated reporting. Recent research revealed the loopholes of the Environmental, Social and Governance (ESG) rating system as some well-established global companies with excellent ESG ratings were found to be involved in massive deforestation which caused serious threats to the local communities (de Bassompierre, Kishan & Sguazzin, 2021).

Leveraging the current ICSR framework and continuous progress from the current philanthropy CSR to improving operational effectiveness to ultimately transforming into business model that is ethical and sustainable, businesses can achieve sustainability of people, planet and profit concurrently. Therefore, instead of putting off CSR with the excuse of lack of funds, businesses can start by looking internally to embark on the CSR journey, placing ethical considerations in every aspect of operations and naturally promoting reciprocal ethical behaviour from employees. It is also important to note that integrated CSR and ethical leadership are not panacea to all organisational ills as individuals’ ethical beliefs may dissuade them from following the right path. As a result, appropriate carrot-and-stick needs to be in place to reinforce the desired behaviours. Integrated CSR is one of the paths towards achieving sustainable development, as businesses looking internally to progressively eliminate unsustainable practices and finding solutions within the processes, products, policies and people management. With less than a decade away from the UN 2030 Agenda for Sustainable Development deadline, all members of the communities must cohesively ignite their engines towards the SDGs. When no one should be left behind in development, everyone, albeit individual or organisation must take accountability in achieving the goals.

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