

Adopting Consistent PLS in Assessing the Influence of Internal Corporate Social Responsibility among Small Medium Sized Enterprises Employees

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Abstract

The research paper uses Consistent Partial Least Square (PLSc) which emerges as a more robust statistical approach recently, in assessing the influence of Internal Corporate Social Responsibility (CSR) among Small Medium Sized Enterprises (SMEs) employees. A total of 383 responses were collected from SMEs employees located in the state of Selangor, Malaysia. The results for Standardized Root Mean Square Residual (SRMR = 0.040) was lower than 0.08 and the Normed Fit Index (NFI = 0.929) was higher than 0.90. Thus, it was deemed that the data fits the model well. The results indicate that Internal CSR could enhance employees' affective commitment, increase job satisfaction and thereby reduce turnover intention with R² recorded at 0.439, 0.410 and 0.275 respectively. Job satisfaction was found to be mediating the relationship between Internal CSR and turnover intention. The findings offer insights to SMEs in the manifestation of Internal CSR among employees' attitude and behaviour; as well as showcase the predictive utility of PLSc.

Keywords: *PLSc, Internal CSR, Affective commitment, Job satisfaction, Turnover intention, SMEs employees*

INTRODUCTION

Corporate Social Responsibility (CSR) has emerged as an interest of research among practitioners and researchers since the 1950s. Despite being an agenda of research for decades, the debates and discussion of CSR are still gaining substantial attention. The rationale for the continuous heated discussion is due to the agile business environment along with the evolution of CSR. Morgeson, Aguinis, Waldman, and Siegel (2013) highlighted that the understanding of CSR could be broadened by integrating organisational behaviour and human resource facet, instead of merely concentrating on firm financial performance. Aguinis and Glavas (2012) named this aspect as micro-foundations of CSR. Since the rise of CSR discussion till 21st centuries, the majority of the CSR research focus on the macro level of analysis (Aguinis and Glavas, 2012; Devinney, 2009; Siegel, 2009), which often labelled as External CSR. In light of this, this study aims to look into the micro level of CSR from the employees' perspective, namely Internal CSR.

The objective of this study is to examine the influence of Internal CSR among SMEs employees through the organisational behaviour aspect. Affective commitment and job satisfaction are claimed to be crucial organisational consequences in influencing employees' performance (Kim, Rhou, Uysal, and Kwon, 2017). In fact, the study by Koonmee, Singhapakdi, Virakul, and Lee (2010) has identified ethics, quality of work life, and job satisfaction as the intervening factors that would determine the competitiveness of an organisation when it comes to providing

benefits to stakeholders. In other words, ethical practices towards employees are vital for them in trusting their organisations. Hence, this study contributes by empirically investigating the influence of Internal CSR on employees' affective commitment and job satisfaction toward their turnover intention, which has very highly relevant today. The paper proceeds with the discussion on existing literature of four variables, theoretical paradigm, research model and hypotheses development, research methodology consideration, data analysis and results, conclusion and future research.

LITERATURE REVIEW

INTERNAL CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) has been in presence for almost four decades. According to *The Economist*, the CSR concept was emerged in the 1990s and bringing forward to the 2000s. Over the time span, scholars have heavily discussed its definition and the constructs that form the CSR domain (e.g. Bowen, 1953; Clarkson, 1994; Brown and Dacin, 1997; Carroll, 1999). Van Marrewijk (2003) explained that the rationale for the challenge is due to the vague definition of CSR, which could mean something, yet not always the same to everybody. Despite the challenges and differences, various management disciplines have recognised that CSR is pertinent in its respective contexts. Low (2015) added on that CSR had undergone enormous development since its inception and its' focus had gradually expanded to stakeholders' standpoint. This is congruence with Aguinis and Glavas (2012)'s assertions of the needs to understand CSR from the organisational behaviour domain. Every organisation consists of multiple stakeholders and employees are acknowledged as the primary stakeholder in CSR context. As such, it calls for the needs to understand and appreciate employee-centred CSR.

Given the past focus of CSR was in the shareholders, limited research is found on employee-centred CSR. As a result, a well-defined and established definition for employee-centred CSR is absent. Turker (2009a) was the pioneer researcher attempted to study employee-centred CSR and she named it as Internal CSR with the basis that employees are the internal primary stakeholder of organisation. According to Turker (2009a, 2009b), Internal CSR activities relate to any undertakings directly meant for the employees' well-being through the physical and psychological working environment. More recently, Mory, Wirtz and Göttel (2016) defined *Internal CSR* as socially responsible behaviour taken by organisation on its employees. Mory et al (2016) elucidated that the undertaking in Internal CSR initiatives as activities to foster employment stability, positive working environment, skills development, diversity, work-life balance, empowerment and tangible employee involvement. In this vein, employee-centred CSR initiatives include employee's safety, health and well-being, work-family relationship, training and involvement in the business and equal opportunities (Vives, 2006). Hence, Internal CSR is construed as socially responsible initiatives by an organisation towards its employees. These initiatives are observed and expressed in activities that provide positive working environment, inspiring development, workforce diversity, work-life balance, employee involvement, employment stability and employee retention. This definition is consistent with the definition of CSR and employee-centred CSR provided by the European Commission (2001), Castka, Balzarova, Bamber, and Sharp (2004) and Vives (2006).

AFFECTIVE COMMITMENT

Organisational commitment often been given much attention understanding employees' behaviour. Many past research (e.g., Paterson, 2004; Brammer, Millington, and Rayton, 2007; Bauman and Skitka, 2012) uncovered that an organisation's CSR practices have impactful influence on its employees' organisational commitment. Commonly, organisational commitment is considered as the psychological attachment an individual feel for the organisation (O'Reilly and Chatman, 1986) and often referred to as a person's affective reaction to characteristics of the organisation he or she attached to (Cook and Wall, 1980). Organisational commitment is classified as affective commitment, normative commitment and continuance commitment. Affective commitment is regarded as an emotional commitment and more positive in nature. Employees who display high affective commitment would stay at their job because they want to stay. In normative commitment, employees remain as part of the organisation owing to his or her feeling of moral duty or responsibility for the continuous relationship with the organisation (Meyer & Smith, 2000). Meanwhile, normative commitment is more like a sense of obligation and implicit rules which conform to the social norm. Employees who are strong in normative commitment feel that they should continue the relationship for moral or responsibility related reasons (Bansal, Irving and Taylor, 2004, Gruen, Summers and Acito, 2000).

Referring to Allen and Meyer (1990)'s findings, although these three approaches of organisational commitment are commonly related to the employee and organisation that declines in turnover intention, it is clear that the nature of each relationship differs. Affective commitment was the common organisation commitment dimension found to be significant in studies concerning CSR (e.g., Morty et al, 2016; Turker, 2009b). In fact, affective commitment was the critical determinant of employees' dedication and loyalty towards the organisation as compared to continuance and normative commitment (Ditlev-Simonsen, 2015). Affective commitment is a measurable parameter in assessing employees' identification with the organisation that facilitates their intention to stay or leave. It is the organisational variables predict employees' organisational commitment. Present study undertakes to explore the influence of Internal CSR being an organisational factor that affect the employees' affective commitment, which is a positive voluntary basis for turnover intention. Based on this justification, affective commitment was chosen in this study and not normative nor continuance commitment.

JOB SATISFACTION

Many well established research has confirmed that job satisfaction shown significant negative relation with employees' turnover intention. Job satisfaction continues as an interest of many researchers due to the increased complexity and competitiveness of workplace. In the social responsibility standpoint, Morgeson et al(2013) informed that there are cross-level direct effects between a firm's CSR policies and an individual's job satisfaction. This is compatible with Edman (2012)'s assertion that there is a direct relation between firm value and job satisfaction. This finding is helpful for managers in firms' overall internal business strategy particularly human resource management. Edman (2012) elaborated that it is getting more difficult for organisation to quantify employees' task particularly services inclined industry. The main challenges arise from the advanced technology driven working environment, more complicated and stifle competition at workplace. In relation to this, Edman (2012) uncovered that extrinsic motivators have become less effective and being taken over by intrinsic motivators such as job satisfaction. A satisfying workplace produces ample positive outcomes

such as fostering job embeddedness (Mitchell, Holtom, Lee, Sablinski, and Erez, 2001) and retention of capable employees. Hence, job satisfaction is being examined as one of the consequences of Internal CSR in assessing employees' turnover intention.

THEORETICAL PARADIGM: STAKEHOLDER THEORY AND SOCIAL EXCHANGE THEORY

The present study is developed from two main theories, i.e., Stakeholder Theory and Social Exchange Theory. Drawing from the assertion of Stakeholder Theory, firms have relationships with many constituent groups that rested interest in the undertakings and outcomes of firm (Margolis and Walsh, 2003; Donaldson and Preston, 1995). These multiple groups of stakeholders have mutual effects of undertakings by the firm and vice versa. Therefore, firms and policymakers should often consider the needs of the multiple stakeholder entities or constituent groups who have rested interest in the firm's undertakings and outcomes. Through the morality standpoint of CSR, Stakeholder Theory implies that firms/ managers should recognize and serve the interests of a wider group of constituent stakeholders (Aguinis et al, 2012; Jones, Felps, and Bigley, 2007), including but not limited to employees, customers, suppliers, environmentalists, the community as whole, and owners/shareholders. The implementation of Internal CSR that focuses on the employees' well-being through physical and psychological working environment are expected to have positive impacts on these multiple stakeholders through the chain effects.

Social Exchange Theory by Blau (1964) and Homans (1961) highlighted the positive impacts of reciprocity between firms and employees. The norm of reciprocity is referred to the inter relations among human resource practices, trust-in-management and employee commitment (Wayne, Shore and Liden, 1997, Settoon, Bennett and Liden, 1996, Eisenberger, Fasolo and Davis-LaMastro, 1990). Employees valued affirmative treatment while, employers seek dedication and commitment (Coyle-Shapiro and Shore, 2007). Internal CSR initiatives create trust in the employee toward the firm and in turn results in greater employee commitment. Empirical evidences (eg. Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades, 2001; Wayne et al, 1997) support this successive order of reciprocation. Employees develop a sense of obligation through Social Exchange Theory by involving in productive work behaviours due to rewarding Internal CSR initiatives.

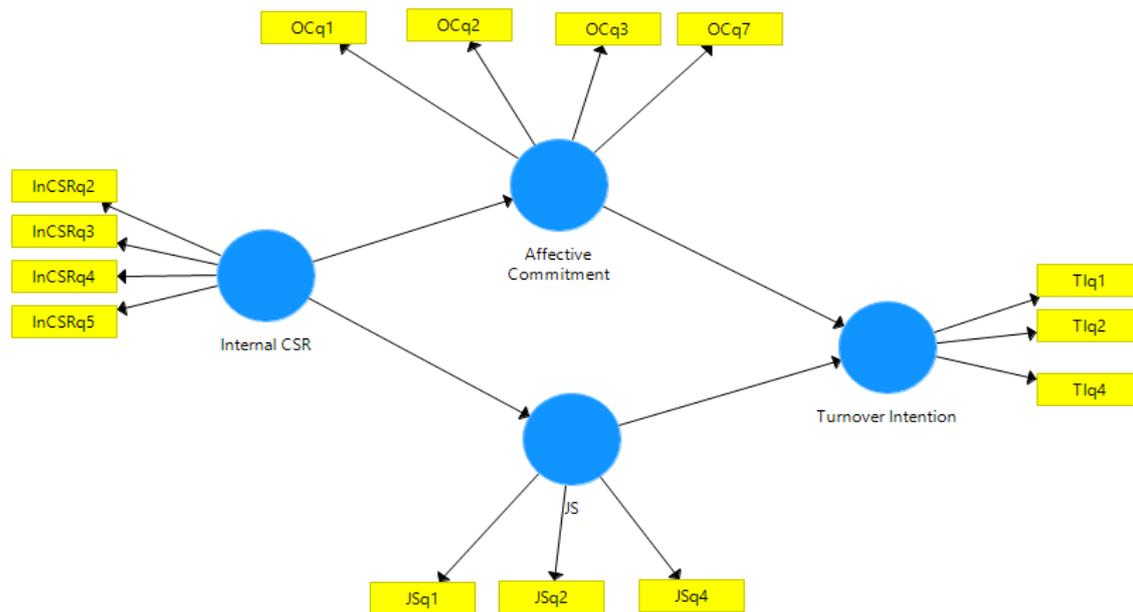


Figure 1 : Research Model

Generally, human resource is a special consideration of an internal function linking internal activities and processes in an organisation. Internal CSR initiatives therefore are considered as internal activities emphasizing on employees' well-being to produce domino effects. Social Exchange Theory clarifies the norm of reciprocity between organisation and employees (Gouldner, 1960). Sequences of reciprocation develop to stronger social relationship when employees appreciate valuable treatment from organisation, while organisation seeks dedication and commitment from employees (Coyle-Shapiro and Shore, 2007). The implementation of Internal CSR initiatives is considered as favourable human resource management practices to employees. As a result, employees are more committed to the organisation. The increased level of commitment is reflected in emotional commitment identified as affective commitment based on Allen and Meyer (1996) definition. Employees with high affective commitment remain in the organisation due to their own willingness and want to stay. Mishra and Suar (2010) added on that human resource practices that cover compensation policy, working environments, and elimination of forced/child labour are construed as firm's internal CSR initiatives. Park and Ghauri (2015) explained that firms that able to satisfy employees could increase their job satisfaction and commitment, thereby improve firms' financial and non-financial performance. Therefore, the following hypotheses are formulated:

Hypothesis 1 : Internal CSR positively influences Affective commitment.

Hypothesis 2: Internal CSR positively influences Job satisfaction.

Hypothesis 3: Affective commitment negatively influence Turnover intention.

Hypothesis 4: Job satisfaction negatively influence Turnover intention

Today competitive and complicated working environment have make all more difficult in retaining capable employees. Numerous past research has uncovered that job satisfaction is necessary to promote functional employees' behaviour. However, there is mixed research findings on the association between organisational commitment and job satisfaction in term of the antecedent variable (Meyer, Stanley, Herscovitch and Topolnytsky, 2002; Mathieu and

Zajac, 1990). According to Leite, Rodrigues, and Albuquerque (2014), the model of antecedent variables depends on the individual, context, and work characteristics. Their findings revealed that job satisfaction with extrinsic reward does not predict organisational commitment while job satisfaction with interpersonal relationship explains organisational commitment. Nevertheless, they found that organisational commitment has a direct effect on job satisfaction. Namasivayam and Zhao (2007) argued that organisational commitment has a mediation effect on work related role. Borges-Andrade and Pilati (2001) explained that due to the inconclusive findings on satisfaction, the study of organisational commitment holds advantages over the study of job satisfaction as a predictive variable. Consequently, Garland, McCarty and Zhao (2009) emphasized that the influence of predictive factors on job satisfaction and organisational commitment vary among the groups and context. In the organisation perspective, satisfied employees mean a motivated and committed workforce which enhance high quality performance. From the reviewed literature, one can infer that both organisational commitment and job satisfaction have the prominent position in organisational behaviour studies. As such, the following hypotheses are formed to assess the mediation effects of affective commitment and job satisfaction in the relationships between Internal CSR and Turnover intention:

Hypothesis 5: Affective commitment mediates the relationship between Internal CSR and Turnover intention.

Hypothesis 6: Job satisfaction mediates the relationship between Internal CSR and Turnover intention.

RESEARCH DESIGN AND RESEARCH METHODOLOGY CONSIDERATION

Cross-sectional study uses data that are collected in a single point of time, which is the nature of current study. Self-administered questionnaire was used to collect data from the target respondents through non-probability purposive sampling method. The employee is the unit of analysis in this study based on their important roles in every organisation and the anticipation of expected benefit of Internal CSR initiatives. The employees are being selected from the state of Selangor in Malaysia in view of the highest number of SMEs establishment in Malaysia is recorded in Selangor. G*Power 3.1 software (Faul, Erdfelder, Buchner, and Lang, 2009) was used to calculate the sample size with $f^2 = 0.15$ (medium), $\alpha = 0.05$ and number of predictors = 2 and the power was set at 80% (Gefen, Rigdon, and Straub, 2011), the sample size required to test the model was 110. A total of 600 questionnaires were sent to SMEs in Selangor and successful received 383 sets of completed questionnaires which translate to 63.8% of response rate. The questionnaire was divided into 2 sections, namely Section A (respondents' profile) and Section B (questions about Internal CSR, Affective commitment, Job satisfaction and Turnover intention). The items of Internal CSR initiatives were adopted from Turker (2009a, b), while Affective commitment and Job satisfaction were adopted from Allen and Meyer (1990) and Brayfield and Rothe (1951) respectively. Turnover intention measures were adopted from Mobley (1977). Respondents were asked to indicate their level of agreement based on 6 points Likert scale with 1 for "Strongly disagree", 2 for "Moderately disagree", 3 for "Slightly disagree", 4 for "Slightly agree", 5 for "Moderately agree" and 6 for "Strongly agree".

Churchill (1999) and Malhotra (1996) outlined that there are three types of research predominant in social sciences, i.e., exploratory, descriptive and causal. Considering present study aims to explore the influence of Internal CSR initiatives on organisational behaviour variables and to confirm the underpinning Stakeholder Theory as well as Social Exchange

Theory, Consistent Partial Least Squares (PLSc) is deemed appropriate to run the statistical analysis.

Recently, there are many debates and updates concerning the use of traditional PLS and PLSc. Regardless of the former or later, researchers must firstly able to clearly understand and define the measurement model used whether it is reflective and formative measurement model. In behavioural sciences, factor model that address true score theory has been the main measurement model in measuring latent constructs such as attitude or personality traits (McDonlad, 1996). Researchers should be caution when a construct consist of factor model background because random measurement error is likely to be an issue. Therefore, it is often advice to use the common factor model estimation method, i.e., covariance-based SEM (CB-SEM) instead of composite model estimation method through PLS. However, assessing common factor model with not normally distributed data posits a challenge by means of CB-SEM. This predicament leads to the introduction of PLSc by Dijkstra and Henseler (2015a, b) which offer a better solution in estimating factor model (reflective measurement) to rectify the inconsistent results from traditional PLS algorithm. According to Cheah, Memon, Chuah, Ting and Ramayah (2018), PLSc is more robust compares to traditional PLS is estimating convergent validity and path coefficients and therefore yield better power in terms of coefficient of determination, R^2 and effect size, f^2 . Sarstedt, Hair, Ringle, Thiele, and Gudergan (2016) also confirmed that PLSc is a better alternative compared to traditional PLS under the circumstances of having more indicators, higher loadings, and relatively bigger sample size (>250). Based on the recent updates and the nature of current research which suit into the circumstances of PLSc, it is being adopted to perform the statistical analysis.

DATA ANALYSIS AND RESULTS

The analysis commenced with the confirmation of non-parametric data distribution by using the software available at: <https://webpower.psychstat.org/models/kurtosis/results.php?url=208d82102e787f9bb23324fe093e0051> proposed by Hair, Hult, Ringle, and Sarstedt (2017) to assess the multivariate skewness and kurtosis. The results revealed that the data was not multivariate normal with Mardia's multivariate skewness ($\beta=34.867$, $p < 0.01$) and Mardia's multivariate skewness ($\beta=32.156$, $p < 0.01$). Hence, SmartPLS which is non-parametric analysis software is appropriate in current context. Variance-based Structural Equation Modeling (VB-SEM) promises favourable convergence behaviour (Henseler, 2010) and also better handling of reflective measurement model in PLSc mode (Djukstra and Henseler, 2015b), as such, PLSc was adopted.

The model assessment started with the overall goodness-of-fit (GoF) with saturation model refers to all constructs correlate freely in the structural model. Standardized Root Mean Square Residual (SRMR) is the difference between the observed correlation and the model implied correlation matrix with values less than 0.08 (Hu and Bentler, 1998) are considered a good fit. Dijkstra and Henseler (2015a; 2015b) suggested the d_{LS} (i.e., the squared Euclidean distance) and d_G (i.e., the geodesic distance) as the two different ways to compute this discrepancy. A model fits well if the difference between the correlation matrix implied by the model being tested and the empirical correlation matrix is so small that it can be purely attributed to sampling error thus the difference between the correlation matrix implied by your model and the empirical correlation matrix should be non-significant ($p > 0.05$). Henseler et al. (2016) that d_{ULS} and $d_G <$ than the 95% bootstrapped quantile (HI 95% of d_{ULS} and HI 95% of d_G). Normed fit index (NFI) an incremental fit measure which computes the Chi-square value of

the proposed model and compares it against a meaningful benchmark (Bentler and Bonett, 1980). NFI values above 0.9 represent acceptable fit. The results as are exhibited in Table 1 inform that the research model fit the data.

Table 1 : Global Goodness of Fit

	Saturated Model
SRMR	0.040
d_ ULS	0.168
d_ G1	0.156
NFI	0.929

MEASUREMENT MODEL ANALYSIS

The measurement model assessment continued with convergent validity and discriminant validity assessment. The results shown in Table 2 are satisfactory with item outer loading higher than 0.7, Cronbach's alpha (α) (>0.8), Dijkstra–Henseler's ρ_A (>0.7), composite reliability (>0.8) and Average Variances Extracted (AVE) (>0.5) as suggested in past established literature pointing to relatively higher internal consistency reliability of the construct scores. The results of the outer loadings showed that six items (Internal CSR1, JS3, AC4, AC5, AC6 and TI3) were removed in the scale refinement process. The construct measurement assessment indicates reliability and convergent validity are established.

Table 2: Reliability and Convergent Validity

Construct	Item	Loading	Cronbach's Alpha	Dijkstra-Henseler's ρ_A	Composite Reliability	Average Variance Extracted (AVE)
Internal CSR	InCSRq2	0.670	0.873	0.884	0.873	0.634
	InCSRq3	0.888				
	InCSRq4	0.872				
	InCSRq5	0.735				
Job satisfaction	JSq1	0.907	0.905	0.907	0.906	0.762
	JSq2	0.831				
	JSq4	0.879				
Affective commitment	ACq1	0.885	0.866	0.872	0.866	0.619
	ACq2	0.795				
	ACq3	0.725				
	ACq7	0.733				
Turnover intention	TIq1	0.983	0.878	0.902	0.882	0.717
	TIq2	0.82				
	TIq4	0.715				

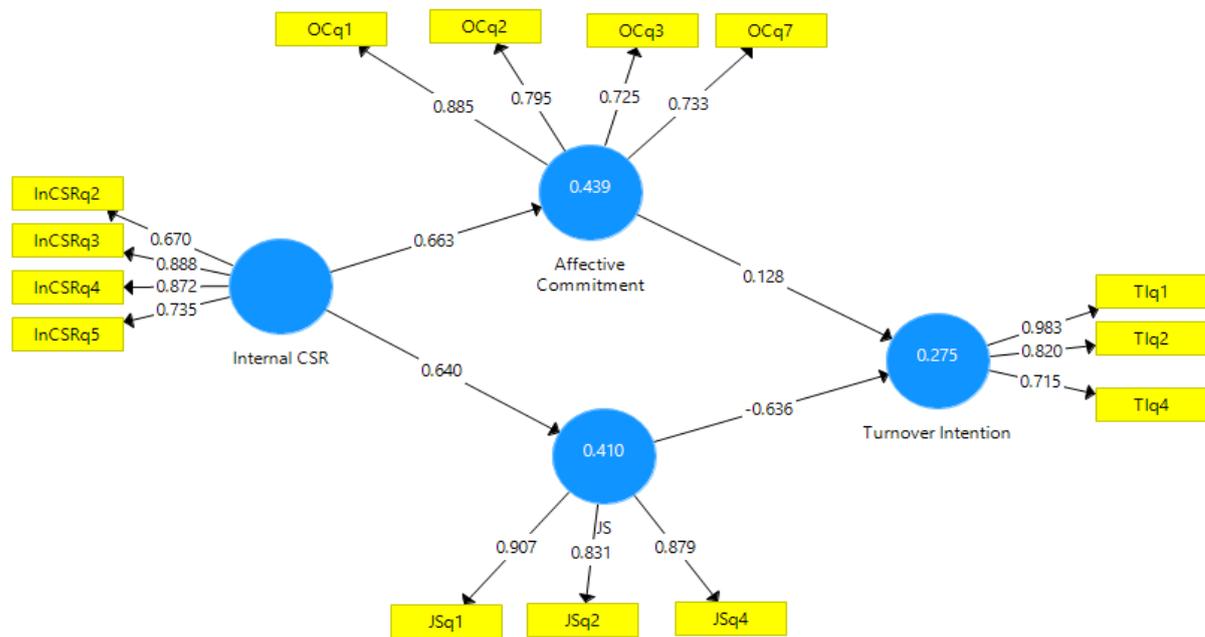


Figure 2: Measurement Model Results

In terms of discriminant validity, it is suggested that the heterotrait–monotrait ratio of correlations (HTMT) to be adopted as a better-suited criterion to assess discriminant validity (Henseler et al., 2015). If the HTMT value is greater than HTMT.85 value of 0.85 (Kline 2011), or HTMT.90 value of 0.90 (Gold et al. 2001), researchers would have to deal with the problem of discriminant validity. As all the values passed the HTMT0.90 (Gold et al., 2001) and also the HTMT0.85 (Kline, 2011) as per Table 3, thus demonstrating that discriminant validity has been ascertained.

Table 3: HTMT for Discriminant Validity

	Affective commitment	Internal CSR	Job satisfaction	Turnover intention
Affective commitment				
Internal CSR	0.663			
Job satisfaction	0.895	0.638		
Turnover intention	0.432	0.279	0.521	

STRUCTURAL MODEL ANALYSIS

Before proceeding to structural model evaluation, the model is subject to collinearity test. Table 4 present the outcome of the collinearity test of the inner model. The Variance Inflation Factor (VIF) values for all the constructs are below 5, which indicates that collinearity issue in does not present in this study (Diamantopoulous and Sigauw, 2006)

Table 3: Collinearity Assessment for Structural Model

Construct	VIF
Affective commitment	1.742
Internal CSR	1.000
Job satisfaction	1.474

There are six hypotheses developed to assess the influence of Internal CSR initiatives towards the organisational behaviours with four direct effect hypotheses represented in H1 to H4 and two indirect effect hypotheses namely H5 and H6. All the hypotheses follow the procedure of structural model evaluation recommended by Hair, *et al.* (2017) to review R², beta (β) and the corresponding *t*-values via a bootstrapping procedure. In addition, Hair, *et al.* (2017) also suggested to report the effect size, f² because a *p*-value can inform the reader whether an effect exists but do not reveal the size of the effect (Sullivan and Feinn, 2012). In this regard, both the substantive significance (effect size) and statistical significance (*p*-value) are essential results to be reported.

The indirect effects of the model are illustrated in the mediation effect of Affective commitment and Job satisfaction. Preacher and Hayes (2008, 2004) approach uses bootstrapping procedure to testing for mediating indirect effect. Zhao, Lynch and Chen (2010) and Hayes (2009) explained that bootstrapping is a nonparametric resampling procedures has been recognised as one of the more rigorous and powerful methods to test mediating effects. The bootstrapping analysis showed that the indirect effect of Affective commitment, β = 0.085 was not significant at a *t* value of 0.751 with *p* > 0.05. In term of the bootstrapping analysis of the indirect effect of Job satisfaction, β = -0.407 was significant at a *t* value of 3.481 with *p* < 0.05. Preacher and Hayes (2008) indicated that the indirect effect of -0.407, 95% Boot CI: [LL= -0.662, UL = -0.222] which does not straddle a zero in between signifying that Job satisfaction mediates the relationship between Internal CSR initiatives and Turnover intention. Overall, the results reveal that H1, H2, H4 and H6 are supported with *t* value higher than 1.96 while H3 and H5 are not supported as exhibited in Table 4.

The results show that 43.9% of the variance in Affective commitment is explained by Internal CSR initiatives. Meanwhile, 27.5% of the variance in Turnover intention being the endogenous variable of the research model are explained by Internal CSR initiatives, Affective commitment and Job satisfaction. Among the constructs, Internal CSR has large effect size (f² = 0.784), followed by medium effect size of Job satisfaction (f² = 0.111), and Affective commitment ((f² = 0.004). This indicates that the former is more important than the latter in explaining Turnover intention.

Table 4: Structural Model Results, R² and f²

Direct Hypothesis	Standard beta	<i>t</i> value	<i>p</i> value	Decision	R ²	Effect size f ²
H1: Internal CSR -> Affective Commitment	0.663	12.452	0.000	Supported	0.439	0.004
H2: Internal CSR -> JS	0.640	12.257	0.000	Supported	0.410	0.784
H3: Affective Commitment -> Turnover Intention	0.128	0.732	0.465	Not Supported	0.275	
H4: JS -> Turnover Intention	-0.636	3.522	0.000	Supported		0.111
	Standard Beta	<i>t</i> value	<i>p</i> value	CIBC	CIBC	Decision
Indirect Hypothesis				2.5%	97.5%	
H5: Affective Commitment mediates relationship between Internal CSR and Turnover Intention	0.085	0.751	0.453	-0.104	0.351	Not supported

H6: Job satisfaction mediates relationship between Internal CSR and Turnover Intention	-0.407	3.481	0.001	-0.662	-0.222	Supported
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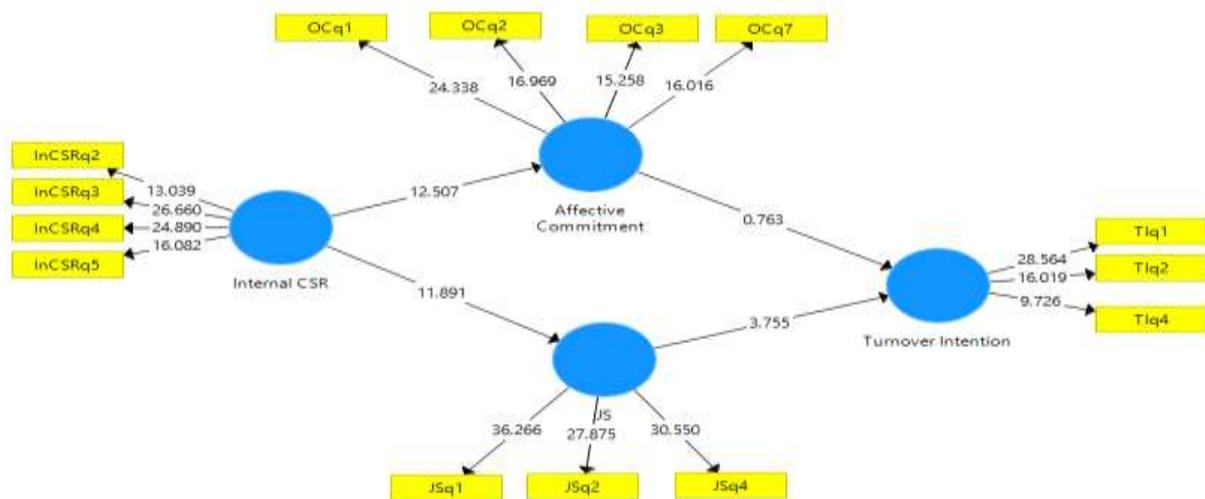


Figure 3: Bootstrapping Results

CONCLUSIONS AND FUTURE RESEARCH

This paper aims to examine the influence of Internal CSR among the SMEs employees’ attitude and behaviour. The results confirm the influence of Internal CSR initiatives through Stakeholder Theory and its’ influence towards employees’ attitude and behaviour by mean of Social Exchange Theory. The results also endorse PLSc’ robustness in explaining and predicting the influence of Internal CSR initiatives. PLSc is capable to produce identical results like CB-SEM which bridge the gap between factor model and composite model (Goodhue et al., 2012; Dijkstra and Henseler 2015a, b) which produce true parameter values by increasing the power and at the same time reduce Type II error in reflective model. Cheah, et. al. (2018) added on that PLSc able to explain more than half of the variation in endogenous variable, where Turnover intention is the case of present study.

This paper concludes with three contributions. Firstly, it reveals that Internal CSR initiatives produces and manifests positive outcomes among the SMEs employees by enhanced affective commitment and higher job satisfaction. Employees who have strong affective commitment would choose to stay in the organisation. In current technology driven and highly competitive business landscape, employees’ retention is particularly important for SMEs. The domino effect of committed workforce could also significantly reduce employees’ absenteeism and turnover, which counterproductive to any firms. The similar effects are observed in the case of job satisfaction. Internal CSR has positively affected employees’ job satisfaction too. This is congruent with Social Exchange Theory that when employees’ felt that they are being appreciated through Internal CSR initiatives, their level of job satisfaction are increased.

Secondly, present study had identified that job satisfaction is mediating the relationship between Internal CSR and turnover intention, but not affective commitment. This finding is consistent with most past research that job satisfaction is having the mediator’s role and direct effect in the organisational behaviour studies. In this regard, it is compatible to Leite,

Rodrigues, and Albuquerque (2014) explanation that the model of antecedent variables is varied according to the individual, context, and work characteristics. The findings explain that the implementation of Internal CSR increased employees' satisfaction. The rationale of the results supported the argument by Edman (2012) that it is more effective to predictive employees' satisfaction based on intrinsic reward as compared to extrinsic reward. The implementation of Internal CSR exhibits the care and concern by the organisation towards the well-being of employees that is reciprocated through lower turnover intention.

This study also fills up the macro-micro gaps of CSR research from focusing the macro perspective of firms' performance to the micro perspective of employees-centred CSR activities. It contributes by enriching the existing knowledge about social exchange relationships in organisational context, and responds to the need to understand underpinning mechanisms that linking CSR to employees' organisational outcomes through Internal CSR practices in a holistic stakeholder perspective.

Like any other research that concern over generalising the results, present study was conducted using non-probability sampling method in Malaysian SMEs. Hence, generalisability could be enhanced in future research through probability sampling and include other larger business organisations. In addition, the findings from this study are based on cross-sectional data which looked at a snapshot of this model. A longitudinal study is recommended for future study to investigate the research model in different time frame in order to make a comparison in terms of size and time span in order to provide more insights of Internal CSR in various perspectives.

Finally, this study met the manifold of this paper in adopting PLS-Sc to examine the influence of Internal CSR initiatives in SMEs employees through affective commitment and job satisfaction to alternately reduce turnover intention.

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