

ABSTRACT

Corporate social responsibility (CSR) has garnered much attention, bringing into discussions its impacts in various economic, social and political contexts, in both business and academic communities. Substantial research have been conducted with CSR in an instrumental perspective from organisational level, focusing on CSR's impact on marketing and financial performance of firms. Increasingly more studies have been shifting to focus on the micro level, and its overall influence to internal stakeholders, with research findings indicating CSR has a positive effect on Employee Loyalty (Bhattacharya, et al., 2011; Valentine & Fleischman, 2007). Further to this, many scholarly discussions shared a similar view that CSR must be embedded into a firm's business strategy and the Organisational Culture to drive positive outcomes for employee attitudes such as loyalty (Porter & Kramer, 2006). Thus, it is imperative to investigate empirically the effects of Organisational Culture on the relationship between CSR and Employee Loyalty.

Kramer and Porter argued CSR has the purpose of aligning the firm's interests to generate a sense of shared value with employee (Porter & Kramer, 2006), which is a crucial factor in facilitating better relationships, create greater chance for higher employee performance and consequently, better organisational performance. As shared value is often reflected in Organisational Culture, Organisational Culture is identified as an important factor to evaluate relating to CSR-fostered Loyalty.

With the new generation of workforce being more accustomed to, and influenced by, values of acting socially responsible, firms are compelled to re-evaluate their approaches in capacity building, talent acquisition, development, and retention. Further, in addition to the high cost of replacing an employee, there are intangible costs to staff attrition as well as the implicit cost in realignment of human resources. Consequently, CSR has progressively been considered as a strategic instrument for HRM in organisations. It is therefore imperative for organisations and their leaderships, to have a more comprehensive understanding of, the interrelationships between **CSR, Organisational Culture** and Employee Loyalty, to formulate 'best fit' strategies with regards to CSR implementations.

In this study, Employee Loyalty is set out as a main construct for analysis. Talent retention will be a principal business outcome for subsequent discussions. A mixed-method research approach was employed, with quantitative research method first conducted to gather empirical data on employees' perception on 4 different dimensions of **CSR**, 4 different dimensions of Organisational Culture, and Employee Loyalty, prior to a qualitative research study. A survey of 382 respondents was conducted to better understand the interrelationships between CSR, Organisational Culture, and Employee Loyalty.

The survey results indicated, as expected, different types of CSR elicit different strengths of effect on Employee Loyalty, with Employee-related CSR having the strongest effect. Organisational culture, likewise, also shows different strengths of effect on Employee Loyalty, with Employee-

oriented Culture having significant, and highest, effect on Loyalty. Further, statistical findings establish that, certain interaction effects between CSR and Organisational Culture, namely, Product and Service-related CSR and Outcome-oriented Organisational Culture, Corporate Governance-related CSR and Innovation-oriented Organisational Culture, Employee-related CSR and Employee-oriented Organisational Culture, Employee-related CSR and Innovation-oriented Organisational Culture, are significant, to Employee Loyalty.

Subsequently, different levels of employees were invited to participate in interviews under the qualitative research part of the study, to discuss their lived experiences in order to gain more insights into the results of the quantitative findings.

Chapter 1. Introduction

Apparel industry is one of the most significant industries in the region. In recent years, the apparel industry has evolved from the traditional manufacturing model, with more advanced R&D and technological advancement such as automation, sustainable manufacturing processes integrated in the upstream and downstream industry chain. Companies have introduced smart manufacturing that can improve quality, efficiency as well as with increased product value. With the re-industrialization and industry 4.0 the garment industry has also evolved into a blend of manufacturing and a new service model, combining smart manufacturing and data analysis to provide new product development as well as production services to customers. As such, there has been an increased demand for knowledge-based workers in the newly reformed industry.

According to the Hong Kong Institute of Human Resources (HKIHRM, 2018), the staff turnover rate in Hong Kong for the full year of 2017, upon the initiation of Guangdong-Hong Kong-Macau co-operation framework for the development of the Greater Bay Area, was at 23.5%, a significant increase from the average percentages of teens in the preceding years. The high turnover rate can be attributed to the increased business activities with the integration of Hong Kong into the Greater Bay Area of China, which resulted in the increased demand for knowledge-based workers within the region. With the ever-deepening integration of Hong Kong into the Greater Bay Area in both political and economic sense, it has become increasingly a necessity for human resource management to enhance their practices and

strategies to assimilate workforce that is from vastly different backgrounds in the region.

To mitigate high turnover firms are more inclined to utilise other strategic management tools such as CSR, to maximise positive outcomes for employee attitude such as Employee Loyalty. As Kramer and Porter suggested one prerequisite for the success in generating positive outcome with CSR implementation is that, for CSR to be embedded in a firm's business strategy and Organisational Culture (Porter & Kramer, 2006), it is essential to investigate further, the best approach in aligning business strategies and company cultures with specific types of CSR initiatives.

Further, this study aims to focus on the industry contributing to RMB 10 trillion GDP in the region in 2017 (Constitutional and Mainland Affairs Bureau, 2018), the manufacturing and service industry relating to the apparel sector, to investigate the relationships between CSR, Organisational Culture, and Employee Loyalty amongst knowledge-based workers. Despite varied value chain activities being conducted within the sector, the four dimensions in Carroll's Pyramid of Corporate Social Responsibility (Carroll, 1991), which this study adapt and base the investigation of CSR dimensions on, are nonetheless applicable to the business activities conducted. As this study focus on the employee perspective, and previous findings on CSR-fostered Employee Loyalty in the service industry are consistent with that of the manufacturing industry (Hejjas, et al., 2018; Chaudhary, 2017), it is therefore deemed appropriate to conduct the study on the specified industries for the scope of this research.

The researcher has over 20 years of experience in the apparel industry, working in senior positions in MNC across 3 continents, in Italy, France, US, Japan, Hong Kong and China. His notable experiences include assuming a senior position at an US apparel firm managing its Chinese operations and its relationship with joint ventures and licensees in the Greater China region; as the head of the Asia pacific operation for an 80-year-old French heritage apparel brand; as well as an executive director of an apparel OEM/ODM company which is listed in the Hong Kong Stock Exchange. Owing to his multi-cultural management experience he also has unique and profound insights in relations to human resources management and implementations of CSR in various departments, of different functions in the industry, across different Organisational Cultures and geographic locations. The researcher's rich experience lays robust foundation for the investigation into the relationships between CSR, Organisational Culture and Employee Loyalty in the apparel industry.

1.1 The China Context

One prevailing assumption with the proposition of CSR generating empowerment through doing good deed for the society (Prutina, 2016) is that the motivation of CSR motivation is stemmed from valuing individual and society. However, in Eastern societies such as China the expectations to social responsibility is purported to be different, owing to the less defined roles of business organisations in society (Wei, et al., 2014). Further to this, as the value framework in Confucius collectivistic societies differs significantly to Western societies, employees' behaviour influenced by CSR

motivation, as well as Organisational Culture can be expected to show unconformity.

Under the unique institutional contexts of China which the official goal of a 'Harmonious Society' and 'Gongtong fuyu (common prosperity)' are advocated by the government, socially responsible activities were much initiated by the state. Pressures on public and private enterprises for CSR practices are exerted by the government, thus, CSR actions could be seen as institutional obligations rather than voluntary actions. Under this premise, it is theorised that Chinese employees' sensitivity and perception to CSR differ from their Western counterpart, thereby affecting CSR-generated loyalty differently.

One other consideration is that as proposed by Hofstede (Hofstede, 2001), in collectivistic societies such as Confucius societies, individuals put more value in the firm's interests over their own. Benefiting the organisation is seen as a core duty for employees at an individual level in these societies (Becton & Field, 2009). Thus, in contrast to the individualistic societies in the West where individual's perceptions of CSR may directly impact Employee Loyalty through value congruence (Bhattacharya, et al., 2011; Valentine & Fleischman, 2007; Porter & Kramer, 2006), it is theorised in this study that, in Confucius societies with collectivistic characteristics, employees' perception of CSR practices would affect organisational behaviour of employees differently. For instance, in the case of a company with Organisational Culture of inherent incongruent characteristics to the specific type of CSR implemented, we can deduct that the CSR initiatives implemented will generate significantly lesser positive effect, or even

negative impact, in Employee Loyalty, as CSR in this context might not be seen as a core factor in benefitting the organisation on the whole from employees' perspective.

Further, the inconsistent findings between Wei's (Wei, et al., 2014) study of Taiwanese and Canadian firms and Lo et al.'s (Lo, et al., 2008) study of Chinese and American firms in describing the relationships between CSR and Employee Loyalty suggest that Organisational Culture and other contextual factors may affect the relationships. Although the conventional view of positive relationships between CSR and Employee Loyalty are largely accepted, inconsistencies arise when specific types of CSR and organisational contexts are looked at more closely. Thus, further investigation with considerations of these factors, specifically Organisational Culture, is warranted and will be examined further in this study.

1.2 Problem Statements and Research Questions

This study aims to identify the interrelations among employee perception on CSR, Organisational Culture, and Employee Loyalty in the Chinese context. Building on analysis within literature review, this study sets out to explore and answer the research questions which are as follows:

1. Do employee perceptions of their organisation's CSR activities affect their loyalty?
2. Do employee perceptions of their organisation's different categories of CSR activities have different strengths of effect on their loyalty?

3. Why different types of CSR activities affect Employee Loyalty differently and what is the underlying mechanism that contributes to this phenomenon?
4. Does Organisational Culture affect Employee Loyalty and how?
5. Do employee perceptions of Organisational Culture affect employee perception of CSR?
6. Do the effects of employee perception of their company's CSR activities on Employee Loyalty change in different organisational culture?
7. Why and how CSR activities under different organisational culture impact Employee Loyalty differently?

Specifically, this study investigates:

- The effect of different types of perceived CSR activities on Employee Loyalty, and the interaction effect of Organisational Culture on Employee Loyalty, in the Chinese context.

The objectives of this study are as follows:

- To empirically measure the effects of various types of perceived CSR activities on Employee Loyalty
- To identify combinations of elements of CSR practices and Organisational Culture that elicit Employee Loyalty more effectively in the Chinese context.

1.3 Research Model and Hypotheses

This study is focused on the construct of employee perception of CSR, and the nature and extent to which it, along with second construct Organisational Culture, hereafter also 'OC', may impact an employee's loyalty towards his/her organisation. This subchapter sets out the theoretical framework on which this research study is based. Basing on literature review on CSR, OC, Employee Loyalty, Stakeholder Theory and Social Identity Theory, the theoretical framework formulated around the relationships between the constructs are further explored and refined through a mixed method research in the study.

As Glavas (2012) suggested, perception is recognised as a fundamental unit of observation when understanding behaviour (Glavas, 2012). As such, employee's perception will be the principal area of investigation in this study. Employee perception of CSR practice is categorised into (a) Environmental-related, (b) Product and Service-related, (c) Corporate Governance-related, (d) Employee-related (adopted from Yang and Basile, 2019; Turker, 2009); 4 dimensions of Organisational Culture Profile are deducted from O'Reilly et al's Organisational Culture Profile framework as (i) Outcome-oriented, (ii) Customer-oriented, (iii) Employee-oriented, (iv) Innovation-oriented (O'Reilly, et al., 1991). These were analysed and validated as instruments to investigate the correlations between employee perception of CSR and Employee Loyalty and the mediating and moderating effects of OC.

As the effect of CSR on Employee Loyalty has been well established (Brammer et al., 2007), the interrelations between CSR, OC and Employee Loyalty have been less well examined. Thus, a key focus of this study is to,

investigate effects CSR has on Employee Loyalty, along with the effects of Organisational Culture, on CSR, Loyalty, and its moderation effect on the relationship between CSR and Loyalty. The impacts of CSR on Employee Loyalty through *functional, emotional, and meaning and morality benefits* are first examined, before the moderation effects of Organisational Culture on CSR and Employee Loyalty are investigated.

As previous studies suggest, Organisational Culture and CSR are multi-dimensional (Rupp & Mallory, 2015; Vaitkūnaitė, 2006), certain characteristics of Organisational Culture hinder or facilitate, CSR implementation or participation. It is further proposed that different combinations of CSR and OC might strengthen/weaken the relationships, through its effect to *meaning and morality benefit*, between CSR and Loyalty. Based on this consideration, the model is extended to consider the moderation effect Organisational Culture has on the relationship between CSR and Employee Loyalty.

To address the research questions, the following hypothesis were generated and examined in this study through the mixed-method research method. Hypothesis 1 to 4 address the relationships between CSR and Employee Loyalty; CSR and Organisational Culture; and Organisational Culture and Employee Loyalty; hypothesis 5 to 8 refer to the moderation effects of Organisational Culture on the relationship between CSR and Employee Loyalty.

The hypothesis and sub-hypothesis are presented in the following table **(Error! Reference source not found.)** and the overall research model of the study is presented in figure **(Error! Reference source not found.)**.

1.4 Structure of the Thesis

The study consists of seven chapters. The first chapter provides introduction and overview and the significance of the study and discusses the objectives of the studies, sets out the theoretic framework and the research questions addressed by the study.

Chapter two consists of literature review relating to concepts of Employee Loyalty, CSR.

Chapter three consists of literature reviews relating to institutional contexts of China, CSR studies in Western and Eastern contexts and OC.

Chapter four details the research design and methodology.

Chapter five consists of the Quantitative Study, its design and methodology, instrument design, sampling and data collection procedures, pilot study, main study's analysis, result reporting and summary.

Chapter six presents the Qualitative Study, its design and methodology, data collection, coding, analysis, result reporting and summary.

Chapter seven presents the overall results interpretations and discussions, the conclusions, limitations, implications of the studies and recommendations for future research.

Chapter 2. Literature Review: Employee Loyalty and CSR

2.1 Introduction

Chapter two and three consist of literature reviews that seek to examine and evaluate existing literature relating to CSR, Organisational Culture, and Employee Loyalty. The interrelationships between the three constructs in existing literature will be examined in detail in these two chapters along with the conventional understandings of the three concepts.

In the following literature review, the arguments and dimensions of Employee Loyalty, **CSR**, and OC, are defined as constructs with the concepts explored through the evaluations and analysis of Social Identity Theory (Tajfel, 1979), Stakeholders Theory (Freeman, 1984), and Organization Culture Profile Framework by O'Reilly et al (O'Reilly, et al., 1991), respectively. The experiences and perceptions of **CSR** and OC by employees, and their loyalty to their organisations, are examined in depth and operationalised as the units of analysis in this study.

The following table summarises the key aspects of theories which help defining the three main constructs this study set out to measure:

2.2 Definition of Employee Loyalty

Employee Loyalty is one of the leading factors towards the success of a business, as retaining loyal employees strengthens work effectiveness and

reduces resources in attaining and training new employees. Loyal employees are less likely to resign or speak negatively about their company. They are highly engaged, work hard and highly enthusiastic about their roles, thus, contribute to the increase of business performance as well as the attainment of the goals of their companies.

Retaining employee is considered to be crucial in enhancing business performance by improving profitability and quality of products/services. By reducing turnover, managements are more likely to be able to foster better relationships and thus increase trust and belief within the team, and enhancing the reputation of the company in turn (Guillon & Cezanne, 2014). This can also improve the betterment of inter professional collaboration within the workplace, as it has increasingly become a necessity for modern organisations to engage in business activities that are multidisciplinary, with Interprofessional Collaboration (IPC) to ensure the highest levels of performance (Bauer, et al., 2007; Pirkkalainen, et al., 2018). When a group of employees speaks from their values, it makes connections more personable, builds trust between colleagues and strengthens their bond. This in turns fosters a better workplace which decreases the intention to leave, even if the employee has been given a better financial offer from another company. The positive influence will eventually increase work productivity as well as retention as a whole and motivate other employees that are attached to work for obligation or their own benefits.

In the practical point of view, often, the favourable circumstances that is required for Employee Loyalty exceed financial compensations, and extend to companies being able to provide quality environment for work,

opportunities for personal and professional developments, positive company culture and good inter-relationships between members of the organisations. Further, the loyal attitudes of the employees towards their employers are mainly determined by their perspective on their future in the organisation, the organisational justice and the bonds between the employees (Mazur-Wierzbicka, 2021).

2.2.1 Formation of Loyalty

There are different definitions of loyalty. Van Vugt and Hart (2004) defined loyalty as ‘multi-element construct that involves emotions, cognition and behaviour’ containing three components – emotional, cognitive and behavioural (Van Vugt & Hart, 2004). Others define loyalty as single components for example the emotional approach (Bloemer & Odekerken-Schroder, 2006); the attitudinal approach (Rachel et., 2010; Guillon and Cezanne, 2014) or the behavioural approach (Naus, et al., 2007). A more basic understanding of Employee Loyalty is that, it is the extent to which employees are committed and involved with their organisation. It is the employees emotional or psychological attachments with the organisation (Noor & Jamil, 2014).

Broadly speaking Employee Loyalty can be generalised into two dimensions: internal and external. Generation of loyalty can only begin with the internal dimension, constituting of feelings of care and affiliation, which is then externally presented through forms of action.

To explain the action relating to loyalty, a seminal model developed by Hirschman (Hirschman, 1970) indicates the behaviours of employee's responsibility and commitment, in correlation to employee's inclination in seeking alternative employment. It can be hypothesised that an employee who is highly loyal to the corporation is least likely to leave the corporation, and less inclined to take greater offers from other corporations. As such, it is the focus of this study to specifically investigate Employee Loyalty as a construct, in relation to the business outcome of staff retention.

In relations to the formation of loyalty, Choi et al. suggested that Employee Loyalty is the psychological bond an individual possesses with an organisation (Choi, et al., 2015). Balfour & Wechsler (1991) further elaborated this psychological process is based on

“a strong belief in and acceptance of the organisational goals and values”, “the willingness to exert considerable effort on behalf of the organisation” and a “definite desire to maintain organisational membership” (Balfour & Wechsler, 1991, p. 356).

It is the degree of identification with the organisation, the psychological state and internal driving-force that exists between individuals and their organisations, which lead employees to willingly do good for their companies. This personal attachment to the organisation is what may influence the employee's decision to stay or leave.

In line with this psychometric perspective, Meyer & Herscovitch (Meyer & Herscovitch, 2001) identified a particular form of organisation commitment, an attitudinal form of commitment, which specifically refers to the desire of the individual to remain in an organisation. It was further elaborated by

Kanter (Kanter, 1968) that the feeling of cohesion or involvement with an organisation is likely contributing to this form of commitment to the organisation. Meyer and Allen (Meyer & Allen, 1984; Allen & Meyer, 1990) subsequently theorised this attitudinal type of commitment as 'affective' commitment, which was measured by values congruence with the organisation, feelings of care and pride towards the organisation as well as the willingness to put forth extra effort into the organisation (Allen & Meyer, 1990).

As Meyer and Allen elaborated, there are three components of organisational commitment. 1. Affective commitment – which is emotional, it is associated with the employee's desire to belong to the company and their desire to stay in the company. 2. Normative commitment – which is the feeling of the employees that they should stay in the company due to their duty. And 3. Continuance commitment which is the cost of leaving the company (Allen & Meyer, 1990). In more simple terms, employees with strong affective commitment want to be a part of the company and are more likely to strive to perform; as opposed to employees with strong normative commitment who only feel obliged to belong to their organisation and therefore more likely to fulfil their tasks by obligations only; and to employees with strong continuance commitment who belong to their organisation only because they need to.

To summarise, when an employee is displaying loyal characteristics to his company, the employee believes in the goal of the company and accept them as their own (Mathieu & Zajaz, 1990), put worth their best effort and invest their time and resources to his company (Reicheld, 2003), and display desire

to stay in the organisation (Porter, et al., 1974). In this perspective, basing on the above evaluations, it can be considered that affective commitment is the most important constituent of Employee Loyalty. When an employee displays loyal characteristics to his company, he is likely to (i) foster a great sense of belonging to his company; (ii) feel a sense of pride working for his company; (iii) find his work meaningful; (iv) desire to stay in his company for long term; and (v) takes the goals and problems of his company as his own.

Owing to the aforementioned, affective commitment, as the key constituent of Employee Loyalty, has been seen as the most powerful component of organisation commitment that impacts organisation identification and turnover intentions and has consequently been utilised in numerous studies of Employee Loyalty. Further, Allen and Meyers (1990) measurements of affective commitment have been widely used and considered valid in various contexts. With the above evaluations, this study concerns Employee Loyalty as affective commitment, whereby later in the study, Employee Loyalty will be operationalised into scale items adapted from Allen & Meyer, 1990 (Allen & Meyer, 1990).

2.2.2 Model of Loyalty: Affective commitment

According to Bouraoui et al., 2020, it was found that positive perceptions of CSR will have positive effect on the employees' loyalty through increased affective commitment (Bouraoui, et al., 2020). To understand Employee Loyalty, we must understand a person's motivation. Using Meyer & Allen's (Meyer & Allen, 1987) model of commitment, it conceptualises employee's

attitudinal commitment. Although the term ‘commitment’ is also used broadly to refer to its antecedents, as well as the process of being attached and the state of attachment itself, it appears that psychological attachment (attitudinal commitment) is the concept that most commonly understood as attitudinal commitment (O'Reilly & Chatman, 1986). This indicates that understanding the psychology is important to provide an even more comprehensive view on Employee Loyalty, as it points to one's motivation behind their behaviours. It is therefore important to understand the effect of employees' perceptions of CSR and its psychological mechanism on the employees' affective commitment.

Under the context of **CSR**, it is important that the values represented by the CSR activities are aligned with employees' core values, beliefs, ethics and purpose are to those of the organisation they work for. The study by Bouraoui et al., confirms that employees are sensitive to CSR actions as they can feel and share the same value as the organisation and have the strong sense of belonging to the company hence increase their level of affective commitment (Bouraoui, et al., 2020).

In relations to CSR-generated affective commitment, as described by Buchanan in 1979,

“Affective attachment to the goals and values, and to one's role in relation to the goals and values, and to the organisation for its own sake, apart from it's purely instrumental worth” (Buchanan, 1974, p. 533).

Before an employee identifies with an organisation, they tend to evaluate and align their values to the firm's CSR activities.

One way which CSR can foster the creation of affective commitment, and by extension, Employee Loyalty, on employees through internally implemented activities which appeals to both the employee's and the company's core value. For instance, a worker who supports animal rights issues might not work for a company that is not cruelty free, or is unwilling to contribute to activities or products that have indirect harm towards animals. In this perspective affective commitment is the initial internal dimension of loyalty and is thought to lead other forms of commitment i.e. continuance and normative. It can then be deduced that employees with strong affective commitment are most loyal because one's motivation to work and stay in the company is aligned with their personal values and emotions is the greatest driving force to an action.

In addition, positive public opinion and greater corporate reputation resulting from socially responsible business, allow organisation to set apart from other competitors in the market and make itself more attractive to customers and investors (Carroll, 2015); in turn, this external opinion positively affects employee's sense of belongings towards the company thereby fostering and reinforcing their loyalty to the company. According to Saks (Saks, 2006), when employees have high justice views in their companies, they are more likely to feel obligated to be fair in their performance by bringing more of themselves into work responsibilities.

2.2.3 Tajfel's Social Identity Theory (SIT)

Research built on SIT proposed that the correlation between employee perception of CSR and employee attitudes is positive (Brammer, et al., 2007; Turker, 2009), with evidence regarding employees' positive perception as a

critical indicator for Employee Loyalty. As such, employees are more likely to affectively commit to organisations that are regarded as ‘socially responsible’ (Im, et al., 2016).

Proposed by social psychologist Henri Tajfel in 1979, Social Identity Theory has been widely used to explain the relationship between CSR, organisational identification, and organisational commitment. Mory, Wirtz, and Gottel (2016) supported the theory’s validity, reinforcing that SIT helps explain employees’ identification with the organisation through their perception of the organisation’s internal and social behaviours (Mory, et al., 2016).

It is important to first clarify the differences between Organisational Identification and Organisational Commitment, two essential concepts in the exploration of employee-organisation relationship. According to Patchen’s Identification Theory (1970), organisational identification includes: (1) feelings of solidarity with the organisation; (2) attitudinal and behavioural support for the organisation; and (3) perception of shared characteristics with other members. Thus, identification can be constituted when a person establishes emotional association and consequentially, developing a sense of belonging to a group or an organisation.

Described ‘as an attitude’ that affectively responds to an organisation as a whole (Mowday, et al., 1979), organisational commitment falls on a psychological perspective, addressing the extent of one’s engagement, psychological attachment and dedication one feels about the job and the organisation, thereby constituting Employee Loyalty in the process.

Built upon the concept of social identity – a person's sense of who they are and where they belong as a member of a group, SIT was described by Trepte as a “social-psychological theory that attempts to explain cognition and behaviour with the help of group-processes” (Trepte, 2006, p. 256). According to Tajfel and Turner (1979), there are three mental processes in SIT: ‘Social Categorisation’, ‘Social Identification’, and ‘Social Comparison’.

To illustrate, people categorise themselves and others into different social groups, then adopt the identity of the social group(s) that they categorised themselves or feel belonged to, followed by a comparison among their ‘membership(s)’ and others’ memberships to establish their self-esteem and identities. The same applies to employees who see themselves as ‘members’ of their companies. Thus, the categorisation based on value congruency among members within a group is defined as social identity (Davis, 2018).

Rodrigo and Arenas’ qualitative study (Rodrigo & Arenas, 2007) investigated how CSR initiatives affected employees’ attitudes and loyalty. The researchers discovered a 2-stage progression during which the participants demonstrated a shift in attitudes from ‘seeing the company as a place to work’ to ‘sharing social views and values with the company’, leading to an increased loyalty through the establishment of their social identities (Rodrigo & Arenas, 2007), implying the importance of increased value congruence in the process. Sen, Bhattacharya, and Korschun (Bhattacharya, et al., 2006) also stated that when employees become more aware of the organisation’s CSR activities,

they find the organisation more relatable for the shared values, and exhibit a stronger association with their company regarding social welfares and responsibilities, and enhancing their loyalty consequently.

Regarding employee perception of CSR initiatives, Lee et al. (Lee, et al., 2013) defines it as the extent to which employees perceive their organisations supports activities that contribute to the communities or relate to a social cause. Perceiving their company as 'socially responsible' may encourage their participation in CSR initiatives and increase their organisational identification – the 'membership' in SIT, which positively influence their organisational commitment (Herrbach & Mignonac, 2004). Chaudhary (Chaudhary, 2017) supported this argument with proven industrial results: Organisations that implement CSR initiatives that are stakeholder-oriented and with value-driven motives, as opposed to egoistic-driven motives that solely concerns the business outcomes and interests from the organisation's perspectives, have successfully encouraged a higher level of loyalty and advocacy among employees, as such employees went through the 'identification' process to enhance commitment as a result.

In addition, the way employees perceive a firm's CSR image, efforts, and activities is by far at the core of the discussion regarding CSR and its relationship with Employee Loyalty. From the employees' perspective, companies with a socially conscious image may seem more attractive to a certain extent, as they feel proud to identify or associate with a socially well-rewarded organisation (Peterson, 2004). The perceived external prestige – the perception in which employees see the company's widespread reputation and

positive image among outsiders – is positively associated with their sense of belongings towards the company (Kim, et al., 2010). This result of employee retention and acquisition derived from the process in which employees identified the mutual, positive values they share with the organisation is an example of ‘Social Identification’ in SIT. Within the framework, if an organisation is perceived as socially responsible and desirable, employees are likely to believe that the company has an admirable trait that reflects their self-concept, boosting their self-esteem and sense of belonging, thus are more loyal to the organisation (Mory, et al., 2016).

As mentioned, Employee Loyalty can be influenced by employee perceptions, as well as other corporate contextual factors (Davis, 2018). Besides, employee perceptions of an organisation’s CSR initiatives can vary due to what matters to the employees, their individual differences, self-interest, how they identify themselves, and develop their self-concepts (Glavas, 2016). In other words, various contextual factors affect the way and extent to which employees are loyal to their company. The contextual factors may fall into primarily two dimensions: personal and corporate. Personal contextual factors comprise self-concepts regarding CSR, and demographics including age, gender, and race, which influence the way they think and behave. Corporate contextual factors include organisational management, structure, and culture; all of which can, to greater or lesser extent, affect the way they are engaged with and involved in CSR within their company.

This provides bases for the investigation of the effects of Organisational Culture on the relationship between CSR and Employee Loyalty, later in the study.

2.3 CSR and its Impact on Employee Loyalty

CSR has progressively been utilised as a strategic management instrument for human resources and relationship management in organisations. Organisations put forward substantial resources in CSR practice on one hand, owing to external factors relating to regulatory obligations and the concerns for the environment, and on the other, owing to internal considerations stemming from the changing expectations and motivating factors of the employees.

The development of the term ‘Corporate Social Responsibility’ (CSR) has a long history, which can be dated back to as early as 1953, when Howard Bowen, the American economist, namely the father of CSR, initiated the concept in his publication *Social Responsibilities of the Businessman* (Thomas, 2019). Since then, the idea of CSR has been explored from multifaceted perspectives: “normative, institutional, stakeholder, integrative, political, transactional” (Prutina, 2016, p. 227), along with the impacts of CSR on organisational behaviours and business outcomes being discussed and remained emerging over time.

The European Commission derived a definition of CSR from many academic publications, describing it as “a concept whereby companies integrate social and environmental concerns in their business operations and in their

interaction with their stakeholders on a voluntary basis” (European Commission, 2001, para. 24). In 2011, the Commission further refined the definition as the responsibility of enterprises on their social impacts that creates and maximises shared values for their shareholders and stakeholders, and the society as a whole (European Commission, 2011). The evolution seems to imply that a firm’s CSR initiatives have shifted from ‘volunteer to operate in a socially responsible way’ to ‘committed to a long-term attitude that is value-adding for both the firm itself and its shareholders and stakeholders’. Waddock also reinforced CSR as a business strategy comprised of an array of practices that a firm puts forth an effort to create relationships with its stakeholders and the environment (Waddock, 2004), suggesting an emerged trend of which business utilises CSR as a driving force for sustainable development and stakeholder relationship management.

2.3.1 Carroll’s Pyramid of Corporate Social Responsibility

There are many dimensions and types of CSR practices, among which differentiating between internal and external CSR is a simple and straightforward way of classification. [Such classification is summarised in table in Error! Reference source not found..](#)

Carroll’s Pyramid of Corporate Social Responsibility (Carroll, 1991) serves to obtain a holistic understanding of CSR, suggesting that CSR initiatives fall into either one of the four dimensions – Economic, Legal, Ethical, Philanthropic, underlying as business philosophy to ensure an economic, social, and environmentally sustainable operation (Corporate Finance Institute, 2021). [Carroll’s conceptualisation of CSR provides a foundation for](#)

observations and further categorisation of CSR in other studies, which will be discussed in the following sections.

Economic Responsibility

‘Economic Responsibility’ is considered a business’s first responsibility (Thacker, 2019) for the reason that ‘being profitable’ is the only way for an organisation’s long-term survival. This dimension is about striking the balance between business and CSR practices – using sustainable practices to enhance organisational performance while contributing and benefiting the community at the same time. Put it differently, when it comes to decision-making, organisations must consider the influences they may bring to society and the business.

Legal Responsibility

‘Legal Responsibility’ demonstrates how an organisation conducts its business under legal obligation. Employment laws, tax regulations, employees’ health, and wellbeing are some examples of legal responsibilities. Having legal responsibility well managed is basic, hence some organisations take it on an advanced level by assuring that there is no inequity and discrimination among stakeholders, every product has met fair trade standards, and that every employee is fairly treated with deserved rights, pay, and compensation.

Ethical Responsibility

‘Ethical Responsibility’ addresses the concepts of ‘doing the right thing’, ‘being fair’, and ‘avoiding harms’ (Thacker, 2019). Through responsible practices, consumers and stakeholders get to see how moral and mindful an organisation is, thereby feel comfortable to establish relationships and consume goods or services from the company. Being aware of the continually worsening environmental issues and taking corresponding actions (i.e. reducing greenhouse gas emissions, encouraging the sustainable use of natural resources, etc.) are common practices of fulfilling ethical responsibilities.

Philanthropic Responsibility

‘Philanthropic Responsibility’, as the top level of the pyramid, pays heed to ‘contribution’, primarily helping the needy and underprivileged people. By initiating/participating in philanthropic activities, organisations demonstrate their commitment to serving humanity. Common practices include donating to causes, supporting health and wellbeing initiatives, and supporting community projects.

2.3.2 CSR & Its Relationship with Organisational Performance

Due to increasing awareness towards an organisation’s social and environmental impacts, previous studies have been criticised for their backward thinking and narrow scope – measuring organisational performance solely from the financial aspects. Recent literature has started examining the effects of CSR on firm performances with a shift in focus, from emphasising the accounting and financial outcomes to taking non-financial and social outcomes into accounts, such as the promotion of a business’s long-term and

sustainable growth (Martinez-Conesa, et al., 2017), and the creation of value and competitive advantage (Husted & Allen, 2007; Herrera, 2015).

CSR is now recognised as an inevitable part of business strategy for its widespread benefits, and positive impacts on financial performance, including profitability, market share, return on assets and equity return, to businesses implementing CSR practices. Arguably, CSR helps organisations create competitive edges. For example, being socially responsible avoids unnecessary legal and compliance costs (Werther & William, 2011), and organisations may enjoy higher profit margins as they can charge a higher price for their socially responsible products and services (McWilliams, et al., 2006).

Along with financial performance, an organisation's CSR implementation is closely associated with its non-financial performance, social and environmental impacts due to the nature of CSR. It is believed that CSR brings positive influences in terms of improved brand reputation, enhanced customer satisfaction, increased employee motivation, commitment, etc, which are factors considered most likely lead to the principal business outcome of retention this study is focused on.

Regardless of the rationales behind a firm's CSR implementation – i.e., on a voluntary basis to be socially responsible or feeling the urge to do so for positive business outcomes, many organisations have made investments in CSR to 'do good' in the communities on top of their business operations as a source of sustainable competitive advantages to help maintain success in the market (Mory, et al., 2016). Correspondingly, sustainability, responsible

corporate actions, corporate social performance, corporate citizenship are common area of discussions in relations to CSR initiatives (Davis, 2018) evidencing how CSR positively influences a business's performances, reputation, and brand image of 'being good' portrayed by 'doing good'.

2.3.3 Freeman's Stakeholder Theory

To further understand the relationship between CSR and Internal stakeholder, namely, employees, it is essential to look into Freeman's Stakeholder Theory. Upon publication of the book 'Strategic Management: A Stakeholder Approach in 1984', Edward Freeman's Stakeholder Theory has been extensively articulated in academic studies and publications to explore the cause-and-effect relationship between strategic business management and stakeholders, which help conceptualise a more in-depth understanding of how CSR and internal stakeholders correlate. The theory was built on the idea that a business should create values for stakeholders instead of shareholders to optimise strategic management, and account for people it affects: its stakeholders.

As proposed by Freeman (Freeman, 1984), the stakeholders of a company consist of individuals or groups, who are affected by, or can influence, the company's business operations. This categorisation of stakeholders thus, comprises of employees, consumers, suppliers, governmental organisations, non-governmental organisations (NGOs), financial institutions (Freeman, 1984). Among which there are two types of stakeholders – primary and secondary. The former plays a vital role in the success and failure of a business, affect, or being affected by organisational activities. The latter

brings influences but is not essential to a business's survival (Freeman, 1984). Hence, it was argued that stakeholders have a direct and strong association with a business's survival.

Mitchell, Agle, and Wood (Mitchell, et al., 1997) further the discussion proposing three factors that leaderships within organisations should use to determine the impact and level of importance of the stakeholder(s): (1) power – the influence that the stakeholder(s) has; (2) legitimacy – the validity of stakeholder's claim; and (3) urgency – the degree to which immediate action is required to respond to stakeholder's claim. In other words, employees do affect organisational decision-making and business performances to a greater or lesser extent, and vice versa. Built upon the idea that stakeholders' input influences organisational decision-making, stakeholders can affect CSR practices a company pursues and initiatives to engage in (Aguinis & Glavas, 2012).

It is beyond dispute that CSR and internal stakeholders share a two-way relationship. Employees can get involved in a firm's CSR initiatives and CSR activities actively in engaging company's CSR policies, as well as passively with their organisational behaviours, such as Employee Loyalty, influenced by their company's approach and stance in CSR implementation.

2.3.4 CSR & Employee Loyalty

Aligned with primary motivation of this study, there have been growing concerns about the relationships between CSR and internal stakeholders. Some scholars derived CSR as a participative process (McLagan, 1999),

among which Bolton et al. (Bolton, et al., 2011) suggested the dominant role of top management in dictating the desired CSR performance and corporate values. A controversy arose when other researchers counter-argued that employee, as a major group of a firm's internal stakeholders, can be influential in strategic CSR planning and implementation.

Various studies addressed CSR's influences on internal stakeholders, which include but are not limited to employee perception, expectation, motivation, performance, behaviour, commitment, and loyalty. As defined, the formation of loyalty is an ongoing "process by which the goals of the organisation and those of the individual become increasingly integrated or congruent" (Hall, et al., 1970, p. 177). Jones's definition of CSR was in line with this, claiming that "CSR should be seen as a process versus a set of outcome" (Jones, 1980). Undergoing this CSR-oriented decision-making process requires stakeholder input, which affects CSR behaviours accordingly. Linking back to Freeman's Stakeholder Theory (1984), the survival of an organisation is claimed to be dependent, to a greater or lesser extent, on its stakeholders. Thus, the involvement of employees in a firm's CSR practices can be seen as crucial factor for a firm to successfully implement CSR as a strategic instrument in the human management perspective.

Examples of employee's direct involvement in CSR activities comprise planning and executing social activities, delivering the organisation's CSR messages, and becoming brand ambassadors. Skudiene and Auruskeviciene (Skudiene & Auruskeviciene, 2012) highlighted the positive influences of internal and external CSR activities on employee motivation. Further, internal CSR was expected to have more substantial impacts on employee motivation.

Employees may find their jobs more meaningful if they find themselves sharing values with their companies (Tschopp & Daniel, 2003), revealing CSR as a catalyst for enhanced loyalty and as a direct result, increased employee retention and productivity if being socially responsible is a shared value between the two parties.

To better explore the relationship between different types of CSR and their impacts on the employee, CSR will be operationalised into constructs from Carroll's original conceptual framework as discussed previously. As this study focuses on the apparel industry that involves certain manufacturing/service business activities, four dimensions of CSR, with more discreet categorisations of CSR activities specific to the industry are identified. Yang and Basile's (Yang & Basile, 2019) and Turker's (Turker, 2009) measurements based on Carroll's framework and Stakeholder Theory, are adopted for CSR measurements. The measurements are well established and widely tested.

1. Environmental-related CSR: relating to the employee through (i) energy saving; (ii) waste reduction policies or (iii) non-polluting production a company that may employ internally. Internal initiatives such as these require employees' involvement and participation and as explained earlier, when the values represented by Environmental-related CSR are shared by the employees, they are more likely to find their jobs meaningful and therefore become more loyal to their companies. External Environmental-related CSR such as external environmental initiatives, charity and community services, which employee may or may not participate in, could also potentially alter employees' perception of their companies and their companies CSR

efforts, owing to the ‘brand image’ and ‘doing good’ factors as discussed in previous evaluations.

2. Product and Service-related CSR: pertaining to CSR initiatives that (i) improve or maintain product and service quality and specifications that meet industry compliance requirements; or (ii) improve communication of product specifications and standards to various stakeholders; as well as (iii) maintain truthful disclosures of products and services truthfully without misleading ways. Initiatives such as these might enhance customer satisfaction directly, and employee motivation in-directly as a result. Employees’ perception might also be impacted through the ‘reputation’ factor generated externally through the recognition of products or services that their companies produce/provide.
3. Corporate Governance-related CSR: relating to the legal and regulatory compliance of the company, including (i) maintaining ethical standards through ethic audits; (ii) complying with laws and regulations; and (iii) conduct business activities abating by business ethics. As meeting legal and regulatory duties could be seen as the company’s intrinsic interests that relate to the survival of the business, employees are more likely to perceive such initiatives having the least relevance to them, although they might be connected with it through the ‘reputation’ factor similarly generated through Product and Service-related CSR.
4. Employee-related CSR: relating to the welfare of employees, such as policies that (i) promote fair pay and employee benefits such as work life balance; (ii) as well as the empowerment of employees through training or subsidies to training activities and providing of career

development opportunities; (iii) provide a safe and sound working environment for employees. As these initiatives impact employees most directly, it can be considered that it is the type of CSR that has the most impact to employees' perception of CSR and their companies.

Basing on the above evaluations on literature exploring Employee Loyalty within the contexts of CSR, in which it was suggested when employees perceive their company as 'socially responsible' it may encourage their participation in CSR initiatives and together with facilitating value congruence, employees find their jobs more purposeful, generating a sense of pride, consequently with their loyalty enhanced in the process, as supported by SIT (Herrbach & Mignonac, 2004), it can be proposed that

H1 Employee perception of CSR (Environmental-related, Product and Service-related, Corporate Governance-related, Employee-related) positively correlate with Employee Loyalty.

2.3.5 The Strength of Relationship Between CSR and Employee Loyalty

In previous sections the perception of CSR was discussed in relation to Employee Loyalty. In the following, employees' participation, and the motivating factors/attitudes towards their participation in CSR activities, as determinants of the levels of CSR-generated loyalty will be explored in depth.

Owing to varied visibilities of, and involvements of stakeholders in, CSR implementations within an organisation, it is legitimate to make the assumption even within a specific group of stakeholders, i.e., employee, they might have different expectations/experiences concerning CSR, **as a result of CSR being implemented in different capacities across different business activities within the value chain the companies participate in.**

In the employee perspective, CSR largely falls into two categories, involuntary aspect of regulatory requirements and rules enforced by their companies to meet legal obligations and industry standards; and second, organisational programs of internal and external activities that involves employee participations, such as corporate volunteering (CV) actions, as defined by Koch et al (Koch, et al., 2019).

In the first categories of rule-based CSR enforced by the companies to meet legal requirements and industry standards, employees often view them as inflexible regulations imposed by the companies that may potentially cause hinderance to their work. In the second instance of CSR initiatives where employee participations are required of, more considerations, such as motivational factors, attitude, benefits, private involvement, or personal values are influential in the perception of these activities by the employees.

To illustrate the underlying mechanism of the motivating factors and attitudes of employee towards their level of participation of CSR initiatives in their companies, Koch et al. proposed 3 fundamental self-oriented benefits: *functional benefits*, *emotional benefits* and *meaning and morality benefits* (Koch, et al., 2019).

Functional Benefits

As defined by Koch et al, *functional benefit* relates to the ‘acquisition and development of different skills, or as opportunities for career profiling or a better work-life integration’. In this perspective employees gain new knowledge or skills through training or involvement in other CSR activities that employee cultivate non-job-based skills directly/indirectly, or achieve better work life balance through innovative organisational initiatives in repurposing of work arrangements and well-being advocacy within the organisation. In addition to benefits relating to skills which are tangible, there are also intangible benefits including the diminution of barriers or obstacles to sustainable behaviours in the workplace.

Emotional Benefits

Emotional benefit can be defined as the pleasure and pride felt by employees generated through the participation of CSR initiatives. It has been suggested that CSR potentially have a positive impact in raising brand and organisation reputation, consequently increasing identifications from external as well as internal stakeholders, namely the employees. Tangible Position effects of this benefit consequently include strengthened team spirit, increased contribution and participation to company’s CSR initiatives. In this respect, Koch et al. also argue that employees have increased likelihood to identify

themselves both as the members of the organisation and as private individuals.

Meaning and Morality Benefits

Meaning and morality benefits are categorized as intangible abstract meanings and moral values at an individual meta-level (Koch et al, 2019). As Koch et al theorised, that ‘meaning and morality benefits were often mentioned in responses to questions dealing with a meaningful life in general and valuing congruence in the company in particular’ (Koch, et al., 2019). In this instance, a greater sense of meaning is generated through their participation in CSR activities conducted by their companies, and in turn, influencing employees to attach a greater sense of meaning to their work for the companies in general. As this mechanism of such propagation of meaning largely as a consequence of congruence of CSR and personal values and morals, in contrast to emotional benefits, the perceived benefits are more likely coming from a personal point of view, associate with personal and individual aspects, rather than from the point of view as a member in an organization.

In this sense, there are two factors that affect the level of legitimacy **concerning** a CSR practice and an employee: (1) the congruence of values between CSR and employee in terms of his/her values, preferences, interests, etc, (*meaning and morality benefits*); and (2) the relevance of the type of CSR, to the *functional* and *emotional benefits* of the employees.

To illustrate, Employee-related CSR fosters loyalty from employees due to the fact that it purports to enhance employees' well-being and provide *functional benefits*. The same can also be expected from Product and Service-related CSR for the positive outcomes it brings to the organisation's image, reputation, and correspondingly provide employees with *emotional benefits*. They are more likely to provide *functional benefits* and *emotional benefits* to employees, thus constituting to the increase of loyalty to various extent. Environmental-related and corporate governance-related CSR are, comparatively, less likely to provide employees with *functional benefits*; whilst it is probable that the aforementioned types of CSR would lead to *emotional benefits* as a result of the 'reputation' factor; and *meaning and morality benefits* pertaining to the congruence of employees' individual values relating to environmental or corporate governance-related issues. In this perspective, corporate governance-related CSR, and to a lesser extent, environmental-related CSR, and the levels of employee participation and loyalty generated, could be more reliant on *meaning and morality benefits* comparatively to other types of CSR. And as the related underlying mechanism of the generation of *meaning and morality benefits* in this instance is dependent on the consequence of congruence of values represented by the CSR activities and personal values and morals, it is also reasonable to expect that it will result in a more varied employee perceptions and levels of Loyalty with the aforementioned CSR activities. For example, employees who are highly engaged with social affairs may find CSR activities that promote gender equality – corporate governance-related – favourable, while employees who constantly pay heed to environmental crises may find CSR activities that help tackle climate change – environmental-related – motivating.

The underlying mechanism of CSR-generated Loyalty, involving the three types of benefits, is illustrated in the below figure:

2.4 Chapter Summary

This chapter investigated the history and concepts CSR, the definition of Employee Loyalty through Meyer & Allen's (Meyer & Allen, 1987) affective commitment. A theoretical framework of Social Identity Theory, Stakeholder Theory was established to guide parts of this research.

Literature relating to the aforementioned concepts was reviewed to explore the underlying mechanism of *functional, emotional, meaning and morality benefits* that contribute to CSR-generated Loyalty.

The development of the Hypothesis 1, the operationalisation of constructs of CSR and Employee Loyalty into measurement items were discussed thereafter.

Chapter 3. Literature Review: Organisational Culture, and The Impact of Cultural and Institutional Context

3.1 Introduction

This chapter seeks to explore the differences in employee perceptions of CSR and their influences on Employee Loyalty in Western and Eastern contexts. Chinese institutional contexts and previous studies on CSR and employee outcomes in both Western and Eastern contexts are examined. The differences in perceptions of CSR and the comparable, or, contrasting effects on the underlying mechanisms of *functional*, *emotional* and *meaning and morality benefits* are investigated. Further, the different strengths of effects of, and the contributing reasons for, different types of CSR to Employee Loyalty are investigated.

Next, Organisational Culture and its effects on the relationships between CSR and loyalty are also explored through literatures review relating to OC. Organisational culture framework is established after examinations of existing frameworks such as the Competing Value Framework (CVP) and Organisational Culture Profile framework (OCP). Measurement items of OC are developed thereafter.

Lastly, employees' collectivistic influences are also examined to provide a foundation of understanding of employees' perception of CSR and related employee behaviours in Eastern context.

3.2 Institutional Context of China

The unique social and economic development of China are crucial factors to the change of perceptions of CSR in China. Although the concept of CSR can

be purported to be originated in the West, the Confucian virtue of righteousness, 'yi' and 'xin', acting with integrity, treating others with fairness and sincerity, were embedded in the culture long ago and were advocated in order to maintain harmonious relationships with others.

Since the Cultural Revolution in 1949, ownerships of business enterprises were transferred to the State, and socially responsible activities were initiated through the state-owned companies for the benefit of all members of the society. As such, pressure on firms for CSR practices are exerted from the government and thus, CSR actions could be seen as institutional obligations rather than voluntary actions that firms enact on social obligations on the basis of moral appeals.

Then, under the economic reform China transited from state-controlled economy to market economy, with maximising profit becoming the key concerns for companies. As China became an important part of global supply chain, Chinese companies faced increased pressured to meet international standards and requirements, consequently, started to put more emphasis on CSR practices. CSR for a period of time became an instrumental approach for the purpose of achieving economic outcomes. (Wang and Juslin, 2009)

Subsequent to inauguration of the official goal of a 'harmonious society' by the government in 2006, along with the raised awareness of CSR for consumers and the media, firms began to place more importance on CSR with focus on ethics and morality (Murthy and Wang, 2006).

Under such institutional environment it could be suggested that Chinese employees are more sensitive, *in contrast with their Western counterparts*, to whether the CSR activities practised by their companies are of regulatory or volunteer nature, and thereby, impacting the degree of *meaning and morality benefits* elicited from CSR activities to the generate Employee Loyalty.

3.3 CSR Studies Concerning Western and Eastern Contexts

In Western context, it has been well established that the congruence between values of the corporate actions and the values of the individuals are key contribution to the increase employees' identification and loyalty (Koch, et al., 2019; Lee, et al., 2013; O'Reilly, et al., 1991; Finegan, 2000), hinting that *meaning and morality benefits* are more fundamental to CSR-generated loyalty than the other two forms of benefits. Aquinis and Glavas (2012) reinforced this line of thinking and suggested in Western context, a positive correlation can be found between employees who work for organisations with similar CSR values to theirs and 'increased organisational identification, retention, organisational citizenship behaviour, creative involvement, and improved employee relations' (Aguinis & Glavas, 2012).

Cross-cultural examination of the relationships between CSR and their business outcomes in different national contexts have been garnering attentions but research into the area has remained scarce. One Cross-Cultural investigation on the effects of CSR on Employees' affective commitment by Mueller et al, 2012, found that where countries have higher humane orientation and institutional collectivism, the employees' CSR perceptions are particularly relevant but less in countries higher in power distance. The results suggested that employee's perception of CSR in culture higher in human orientation, collectivism and egalitarianism might differ to individualistic culture. This hints at the possibility that in different culture, employees' emphasis on *functional, emotional, meaning and morality*

benefits to CSR-generated loyalty might differ. Since employee perception of CSR directly impact their participation and consequently the CSR-generated Loyalty, it is therefore essential to investigate the underlying mechanisms further.

In this sub-chapter, cross-cultural studies on CSR and their findings will be examined to explore the differences of perceptions of CSR and employee behaviours in Western and Eastern contexts, and the potential impact to employee-related outcomes including Employee Loyalty.

The four previous studies used to explore the Western/Eastern contexts in relations to CSR and CSR-generated outcomes, are presented in the following table (**Error! Reference source not found.**):

3.3.1 Wang et al., 2016

Wang et al' research (Wang, et al., 2016) explores variations of CSR performance/ratings as well as the strategic importance and implications of CSR across three business sectors, manufacturing, merchandising and service sectors, and 2 geographic scopes, in China and the US. The sample obtained from Kinder, Lydenberg, and Domini (KLD) CSR ratings which consist of 2,460 firm-year observations of 246 firms between 2001 and 2010, the corporate ratings database incorporated a substantial quantity of studies related to CSR. As some companies may engage in activities that are considered as positive in relations to social responsibility in some areas while acting negatively in others, an aggregate score will be produced as the

positive and negative KLD scores will cancel out each other when combined together. With both the positive and negative aspects of CSR performance taken into consideration, Wang et al.'s study is unlike most CSR studies that use a single CSR performance in their analysis of CSR performance.

Wang et al (2016) suggested that different business sectors shape the implementation of stakeholder value; different classes of stakeholders will have different expectations creating different values in different sectors of business. In their study, the CSR strengths of each firm are measured by the summation of the CSR strength scores of the six CSR dimensions, which are, corporate governance, community relations, diversity, employee relations, environment, and product, and its CSR concern scores. The CSR strength score indicates the company's strengths, whereas the CSR concern score indicates the company's weaknesses, in the above six CSR dimensions with pre-set criteria. For example, the firm can earn one point under the CSR strength criteria if it gives over a certain percentage of earning to charity. In contrast, the CSR concern is the negative CSR performance indicator, in relation to the deficiency and weakness of the company in the above six dimensions. In their study, only the overall CSR strength score and the CSR concern score was considered. As such, the study of each individual dimensions was not part of this study.

The results of their study confirm that for business that is under considerable scrutiny from the public are more inclined to demonstrate responsible behaviours in other dimensions than the ones under criticism in order to recover and enhance its overall corporate image. Also, their study strengthened the argument that firm-level factors can influence CSR

engagement/performance, demonstrating CSR is an essential aspect of corporate strategy and should be incorporated with other crucial corporate and business decisions. The results of their study are presented in **Error!**

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The result shows that there is a significant difference in CSR performance among manufacturers, merchandisers and service providers. The manufacturing business sector is relatively higher on the average CSR strengths and concerns in comparison in particular with merchandisers, whilst the mean in terms of CSR performances is relatively comparable with service providers. The average CSR strength and concern scores for manufacturers are 2.75 and 2.29 respectively; The average CSR strength and concern scores for merchandisers are 1.9 and 2.3 respectively; and the average CSR strength and concern scores for service providers are 2.48 and 1.81 respectively. This shows the best in engaging in socially responsible practices actively are manufacturers whereas Merchandisers have the lowest score in CSR strengths out of the three, thus reflecting that it is least engaged in socially responsible practices.

To put the above data into perspective, manufacturers are seen as companies that generate pollutants and wastes. They continuously draw the attention of the public and media. In order to improve their reputation, manufacturers tend to give back to the communities in visible ways to avoid impacting the environment in negative ways or engaging in activities that breach human rights. This is the reason why, in this study, it was found that the CSR strength scores, and CSR concern scores are both higher for manufacturers.

Similarly, service providers required strong support from the community to be successful. They required face-to-face communication with clients and are more inclined to implement a more passive or reactive CSR strategy instead of an active or anticipatory strategy.

In contrast, merchandisers produce fewer pollutants and they do not have much pressure in generating and maintaining good customer relationships, hence merchandisers are likely to adopt CSR practices moderately.

Regarding the firms with different geographic scopes, it was found that the US firms with international sales have an average CSR strength score of 3.00 while domestic US firms have a score of 1.72. The average CSR concern scores are 2.21 and 1.95 respectively. This shows that multinationals are more exposed to scrutiny for both socially responsible and irresponsible activities. The results show that the CSR performance variations are quite significant across the different types of business and geographic location. The result finds that the manufacturing sector faces more challenges since it engages in a range of activities that affects a wider spectrum of stakeholders. If the company in question is an international company, there is even a broader range of stakeholders across different economic, national or social boundaries, and as these stakeholders might hold different values or find different types of CSR relatable to them, an international company is expected to potentially encounter scrutiny over a greater range of CSR practices by the company.

Wang et al.'s (2016) research also highlighted that multinational firm might have branches that act differently in relations to CSR values as the parent

company because of the 'Liability of Foreignness', which hinder these branches in different geographic locations from engaging in the same CSR practices as required by the parent company. Due to the differences between Global and local branches of multinational companies, there is no global consensus which becomes one of the challenges for CSR in multinational companies. Their study also proves that when a firm is more exposed to diverse stakeholder demands, the firm would be under greater pressure to act in socially responsible manners. Further, companies operating in different geographic locations encounter differing forms of pressures to act socially responsible and thus, should incorporate CSR with different focus and considerations in corporate and business strategies accordingly.

To summarise, as businesses aim to enhance its social images as a competitive advantage, they are more likely to under pressure to perform better in areas of CSR facing more public scrutiny. This is also compounded by the fact that different business enterprises in different nations face different levels of scrutiny in their social responsibility.

Basing on this line of considerations, firms in developed countries will encounter greater scrutiny on behaving responsibly in relations to the management of natural resources and the protection of environment, compared to developing countries which are normally expected to contribute more towards social and community development like education, job creation, as well as healthcare. Thus, the difference of expectations in different types of CSR, and by extension, their effects to employee behaviour, in Western/Eastern contexts can be expected. For instance, as suggested and in line with the considerations that greater scrutiny in certain

types of responsible behaviour may result in the more prevalent implementation of the relevant CSR initiatives, and consequently enhancing the firm's social and corporate image, thereby providing *emotional benefits* to employees. In the case of developing country such as China, where there is greater scrutiny in social development, such as contribution towards education, job creation and healthcare (Wang, et al., 2016), it could be expected that Employee-related CSR would be more prevalent and with greater effect to Employee Loyalty through *emotional benefit*, in addition to the *functional benefits* it intrinsically provides, to employees. In contrast with developed countries such as the US, where more scrutiny on behaving responsibly in relations to the management of natural resources and the environment, it could be expected that Environmental-related CSR would be more prevalent and with a greater effect to Loyalty compared to other types of CSR such as Employee-related CSR.

3.3.2 Lo et al., 2008 and Wei et al., 2014

Lo et al., 2008 investigated into the impacts of five CSR practices (customer, employee, investor, local community, and the natural environment), to employee commitment as well as firms' organisational performance in corporate reputation and financial performance. The exploratory study was conducted in China and the US, with 113 Chinese organisations and 104 US organisations surveyed.

The prevalence of CSR practices varied between types of CSI in the US and China, with customer and community CSR more prevalent in the US; whereas, employee, investor and environmental CSR showing no significant country differences in their prevalence. The study showed that there was a

positive relationship between community practices and financial performance for Chinese firms but not for US firms. However, this could be attributed to influence of Chinese belief that, when an individual or an organisation has acquired wealth, it should be given back to the community in some capacity as a way to gain prestige.

In terms of business outcomes relating to employee, positive relationship was found between environmental CSR and employee commitment in the US, but not in China; employee CSR also positively affects employee commitment both in the US and in China, although the effect is stronger in the US than in China. This, although in contrary to the theory this study proposes, could be attributed to when the study was conducted by Lo et al. in 2008, the 'iron rice-bowl' human resources practice were prevalent.

For meaningful discussion a more recent study under the context of the more recent social and economic reform resulting in the cessation of 'iron rice-bowl' practice should be looked at in conjunction. Wei et al.'s study in 2014, investigated Taiwanese and Canadian firms in their prevalence to customer, employee, investor, community and environment CSR practices and their relationships with employee commitment and corporate reputation. In Wei et al.'s (2014) study, stronger relationships between Employee CSR and Employee Commitment have been found in Taiwanese companies than in Canadian companies, contrasting to the findings of Lo et al. (2008), in which weaker relationships between the two are found in East Asian and North American companies. The results of Wei et al.'s (2014) study reinforced earlier proposition that as Employee-related CSR may potentially provide greater *emotional* and *functional benefits* to Chinese employees,

greater employee commitment or loyalty is expected in the case when Employee-related CSR are practised more prevalently.

Wei et al.'s (2014) study also pointed out the lack of significant differences between the two countries' samples, in relations to the level of prevalence of CSR initiatives relating to the environment, the investor and the employee, meaning that amongst the Taiwanese and Canadian firms surveyed, environmental, investor and employee CSR practices are practised more or less equally, contrary to conventional view that in advance industrial economies which have higher expectations on companies to act responsibly, as well as with more robust regulatory frameworks emphasising on the protection of employee, customers, investor and the environment, would have more prevalent practices of CSR than in developing and transitioning economies. However, this could be attributed to Taiwan being one of the early adopters of CSR in Asia, as the Investment Bureau of Department of Economic Affairs have taken a critical role in developing CSR frameworks for businesses as early as 2002. Owing to the more established frameworks for employee, customers, investor and environment protections, the related CSR practices are therefore found more or less prevalent in Taiwan as in Canada.

3.3.3 Zhao et al., 2019

Zhao et al.'s (2019) research objective was to explore the employees' perception of CSR, its relationship to employees' organisation identification

in the Chinese context. The data within the study were collected in in 4 different cities in the Zhejiang Province, South-East China, as the implementations of CSR are comparatively more advanced in these provinces as opposed to the other provinces. Within 7 companies 308 employees were surveyed and as the study indicates, even though the concept of CSR can be considered to be first emerged and recognised in the west and fairly new to China (Wang & Juslin, 2009), within China there is a fundamental understating of the concept of CSR long before the term was coined. Confucian theories have been applied in Chinese business for a long history. The core principles of Confucianism such as act according to moral values, treat others with sincerity and benevolence, being credible and fair conducting businesses (Wang & Juslin, 2009). However, there has not been much study on the impact of employees' perception of CSR on their job performance and organisational citizenship behaviour in China. There are only some research that show an increased awareness of CSR for Chinese companies, and as a consequence which, can influence employees' attitudes and behaviours. As such, the study of Zhao et al. (2019) also investigated the impact of employees' perception of CSR and their collectivist orientation on organisational identification in China.

The aim of Zhao et al.'s (2019) study was to investigate into the boundary conditions that are influential to the relationship between CSR and employees, and the multiple dimensions of CSR (Rupp & Mallory, 2015). A measure of CSR at the level of employees and examining how their perception of CSR impact their attitudinal behaviour in their place of work was the focus of this study, utilising in 3 dimensions of CSR: economic, philanthropic, and strategic CSR (Maignan, et al., 1999). Economic CSR

pertains to obligations and responsibilities relating to business activities with the objectives to sustain economic growth; Philanthropic CSR refers to the business activities that are for ethical reasons but are not required in the business purposes; Strategic CSR refers to business activists that combine social and business benefits, benefiting both the firms and society (Zhao, et al., 2019). The employee-focused CSR study show that CSR influences employee attitudes and behaviours in the workplace including employee organisation identification, organisational commitment, job satisfaction and employee attraction and retention.

As Zhao et al.'s (2019) study pointed out, organisations recognised to have high level of engagement in economic CSR are likely to acquire a perceived enhanced reputations/status because 'they perform well at producing goods, providing services, and making profits' (Zhao, et al., 2019). For firms that engaged well in philanthropic CSR foster a more positive image externally, contributing to an increased level of organisation identification for employees, through *emotional benefits* that is provided. The strategic CSR perception is also found to impact organisational identification positively.

Zhao et al. (2019) further explored and elaborated, that in cultural orientation, there are 2 key elements: Individualism and collectivism (Hofstede, 1984). Individualistic culture prioritises personal goals and self-actualization focusing on individual goals and interests. In this perspective, it can be proposed that in individualistic culture, *meaning and morality benefits*, in part constituted by the congruence of values between employees' individual values and values represented by the company or its

actions, are critical to the CSR-generated employee identification and loyalty.

As for collectivist culture, it prioritises family or group, emphasising on group harmony and group interest. Zhao et al.'s (2019) study established that there is a moderating effect of the collectivist orientation of employees, on the relationship between employees' perception of CSR and organisational identification.

In Zhao et al.'s (2019) study, it was found that the relationship between employees' perception of CSR, whether strategic or economic, and organisation identification differs, depending on their cultural orientation. For instance, collectivist orientation moderate negatively on the relationship between economic CSR and organisation identification, and the relationship between economic CSR and organisation identification is stronger for employees whose collectivist orientation is low (US), than employees whose collectivist orientation is high (China). This could be attributed to employees perceiving the CSR as more economic driven than voluntary driven or driven by the nature of the firms' culture/intents.

It was also established that the relationship between strategic CSR and organisational identification is greater for employees whose collectivist orientation is high, than those with low collectivist orientation. As strategic CSR combines social and business benefits, it is less likely for employees to perceive the CSR practices as being economic or regulatory driven,

employees are therefore more likely to perceive the CSR activities as driven by the culture of the companies instead of being economic motivated and

thus, under this contexts, the interaction effect between organisational culture and CSR should be more significant.

A table comparing the findings of Lo et al. (2008), Wei et al. (2014), and Zhao et al. (2019) is presented in **Error! Reference source not found..**

3.3.4 The Implication of the Findings of Lo et al. (2008), Wei et al. (2014) and Zhao et al. (2019)

The results of the above studies imply that employees' behaviour, and expectations for CSR, differs under different cultural and institutional contexts.

For capitalistic market economies such as the US, there is a stronger business' sense of social responsibility which consider there's a fundamental need for businesses to pay back to society (Vogel, 1992). As for less developed market economies such as China, they might consider businesses displaying capitalistic behaviours as greedy and rarely being socially responsible (Whitley, 1992; Enderwick, 2005; Singh & Zammit, 2006). Under different expectations, the prevalence of the types of CSR in the respective markets is expected to be different.

Further to the different expectations for CSR in societal contexts, whilst previous studies and conventional findings in the Western contexts that, the congruence between norms and values of the organisations and the values of

the individuals, which hints at the constitution of *meaning and morality benefits* in the underlying process, is the dominant and essential mechanism that increases employees' identification and loyalty (Koch, et al., 2019; Lee, et al., 2013; O'Reilly, et al., 1991; Finegan, 2000), the analysis of the above studies suggests in collectivistic culture such as China, the value congruence between OC and CSR values, would supersede the value congruence between the organisational and the individual as the underlying constituent in *meaning and morality benefits* for Chinese employees. The table (**Error! Reference source not found.**) summarises the findings of aforementioned literature and the theoretical arguments in relation to the concepts of CSR, OC and loyalty.

Basing on above analysis, it could be expected that,

- i) **CSR activities** that provide greater *functional benefits*, that addresses employees' self-interests, such as that relating to financial incentives, career developments, or general improvements of work conditions, and *emotional benefits*, through the enhancement of corporate image/reputations, would impact Employee Loyalty greater than **CSR activities** that provide predominantly *meaning and morality benefits* through moral and value congruence on an individual level, in the Chinese context.
- ii) **CSR activities** that are more aligned with OC would impact Employee Loyalty greater than **CSR activities** that are not.

It can be therefore proposed within the Chinese context, since Employee-related CSR can be purported to provide greater *functional benefits* to employees; whereas Product and Service-related CSR can be purported to provide greater *emotional benefits* to employees, than Environmental-related and Corporate Governance-related CSR which can be purported to be more connected with *meaning and morality benefits*; it is further proposed that

H2 Strength of relationship between Employee Loyalty and Employee-related and Product and Service-related CSR are stronger than Environmental-related and Corporate Governance-related CSR

3.4 Organisational Culture and CSR

There has been increased interests between academics to investigate into the effect that Organisational Culture has on CSR-fostered Employee Loyalty. Many scholarly discussions shared a similar view that CSR must be embedded into a firm's business strategy and Organisational Culture to drive positive outcomes (Collier & Esteban, 2007).

As one of the earliest scholars who developed a framework for Organisational Culture, Schein gave a widely-cited definition of Organisational Culture as: "the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external and internal integration" (Schein, 1984, p. 3). The pattern of shared beliefs, ideologies, values, meanings, and orientations (Smircich, 1983; Alvesson, 1987), if proven effective, is often communicated across the organisation and to new members.

On one hand, Castro-González and Bande (Castro-González & Bande, 2019) reinforced the importance of internal stakeholders in establishing Organisational Culture. On the one hand, Organisational Culture is considered ‘the set of beliefs that evolve over time and hold the organisation together’ (Schein, 1983), determining the context in which business strategy is developed (Berger, et al., 2007) and providing direction for its stakeholders to work, grow, and coordinate within the organisation.

In this perspective, it is reasonable to suggest that the beliefs and values elicited from CSR initiatives can be considered as some of the constituents of Organisational Culture. However, as there are other considerations such as ideologies and orientations that could potentially have more substantial influence in the constitution of OC, it is therefore legitimate to expect that the impact of OC to CSR, through OC’s influence in facilitating or hindering the implementations of CSR, will dominate the relationship.

3.4.1 CSR & Its Relationship with Organisational Culture

Studying Organisational Culture from multifaceted perspectives provides a foundation for exploring the relationship between CSR and OC, and correspondingly CSR-fostered Loyalty. Regarding the dynamic relationship between CSR and culture, Doppelt described cultures as “storehouses of organisational information and knowledge then can assist or thwart sustainability efforts” (Doppelt, 2003, p. 74). Organisational culture critically influences an organisation’s disposition towards CSR, either contributing or hindering CSR implementation (Castro-González & Bande, 2019).

Organisational Culture also affects the perception of CSR and its formal strategic planning (Galbreath, 2009). With an established Organisational Culture, cultural norms – shared ideas and expectations about what is right – emerge from corporate values (O'Reilly & Chatman, 1996). While employees may share a similar understanding of CSR and reach a consensus on what and how to realise social responsibility in an organisation, CSR implementation can vary among different Organisational Cultures (Jones, et al., 2007). As OC impacts the strategic planning as well as perception of CSR, it is therefore expected CSR-generated Employee Loyalty will be impacted in turn.

3.4.2 Organisational Culture Frameworks

Organisational culture, as a multidimensional phenomenon (Ginevičius & Vaitkūnaite, 2006) should be evaluated with its multidimensionality being taken into account. Two theoretical frameworks, namely, O'Reilly's Organisational Culture Profiles (OCP) framework and Quinn's Competing Values Framework (CVF) have been introduced to obtain a deep understanding of organisational culture.

A table outlining the values proposed by the two Organisational Culture models and the relationship between these values and CSR is presented in

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Comparatively, the Organisational Culture Profiles framework gives a more comprehensive view of organisational culture, categorising observable and interpretable differences in 7 profiles with greater relevance to CSR. After cross-examining with CVF, to critically examine the relationship between the

employee perception of OC and CSR, the Organisational Culture Profiles (OCP) is selected to provide a framework to investigate employee perceptions of Organisational Culture. With further literature review and analysis in the following sub-chapters, the framework was being consolidated into 4 dimensions, which were subsequently operationalised into constructs for the study.

O'Reilly's Organisational Culture Profiles (OCP) Framework

The Organisational Culture Profiles (OCP) framework is an instrument developed by O'Reilly, Chatman and Caldwell (1991) that uses a profile-matching and comparison framework to assess person-organisation fit based on person-culture fit – “correlating the profile of organisational values with the profile of the individual's preferences” (O'Reilly, et al., 1991, p. 494). The framework comprises value statements that categorise individuals with the configuration of values, giving a comprehensive understanding of organisational culture with seven dimensions identified: (1) Respect for People; (2) Outcome Orientation; (3) Team Orientation; (4) Innovation; (5) Attention to Detail; (6) Stability; and (7) Aggressiveness. With respect to the research context, the framework, elaborated below, is adopted to obtain insights into the relationship between organisational culture and CSR activities, specifically how different dimensions of OC affect CSR performances and the extent to which CSR practices are carried out.

1. People Orientation

‘People Orientation’ culture profile focuses on how an organization treats its employees and respects their rights to fulfil social responsibility, taking the effect of outcomes on people into consideration when making managerial decisions. With the people-orientated nature, an organisation with a ‘respect for people’ culture would likely prioritise ethical responsibility over other dimensions of CSR.

According to Freeman’s Stakeholder Theory (Freeman, 1984), if employees are being well treated with protected rights and have higher engagement in decision making, they are likely to be motivated, perform their tasks in a socially responsible way, and correspondingly enhance CSR practices (Wong & Gao, 2014).

2. Outcome Orientation

An organisation with an ‘Outcome Orientation’ culture prioritises results over processes. Heavily influenced by ‘achievement-oriented values’ (O’Reilly, et al., 1991), employees are prone to neglect ethics and morality, and the validity of processes (1991) while performing business activities. Despite desired outcomes, the importance of stakeholder rights and social responsibility is often underestimated.

While CSR is to a certain extent being overlooked in this profile, organisations with an ‘outcome orientation’ culture have no choice but to follow legal obligations, fulfilling legal responsibilities as a result. On top of legal responsibilities, an organisation that focuses on

profit and growth may fulfil economic responsibilities – as a side effect of its business activities for the sake of profitability.

3. Team Orientation

‘Team Orientation’ culture profile refers to the extent to which business activities are often collaborative, have a high involvement of teamwork (O’Reilly, et al., 1991), and are organised around teams instead of viewing employees as individuals (Robbins, et al., 2013). Employees’ capacity to function as team member is critical for maximising organisational performance. Having a team-oriented culture enables coordination and support from all levels and departments to convert business strategy into implementation, including the adoption of CSR practices that stimulates employees’ CSR behaviours (Webster, 1988; Oliver, 1997).

It is evident that stakeholders have prominent influences on an organisation’s CSR practices and the types of practices the organisation implements (Aguinis & Glavas, 2012). Considering that the implementation and optimisation of CSR require organisation-wide efforts, an organisation that values team spirit and work as a team to achieve mutual goals has a big potential in fulfilling all dimensions of CSR – economic, legal, ethical, and philanthropic - as mentioned in Carroll’s Pyramid of CSR (1991).

4. Innovation Orientation

According to O’Reilly et al. (O’Reilly, et al., 1991), an ‘innovation’ culture profile is summarised as the state of being innovative, showing

a willingness to experiment and risk, as well as exploring and catching new opportunities. When it comes to implementing CSR practices, an organisation may have to undertake fundamental changes or adopt new approaches to enhance CSR and organisational performances (Su, et al., 2009; Baird, et al., 2011), which is, to a certain extent, a risk-taking behaviour.

While innovation is significant for creating values and sustaining competitive advantages (Baregheh, et al., 2009), being innovative does not correlate to being socially responsible. While innovative organisations may have varying CSR performances, there is a bigger chance of higher CSR performance, that organisations with an ‘innovation’ culture, if they initiate to give back to the society, may fulfil philanthropic responsibilities more often due to their risk-taking behaviours, as well as the flexibility to accept changes or adopt new approaches.

5. Attention to Detail Orientation

Any organisation with an ‘Attention to Detail’ culture makes business decisions based on precise processing of information, using analytical tools to minimise potential errors and misjudgement (Gul, 1991). The process of such strategic decision-making requires a reconstruction of the business processes that bring organisational-wide impacts (Bhuiyan, et al., 2020). The same applies to CSR implementation, for it requires communication, coordination, and support among internal stakeholders to realise CSR throughout an organisation. Hence, having an ‘Attention to Detail’ orientation rooted in an organisation’s

culture is likely to bring a positive association with the extent of CSR practices.

Waddock (Waddock, 2004) described CSR as the broad array of strategies and operating practices a firm develops to deal with and create relationships with stakeholders and the external environment, thus hinting at the necessity of an ‘attention to detail’ organisational culture in CSR implementation.

6. Stability Orientation

Contrary to innovation, having a ‘Stability’ culture profile implies the willingness to maintain the current status, exhibiting a great reluctance to growth, risk, and uncertainty. Under this culture profile, employees favour safe and information-transparent affairs with foreseeable results, and that they may be incapable of new changes and opportunities (O’Reilly, et al., 1991). Contextually, the idea of running a socially responsible business can be too visionary for employees who enjoy stability, and the adoption of CSR practices may lead to unknown and uncertain situations, which altogether discourage employees from engaging in CSR practices within an organisation.

Sustaining a culture of stability requires everything to be standardised, stable, and certain. In this regard, organisations with a ‘stability’ culture must maximise efforts in fulfilling economic and legal responsibilities - the lower two levels in Carroll’s Pyramid of CSR (1–91) - to build a strong foundation for a sustainable business.

7. Aggressiveness Orientation

Organisations with an aggressive culture exhibit significant value competitiveness, dedicated to surpassing their competitors at all costs. Similar to 'Outcome Orientation', employees may opt for immoral behaviours and ignore ethical issues to strive for outperformance in respect of its competitors, which can hinder the adoption of CSR practices. Likewise, aggressive organisations can be relatively weak in all dimensions of CSR and may put themselves at potential legal risks.

Thus, CSR and OC demonstrates a close association in which the extent of CSR practices varies among different dimensions of OC. On the other hand, there is also an agreement among scholars that CSR must be integrated into an organisation's culture to influence its financial and non-financial performances (Collier & Esteban, 2007; Bolton, et al., 2011; Castro-González & Bande, 2019).

3.4.3 The Role of Organisational Culture in CSR Implementation

Cultures are collections of organisational information and knowledge (Doppelt, 2003) that pave the way for the direction of business development, as previous sections highlighted both the positive and negative relationship between Organisational Culture and CSR owing to different business objectives and stakeholder orientations under the different Organisational Culture dimensions.

In relations to employees, Adler summarised 5 major functions that an Organisational Culture serves within an organisation, with 3 of them having a close association with internal stakeholders – comprising the integration and adaption of ‘employees to the internal environment, the protection of employees against potential threats from the external environment, and the preservation and communication of values throughout the organisation’ (Adler & Jelinek, 1986). This has suggested how critical an Organisational Culture is to operate and grow an organisation as a whole. Ganuescu (Ganescu, 2011) further reinforced OC as the driving force and facilitating factor behind employees’ and managers’ adoption of ethical and responsible actions, as in to ‘reflect the reasoning of investors and managers, the ethical standards they employ in making decisions, the traditions, attitudes and concrete situations experienced by the organisation’ (Gangone, 2014).

The study from Bhuiyan et al (Bhuiyan, et al., 2020), similar to this research, uses the OCP instrument from O’Reilly et al. (O’Reilly, et al., 1991) which is the most frequently instrument used by different researches. O’Reilly et al.’s (O’Reilly, et al., 1991) OCP instruments is also widely recognised as the most effective in measuring OC as it provides comprehensive options for respondents to respond on the Organisational Culture as well as their perception on the cultural values. It also accommodates different cultures other than the US where OCP was originated. Bhuiyan et al. consolidate O’Reilly’s OCP instrument measures into six dimensions of culture that shine the lights on the relationship between OC and CSR practices. The Bhuiyan et al’s six dimensions adopted from OCP are presented in **Error! Reference source not found..**

As this study focuses on employees' perception and the apparel industry, after taking into considerations of Bhuiyan's version of OCP categorised OC dimensions in relations to the relevance to CSR, O'Reilly's OCP framework is further consolidated into 4 dimensions for this study, which are as follows:

(1) Outcome-oriented profile

Adapted from Outcome Orientation Profile that encompasses organisational cultures that prioritise result over process. Companies with the Outcome-oriented profile are (i) result oriented and (ii) have high expectations of business outcomes from the activities they engage in. And in order to achieve high business outcomes, (iii) emphasis on performance would be placed and employees' contributions towards the desired business outcomes would be rewarded in these organisations.

The outcome-oriented profile may be connected to CSR that relates to legal and governance owing to obligations to compliance; and CSR relating to employee, product and service, and environment, to various extent owing to different levels of contributions of these activities may have to business outcomes and results the firms desired.

(2) Employee-oriented profile

Encompassing the Respect for People and Team Orientation profile of OCP, in which companies take outcome of people into considerations, promote employee developments as well as teamwork which relates to the human dimensions of internal CSR. Firms that are employee focused are more inclined (i) to provide employees with training and professional

development opportunities, (ii) maintain a supportive and collaborative environment for the employees, and (iii) promote fairness in the workplace.

Thus, the employee-oriented profile may be most connected to employee CSR. Product and Service, Environmental, and Corporate governance-related CSR might also be connected to this profile as firms which are employee focused might also take into considerations of employees' individual concerns in product and service, environment as well as governance, which might be addressed through the aforementioned types of CSR.

(3) Customer-oriented profile

Adapting from Attention to Detail profile of the OCP framework, in which companies are driven by prioritising customer. Firms that are customer oriented (i) have most concerns for the perceptions or reputations of the product or service delivered by them and thus, may be more inclined (ii) to engage in processes that can improve the quality of products or services they provide, and are more likely (iii) to maintain various communication channels to ensure the dissemination of truthful information to customers as customer relations and communications are considered as of high importance in the orientation.

Product and Service, Corporate Governance, Environmental, Employee-related CSR may be connected to this profile through the directly or indirectly impact to the quality of products and service by the aforementioned types of CSR.

(4) Innovation-oriented profile

Corresponding to the Innovation profile of the OCP framework, as well as the Adhocracy culture in CVF, in which companies (i) promotes innovation and experimentations in their processes. Companies in this orientation also (ii) encourage flexibility within the company to be able to adapt to change, as well as (iii) risk taking in the processes.

Companies which are innovation oriented are more likely to practice innovation in order to increase productivity by enhancing management systems and business processes. Further, innovative companies might also be more likely to empower employees through trainings as well as innovate in their business or production operations which might lead to optimisation and the reduction waste that leads to the protection of the environment. As such, Innovation orientation may also be connected with employee, product and service, corporate governance, environmental-related CSR in different capacities.

Following the preceding evaluations of the relations between OC and CSR, the third hypothesis to be tested in this study is

H3 Employee perception of CSR (Environmental-related, Product and Service-related, Corporate Governance-related, Employee-related) correlates with employee perception of Organisational Culture (Outcome-oriented, Employee-oriented, Customer-oriented, Innovation-oriented).

3.4.4. Organisational Culture and Employee Loyalty

Organisational culture and CSR are interrelations, as in ‘the extent to which the organisation lives its proclaimed CSR values will be reflected in organisational culture’ (Prutina, 2016). According to O’Reilly (O’Reilly, et al., 1991), culture holds the key to determine how well an individual fits an organisational context. CSR closely associates with employees’ trust and motivation, forming the basis of their organisational commitment (Krajcsák, 2018), which are essential components to enhance Employee Loyalty.

Considering Employees Loyalty as a multidimensional phenomenon impacted by employee perception as well as various corporate contextual factors (Davis, 2018), Herrbach and Mignonac (Herrbach & Mignonac, 2004) highlighted organisational identification as the bridge between their CSR perception and organisational commitment and CSR-generated loyalty. In this regard, “if employees feel sufficiently empowered, able to participate and supported to further develop themselves in the organisation, their according perception will increase their organisational commitment in exchange” (Mory, et al., 2016, p.175). Thus, when firms foster a culture that is empowering and enabling their employees, it is more likely that the employees will feel more attached and loyalty to their companies, hinting the crucial facilitating factor of *functional benefits* as previously mentioned.

Further, the pattern of shared beliefs, values, meanings, and orientations (Smircich, 1983; Alvesson, 1987), the constituents of Organisational Culture, is often communicated across the organisation and to new members through various corporate actions. As illustrated in SIT discussed in

previous chapter, employees develop their identification due to what matters to them, their individual differences and self-interest (Glavas, 2016). In addition to 'self-interest' which encompassed care and empowerment, under the social identification process, the congruence between employees' individual values/beliefs and OC is expected to lead to employees exhibiting a stronger association to their companies, thus providing *meanings and morality benefits* to employees. Consequently, employees develop a deeper sense of belonging to their organisations, and enhanced Employee Loyalty through increased engagement and psychological attachment produced in the process (Mowday, et al., 1979).

Thus, the following scenarios can be expected:

- i) When the individual values/beliefs of employees and OC is congruent, *meanings and morality benefit* is elicited and consequently, loyalty is enhanced.
- ii) When the individual values/beliefs of employees and OC is in conflict, *meanings and morality benefit* is negatively influenced, and consequently, negative impact to loyalty is expected.
- iii) When the individual values/beliefs of employees and OC are indifferent, *meanings and morality benefit* is not generated, and consequently, no significant impact to loyalty is expected.

As it can be expected employees hold different dispositions in relations to individual beliefs, values and orientations, it is further hypothesized that

H4. Organisational Culture (Outcome-oriented, Employee-oriented, Customer-oriented and Innovation-oriented) significantly correlates with Employee Loyalty.

CSR Values and Organisational Culture

Prutina's study (2016) evidenced the prominence of CSR values and employee engagement: organisation practicing CSR that is aligned with their Organisational Culture has greater effects on Employee Loyalty. Correspondingly Prutina suggested that in order to enhance Loyalty organisations should “devoted to value creation build a culture based on CSR values and employee engagement in CSR” (Prutina, 2016, p. –41) - reinforcing the influence of CSR values under the relevant culture, and employees' CSR engagement on enhancing Employee Loyalty.

Further, sustainable initiatives are often motivated and initiated because one or more members consider it ‘the right thing to do’ (Bertels, 2010). There is also the consideration that that members of an organisation might prioritise one type of CSR over others under the influence of OC as OC influence how employees and managers adopt or carry out certain actions within their organisations. Prutina further elaborated in her study (Prutina, 2016), that CSR values and employee engagement in CSR are two elements that are influential to the relationship between employee CSR perceptions and Employee Loyalty – with scholars also supported this positive correlation (Peterson, 2004; Brammer, et al., 2007). In this regard, it can be suggested, basing on CSR values and employee engagement in CSR, Organisational

Culture moderate the relationships between CSR and Employee Loyalty, as previously discussed.

The study from Maignan et al, 1999 suggested that organisation **culture serves as a guide** for the way of managers to choose how to address the potential social responsibilities faced by their company (Maignan, et al., 1999). Under different Organisational Cultural orientations, organisations have different motivations and business intents and as a result, may carry out business activities and CSR actions differently. For example, the companies that implemented market orientation is sensitive and responsive to any stakeholder that may affect long-term performance; For humanistic orientation, more closely corresponding to the People Orientation profile in the OCP, which concern the importance attributed to collaboration and harmony among workers whether they show concern for the needs of others, rewarding others and involvement of others in the decisions affecting them, such caring and harmony are likely apply to not only employees but other stakeholders; Competitive orientation, loosely corresponding to the Outcome Orientation profile in the OCP, is the maintenance of harmonious relationships within the organisation emphasising on winning and personal success in the workplace.

Academic and practical researchers found that there are several factors that affect the strategic application of CSR, for example, alignment with business and corporate culture, social needs and sincerity. If the organisation can satisfy these factors, employees have positive view about their companies and

hence will accept the initiatives their companies implement more effectively. As ethics are part of the organisation's culture, organisation's culture is purported to affect how the organisation implement CSR practices. Thus, if the CSR activities are consistent with the Organisation Culture, it should increase the loyalty of the employees (Lee, et al., 2013). Lee et al's study shows that employee perception of CSR activities is important for their attachment to the company and hence improve corporate performance (Lee, et al., 2013). The more the employee perceive an alignment between CSR and the culture of their firm, the more likely they are to think that their firm is effectively executing CSR, thereby increasing level of CSR engagement and enhancing Loyalty as a result, hence, strengthening CSR capabilities is another important factor to ensure employees' positive perception of CSR activities.

CSR Communication in Organisational Culture

The strategic application of CSR with alignment of business actions and Organisational Culture, has hinted at "a logical relationship between declared values and corporate actions" (MacLagan, 1998, p. 9). While a majority of scholars shares a similar point of view seeing strategic application of CSR as a business philosophy, they hold different views on whether CSR values are communicated from top-level to lower-level (a top-down approach) or the other way round (a bottom-up approach). Trevino and Nelson (Trevino & Nelson, 2007) backed the top-down approach from a managerial perspective, claiming that CSR initiatives are developed at the top management level. As such, stakeholders take the role as a supporter to the decision-making – with management communicating the values and behavioural norms to employees

within the organisation, which are then adopted by the employees in the implementation of CSR or their day to day work in their organisations (Ganescu & Gangone, 2017). In this regard, the company's mission and values are a framework for sustainability, such that socially responsible goals are then identified and communicated across the organisation for stakeholders to know where they are heading to, how they should behave, and make sure that everything is aligned. Despite stakeholders' preferences and personal values, CSR values are "deeply integrated into the management philosophy and organisational culture" (Maon, et al., 2010, p. 27) to achieve mutual goals set by top-level management.

Contrastively, a bottom-up approach is stakeholder-oriented, as in CSR commitments are developed based on a CSR-supportive organisational culture shared among stakeholders, as well as the organisation's ability to respond to social expectations (Maon, et al., 2010). For some firms, a clear statement of values is involved to ascertain employees' perceptions of 'being sustainable' and 'being socially responsible'. The perceptions are then being integrated into the organisation's decisions and strategies – by doing so it possibly enhances employees' enthusiasm, dedication, and performance, thus engaging stakeholders to a large extent.

An example of a top-down approach which CSR initiatives are developed at top management level and CSR values integrated into the company's mission is the Esquel Group, which can be considered as an outcome-driven company and is the world largest cotton-based textile and apparel manufacturing company. The Group produces more than 100 million shirts annually with

renowned global apparel retail brands such as Muji, Hugo Boss, Ralph Lauren. In the CSR perspective, Esquel focuses a lot of attention in reforming the manufacturing process with CSR inclinations, such as investing in resources for textile material research, development of process innovation such as adopting emerging technologies in waterless dyeing, natural dyeing, etc. Esquel also invested in environmental considerations, tackling industry issues specific to the apparel/textile industry, such as dyeing issue due to production, where conventionally 60 tons of water are used for every 1 ton of fabric dyed (Gurumurthi & Lau, 2019). Esquel also developed reuse and recycle materials for international customers such as Muji, with 4000,000 pieces of apparel made of recycled materials shipped in 2017 (Gurumurthi & Lau, 2019). Esquel's efforts in targeting the sustainable area of historical polluting industry whilst on one hand appears to be altruistic, on the other can also be argued that the principal motivation and business intent are to target and engage governmental organisations and external stakeholders, to generate positive business outcomes such as to promote the company's image, gain advantages in competition for governmental subsidies, and to generate more business from their international clients. It can be argued that, from the employees' perspective, the CSR initiatives Esquel implements are mostly instrumental, with predominant financial and economic objectives, serving the business interests of the company and are transmitted down from the top to lower level. As the CSR activities are largely connected with the business operations with the outcomes benefiting the organisation itself, it can be considered that the CSR values are instrumental. In this perspective, companies that are outcome-oriented are more likely to hold instrumental CSR values, therefore, more likely to engage in CSR activities in a top-down approach that are more relatable to its business operations and economic

objectives. For example, an outcome-oriented company will prioritise results over processes consequently, more likely to practice Corporate Governance-related CSR in order to achieve the desired business outcomes, as opposed to Employee-related CSR, which has less immediate impact to outcomes.

In a distinctly contrasting example of the bottom-up approach, Swire Beverages, whose output reaches 104 million bottles annually for Coca-Cola, ranking on of the top five Coca-Cola bottlers in the world based on volume, engages in range of community projects that instead of linking to business relations building and economical outcomes, relate more to organisation value and brand images of its customers. As early as 2008, Swire Beverages set up China Leadership Forum (CLF) which consist of 120 top managers from the company's operating units in China, engaging in social community initiatives such as volunteer work at the Huizhou Special Needs School for deaf children, the "Health, Youth and Environment" initiative in 2007, which Swire Beverages sponsored youth football project in Nanjing and set up "Coca-Cola Youth Football" league and tournament (Marquis, et al., 2009). At the same period of time Swire Beverages also invested in HIV awareness trainings to the communities as well as to the employees (Marquis, et al., 2009). Swire also joined the China Health Alliance at Coca-Cola's invitation, promoting awareness of infectious diseases such as malaria, HIV/AIDS and tuberculosis. Investment has also been made to help orphans and handicapped children in education and youth development. "Right to Play" program was set up to help migrant families whose children were having to pay for higher school fees as stipulated by the local governments. At the same time with the Right to Play initiatives, Swire Beverages also engaged its employees in capacity-building trainings to train Swire employees as facilitators for the

Right and Play's activities. The engagement of employees in its CSR initiatives show stark contrasts to Esquel's approach in that Swire's motivation in their approach is more people-centric, targeting the benefits of people in the communities they serve in as well as their own employees (Marquis, et al., 2009). As Swire's China CEO Clive Saffery stated,

“Our business is always deeply rooted in local communities, even to the point of the names that we stick above the front door...we're seen to be a bunch of local businesses run by local people for the benefit of local people” (Marquis, et al., 2009, p. 4).

For Stewart Stemple, the general manager for human resources and organisational development at Swire, expanded the leadership development programs with CSR at its core to the entire company with the setting up of a CSR committee, CSR is as much an instrument to help socially marginalised groups and the community as well as an instrument to raise employee engagement and retention. As stated by Stemple,

“We want a brand at Swire for our employees' sake, that employees know that they can be proud of being at Swire, and that it is Sire Beverages that's doing these things and giving them the opportunity...We want them to feel part of Swire” (Marquis, et al., 2009, p. 6).

To do this, Stemple's CSR committee was established as an independent body, separated from human resources and communication departments, even though there are overlapping functional areas between the three. The committee reports directly to the CEO and Managing Director, and such set-ups are replicated in all of the bottling plants. Budget for CSR initiatives were set at each operating plant that each was to give 0.5% of their annual profit, or a minimum amount of about US\$26,000 to the central CSR fund. 80% of this central fund would be utilized for national projects with the remaining 20% earmarked for local projects (Marquis, Donovan and Chu, 2009). CSR Committees at plant levels can respond to their stakeholders' preference and

values, and make decisions on which and what kind of CSR initiatives they would implement. At plant level employees are encouraged to participate in the company's CSR projects, with two-day paid leave rewarded for employees participating in any approved CSR project.

As the above example illustrates, Swire bottom-up approach focuses on the human dimension. Its external CSR can be considered as altruistic, while internal CSR can be seen as employee-centric. With the considerations of Swire as an employee-focused company with an employee-oriented culture, it can be suggested that the CSR values represented by the practices that Swire implements, such as those benefitting the community and the environment externally, as well as those benefitting and empowering employees internally, are aligned with the values and characteristics of OC, consequently, likely to increase the CSR-engagements of employees and enhancing Loyalty.

Implications of Employees' Perception of CSR Values Organisational Culture Fit

As OC paves the way for direction of business development – contextually the realisation of sustainability in an organisation – revealing the cause-and-effect relationship between OC and CSR development (Berger, et al., 2007). Further to the above analysis, regardless of how CSR values are communicated, either top-down or bottom-up, the perception of CSR fit to the company's culture is crucial, as employee perceptions of different types of OC affect employee perceptions of different types of CSR being implemented. As expected, employee perception of CSR is affected by employee perception of Organisational Culture, which sometimes as a result

in more simple terms manifests itself in employees' CSR engagement, i.e., participation or non-participation in the CSR initiatives, or in other cases with employees expressing their disapproval or resistance to the CSR practices their companies implement.

Lee et al., (2013) suggested that "If the company culture fits with its CSR activities, employees are likely to accept and institutionalise such initiatives more effectively" (Lee, et al., 2013, p. 1718), hinting at the prevalent consistency between an organisation's culture and CSR practices. This is due to

- i) when the values represented by the CSR activities are aligned with the company culture, employees are more likely to see the activities as legitimate and actions that are truthful to the companies' motives, and therefore more ready to accept these activities.
- ii) Second, CSR in this instance would be considered as 'value creation' that benefit the relevant stakeholders and the company on the whole (Chang, et al., 2016).

For example, a company that prioritise outcome of results might be more proactive in practicing Corporate Governance-related CSR, fulfilling legal responsibility as a way to achieve desired economical outcomes. And as the CSR values are in alignment with the company's culture employees are more likely to accept and engage in the aforementioned CSR activities and thereby with their loyalty enhanced during the participation process. However, in the scenario of an innovation oriented company practicing Corporate Governance-related CSR the contrary is expected to happen. Since the value

represented by Corporate Governance-related CSR is being compliant and the characteristics of an innovation oriented company might involve risk taking, even though Corporate Governance-related CSR is purported to enhance Employee Loyalty in general in this specific instance employees see the misalignment of, or potential conflicts between, the CSR values and company culture. As such employees are more likely to view the CSR initiatives as non-truthful or counter-productive and therefore are less ready to accept or engage in the activities. A summary can thereby be drawn that an organisation's culture affectively and effectively initiates employees' positive perceptions and corresponding willingness to participate in CSR activities, and that the effectiveness may vary due to the level of value congruence between the CSR values and, Organisational Cultures and thus affecting the CSR-generated Employee Loyalty in the participation process.

The figure below (**Error! Reference source not found.**) illustrates the underlying relationships between CSR, OC and Employee Loyalty.

In this perspective, Organisation Culture will either contribute to or hinder the implementation of CSR within the company and have a direct effect on the firm's employees. It plays an important role in guiding the employers/employees' behaviour and holding the organisation together which includes sharing of meanings, beliefs, values, etc, within the company and the underlying mechanism cannot be changed easily. It also plays a crucial role during the change processes in the organisation as it significantly

influences the employees' attitude towards the acceptance of changes. In a similar manner, Organisational Culture also affects the adoption of particular types of CSR practice within an organisation. With the above considerations of the alignment between CSR values and Organisational Culture, it could be expected that:

1) Outcome-oriented profile

In an outcome-oriented company that prioritises result over process, the company is more likely to practise CSR relating to legal and governance due to obligations to compliance such as Corporate Governance-related and Environmental-related CSR in order to achieve the desired business outcomes; and less likely to practise Employee-related and Product and Service-related CSR owing to the less direct or immediate contributions to business outcomes these initiatives might offer. As the CSR value and Organisational Culture are aligned, such as in the case of Outcome-oriented culture and Corporate Governance and Environmental-related CSR, Outcome-oriented Culture is expected to positively moderate the relationship between Corporate Governance-related, Environmental-related CSR and Employee Loyalty; whilst moderate lightly or even negatively the relationship between Employee-related, Product and Service-related CSR and Employee Loyalty.

2) Employee-oriented profile

In an employee-oriented company employee considerations are the focus of the company. The company is more willing and likely to promote

employee developments as well as employees' well-beings, thus, it is more likely to be aligned with the CSR value of employee-related CSR and practise employee-related CSR proactively. It can be expected the Employee-oriented Organisational Culture positively moderate the relationship between Employee-related CSR and Employee Loyalty. The moderation effect of Employee-oriented Culture to the relationship between Product and service, Environmental and Corporate Governance-related CSR and Employee Loyalty are expected to be less as the values represented by the aforementioned CSR are comparatively less aligned to the company culture that promotes employees' development and well beings.

3) Customer-oriented profile

In a Customer-oriented Culture, the company prioritises customer, implicating that quality of products and communication with customers are of greater importance and focus to the corporate actions of the company. As such with the values aligned, Customer-oriented Organisational Culture is expected to positively moderate the relationship between Product and Service-related CSR and Employee Loyalty. The moderation effect of Customer-oriented Culture to the relationship between Corporate Governance, Environmental and Employee-related CSR and Employee Loyalty is expected to be positive but in smaller magnitude since the values of the aforementioned CSR can be considered as having less direct impact to quality of products and communication with customers, but none-the-less may address certain concerns that customers may have, for example, customer-focused firms might also practice Employee-related and Environmental-related CSR as required

my industry norms and standards, as well as to promote the firms' corporate image to attract more customers.

4) Innovation-oriented profile

A company that is innovation-oriented promotes innovation and experimentations in their business processes. They are more likely to enhance systems and processes that improve efficiencies, enhance resource/waste managements, product quality and outcomes, which may involve the training and empowerment of employees, and thus, are more likely to be aligned with the values of Environmental-related, Employee-related and Product and Service-related CSR. As such, positive moderation effects of the Innovation-oriented Organisational Culture on the relationship between Environmental-related, Employee-related, Product and Service-related CSR, and Employee Loyalty are expected. On the contrary, since within an innovation-oriented culture firms might promote risk taking and flexibility, it is likely to be in conflict with the values represented by Corporate Governance-related CSR and thus, a negative moderation effect of Innovation-oriented Organisational Culture and the relationship between Corporate Governance-related CSR and Employee Loyalty is expected.

Implications of Employees' CSR Engagement and Participation

With better alignment of CSR and culture of the organisations, employees are more likely to have a more positive perception of CSR activities and as a result, creating a higher level of engagement through *meanings and morality benefits* provided. If an employee develops a certain level of engagement,

he/she is likely to see the organisation as an inspiring place (Deci, 1975), thus leading to a positive psychological state that exists between employees and organisation.

With employee engagement also comes the willingness to contribute to organisational goals and achievements, during which it demonstrates the enthusiasm, energy, and dedication of the employees. Thus, they feel proud of their organisation, see problems of the organisation as theirs, and enjoy working and staying connected with the organisation. It is then therefore crucial to have effective internal communication of corporate identity and CSR objectives to employees. Further to this, managers must hire employees who value the company culture, and in turn, fostering and reinforcing organisation's culture that will affect the way in which the organization implements the CSR practices positively.

Basing on the above analysis, it can be summarised that CSR activities perceived as reflecting an organisation's values will enhance Employee Loyalty whilst on the contrary, when the values representing the Organisational Culture is in conflict with that of the CSR activities, the effect on Employee Loyalty is expected to diminish or in extreme cases, to turn negative as a result.

Owing to the above perspectives, employees are therefore more likely to accept the CSR initiatives and become more engaged in the process of CSR implementation. In addition to CSR's direct impact to Employee Loyalty through *functional benefits*, and *emotional benefits*, the level of value congruence between the values represented by the CSR activity and the

values of the Organisation Culture is expected to contribute to *meaning and morality benefits*. In this perspective, one of the three scenarios is likely to occur under the moderating effect of OC: (1) a positive correlation between CSR and Employee Loyalty can be expected to a varying extent if value congruence between CSR value and Organisational Culture exists; (2) employees become frustrated with their loyalty undermined if the values perceived from OCs are inconsistent to those demonstrated in CSR activities; and (3) no correlation can be spotted between CSR and Employee Loyalty if the employee finds the CSR practices irrelevant and/or non-beneficial to the Organisational Culture by any means.

As such, it is further proposed that

H5 Organisational Culture (Outcome-oriented, Employee-oriented, Customer-oriented, Innovation-oriented) moderates the relationship of CSR (Environmental-related, Product and Service-related, Corporate Governance-related, Employee-related) and Employee Loyalty

3.5 CSR, Organisational Culture, and Employee Loyalty in Eastern Contexts

As this study focus on the organisational behaviour of Chinese employees in China, the following passages will investigate the influential factors that might affect employees' organisational behaviour, their perception of OC and CSR, of Chinese employees, within a specific societal context.

Dong and Liu (2010) described culture “as an external source of influence on employee behaviours on daily personal life which consequently influences each person’s behaviour within the organisation” (Dong & Liu, 2010, p. 224). The authors (2010) highlighted that managers with different cultural backgrounds can have varying decision-making behaviours, which directly affect Organisational Culture through their top-down managerial philosophy and practices. Alder (Adler, 1997) shared a similar perspective, adding that culture and managerial values have huge influences on each other, and correspondingly the managerial values affect how employees behave.

Prior to narrowing down the investigations into the impacts of societal cultures and work-related values on OC in China, a deeper understanding of Chinese societal cultures would be obtained as a foundation for later discussion. This section focuses on exploring the environment they are in – the Chinese society, and the societal cultures they are exposed to, which help identify work-related concepts under the influences of societal cultures.

3.5.1 China as a Confucian Society: Confucianism

Founded by Confucius, a Chinese philosopher, educator and scholar, Confucianism is considered the dominant doctrine rooted in Chinese culture with a profound history. The traditional philosophical concept is based around the ideology of benevolence, with its analects embodying political ideas, ethics, and the principle of education (Ahmed & Zhang, 2017).

As a foundation of society, custom and culture (Hall & Ames, 1987), Confucianism and Confucian values have had huge impacts on how Chinese think and behave. A key feature of Confucianism lies in relationalism (Baumann & Winzar, 2017) as Confucius believed that establishing and managing relationships is key to cultivate a stable and harmonious society. Commonly known as the Five Basic Relationships of Confucianism, the Chinese philosopher governed human relationships in five philosophic ethics, comprising those between (1) Ruler and subject; (2) Father and son; (3) Older sibling and younger sibling; (4) Husband and wife; and (5) Friend and friend.

While scholars have been debating whether the influences of Confucian values are still dominant in contemporary Chinese society, Ahmed and Zhang's behavioural study (Ahmed & Zhang, 2017) evidenced that the ideology has fostered social stability and predictability in the Chinese nation throughout the ages despite economic and cultural globalisation.

3.5.2 China as a Collectivistic Society: Collectivism

Collectivism on the outset, at the macro level at least, seems to be in alignment with the general concepts and principals of CSR, whereby organisations are expected to look beyond financial gains and conduct their business to the good of the community and society as a whole. However, on a micro level where the employee is concerned, it could be more problematic, as collectivism influences employees' perception to OC and corporate actions and thus the identification process. As such, it is reasonable to consider Collectivism, potentially, as one of the underlying

mechanisms that make employee display different types of organisational behaviours towards CSR than their Western counterparts.

Ruled by the Communist Party of China, China is typically considered a collectivistic society with low individualism (Hofstede, 1984), ‘where people act in the interests of the group (Hofstede Insights, 2021), prioritising social ties over personal uniqueness and independence. As Ahmed & Zhang (2017) elaborated,

“Collectivism is inherent in a Confucian society, where it is necessary to attune one’s desires to the greater good of the group, and where an individual is defined by his or her relationship to the group.” (Ahmed & Zhang, 2017, p. 113)

This integration of Confucianism and Collectivism has been described as ‘Chinese Confucian collectivism’ by some scholars (Wong, 2001).

Collectivism is manifested at multiple levels: individual, organisational, and societal (Triandis, 1988). In the context of organisation and society, Rhee et al. (Rhee, et al., 2017) have suggested collectivism as a culture wherein cohesiveness and connectedness are emphasised, and members identify their in-group ‘membership’ as illustrated in SIT. Scholars have shared various perspectives on how collectivism affects one’s group identification and the corresponding citizenship behaviours, e.g. the demonstration of reputation-protective behaviours toward a social group (Rhee, et al., 2017) and the promotion of group welfare as a collectivist goal (Moorman & Blakely, 1995). As a result, strong group identification may translate into desirable outcomes, such as intergroup cooperation or citizenship behaviours (Ye, 2012). Thus, collectivism impacts an individual identification mechanism to a group, as well as an increased tendency to display behaviour such as

suppressing individual values for the betterment of the group. In this regards, it is reasonable to hypothesise that in collectivistic society, employees are more inclined to ‘align’ their values, whilst suppressing their own individual values, with their organisations under collectivistic influence. Thus, it can be proposed that in the Chinese context, the collectivist influence supersede or replaces the value congruence influence in *meaning and morality benefits* to employee, generated by corporate actions such as CSR practices. In the perspective of CSR, this may in turn influence employees’ perception of CSR activities, resulting in different employee outcomes than their Western counterparts. This will have potential implications to Wang et al.’s observation that, under lower public scrutiny developing nations have lesser expectations on environmental responsibility in general terms. For instance, under the premise of collectivism, in the specific scenario when environmental concerns are essential to the company’s business goals, environmental CSR is likely to be perceived as important in Chinese employee’s perspective. This further highlights the importance of investigations of CSR-culture fit in the Chinese contexts.

3.5.3 Organisational Culture and CSR in China

Chinese companies also display the tendency to have a preference for simple organisational structures, where everyone reports to the top of the company. Chinese companies of a certain scale also tend to prefer decentralising its businesses according to functions, developing and adopting organisational structures that grant subsidiaries near total autonomy. As Hout and Michael points out (Hout and Michael, 2014), as in the case of Midea, the second-largest home appliance producer, who operates its major product lines as

independent businesses “rather than parts of a larger matrixed organisation” (Hout & Michael, 2014, para. 13). A leader is appointed at each of the businesses, with the authority to conduct business and make important business decisions such as building factories, establishing supplier and sales networks, in order to realise the target for P&L set by himself. Compare with Western companies such as Whirlpool, who has 69,000 employees and US\$22 billion in sales globally, Midea employed 149,000 people with \$39 billion in sales in 2019 (Forbes, n.d.; Whirlpool, 2021). With roughly 20% more people employed per billion of sale generated, Midea’s operation was less streamlined than Whirlpool’s, indicating that potentially there are some duplications and overlappings of functions within the organisation, as characterised by the decentralised organisational approach. In this approach it is not uncommon that within the organisations there are no cost centres, key departments function independently, providing other department services for a fee. Consequently topline growth are pursued relentlessly and as such, it can be suggested that these types of set-up cultivate organisational culture that is generally result-oriented. Similar organisational structures are prevalent amongst companies in the apparel industry.

This illustrates that company structure and leadership characteristics affect OC profoundly in a particular way in China. On one hand, under the influence of collectivistic tendencies, organisations may put forth employee-related CSR practices more often as attempts to cultivate a sense of togetherness with compulsory participation to strengthen the bonding with its employees. On the other, influenced by collectivism, employees may have no choice but to follow the commands of top management to participate in CSR activities and strive for the mutual goal of gaining

competitive advantages for the organisation. All of which are regardless of the *emotional* and *functional benefits* that the employees may receive through the CSR activities.

With this consideration, Confucianism collectivism-influenced organisational system, CSR implementations tends to be enforced in the business processes more so than in voluntary actions such as corporate volunteering actions (CV).

3.5.4 Societal Cultures and Values in China

Scholars have agreed that cultural values derived from Chinese societal cultures have remained influential to the behaviours of the Chinese nowadays. Dong and Liu (2010) shared perspectives regarding traditional Chinese cultures, noting the exceptional influence of Collectivism and Confucius's principles of Confucianism and other leading beliefs developed by La- Zi - with the former based around hierarchical interpersonal relationships and the latter emphasising respect, morality and harmony in the society. In this regard, Lockett (Lockett, 1988) observed four common cultural values – 'respect for age and hierarchy', 'group orientation', 'concept of face' (dignity), and 'importance of relationships'.

Taking the holistic view of Chinese culture and Lockett (1988)'s analysis into consideration, four interconnected concepts – guanxi (relationship), harmony, hierarchy, and respect have been identified in this study for discussion around Chinese employees' perception of CSR, OC and Employee Loyalty.

3.5.5 Chinese Societal Cultures Influences to Work-related Concepts

Oriented around the Chinese societal cultures, the four concepts – guanxi, hierarchy, harmony and respect – are prominent concepts in Chinese society. With varying degrees of influences on employee's identification with their companies, the following section explores how the concepts exist as values and beliefs in the context of an organisation, which cover dimensions including Employee Loyalty, organisational performance and OC.

Guanxi

Scholars (e.g. Rhee et al., 2017) have suggested guanxi as a moderator between collectivism, organisational performance and OCB. "Guanxi links two individuals to enable a social interaction and exchange" (Dong & Liu, 2010, p. 230), suggesting that guanxi is reciprocal in nature. Put it contextually, guanxi, as a social capital (Park & Luo, 2001), concerns one's ability to build connections in the workplace that help accomplish tasks and gain access to information and power, network with other partners and authorities, and make decision-making efficient and effective (Duo and Liu, 2010). Further to this POV, it is suggested that well established guanxi positively 'impacts one's influence and ability to get things done' (Wenderoth, 2018, para. 8), hinting at a positive correlation between guanxi and organisational performance.

On the contrary to individualism, collectivism in an organisation is primarily manifested through participatory management at which employees are highly involved in organisational decisions and have legitimate control within the organisation (Cheung & Wu, 2011). With the empowerment of established guanxi, collectivists believe that they can have “more opportunities to voice their opinions and be treated fairly, thus becoming more committed to their organisation” (Rhee, et al., 2017, p. 1132), enhancing their loyalty. Given the participatory and empowering nature of collectivism, employees may show a greater preference of getting things done together, as such, mutual goals and objectives are strategically important.

Collectivists are prone to demonstrate a high degree of closeness with others in a social network (Rhee, et al., 2017) and thus take socially favourable actions. With a collective spirit, these employees may actively engage in business activities, demonstrate a high level of employee engagement and are more likely to perform extra-role work behaviours for the good of the organisation. Moorman and Blakely (Moorman & Blakely, 1995) were in line with this point of view, adding that employees may manifest collectivism as an individual trait when they perceive integrity within an organisation, which positively incorporates employees’ citizenship behaviours.

The prominence of guanxi has been evidenced in theoretic frameworks such as Tajfel and Turner’s Social Identity Theory (SIT). Built upon the concept of social identity, SIT concerns how an individual perceives his or her in-group identity and develop

cognition and behaviour in social groups (Trepte, 2006). In this regard, guanxi holds significance in one's social identity. As the state of developing trust and relationships with others, guanxi helps individuals categorise themselves as in-group members and derive a strong bonding with the group they feel belonged to, thus developing identities and 'membership' – as a form of organisational commitment and loyalty in the organisation.

Further to SIT, guanxi plays an important role in fostering Organisational Cultures that focus on people and team – categorised as the 'people orientation' and 'team orientation' profile in O'Reilly's OCP framework (1991), as in employees build and maintain quality, collaborative guanxi to reach organisational goals, optimising organisational performance as a team within the organisation. In this perspective, Chinese employees are therefore more likely to display positive organisational behaviours in Employee-oriented Organisational Culture, and in addition, their identification is more likely to be enhanced through the increase of participation in an organisation's initiatives.

Second, employees are more likely to be receptive to employee-related CSR that empower employees through training and building of collaborative and supportive environment, through which employees are more likely to gain *functional benefits* to enable them to reach organisational goals.

Third, in order to maintain guanxi, employees are more likely to put extra effort for the good of the collective group or organisation.

Thus, they are more likely to see the organisational goals as their own.

Harmony

As Ahmed & Zhang (2017) suggested, “Dutifulness combined with sincerity and dedication was considered to be the pathway to social harmony” (Ahmed & Zhang, 2017, p. 111). Thus, under the influence of Confucianism, employees in China may perform socially desirable behaviours to conform to others’ expectations, maintaining harmony in the workplace (Triandis, 1995). Chin (Chin, 2014) suggests that organisations in China may utilise harmony and the creation of a harmonious workplace to boost employees’ identification with their company, with job satisfaction as a mediator between harmony and Employee Loyalty.

Control within an organisation is arguably contradictory to harmony. In the published work ‘The Handbook of Culture & Psychology’, collective control is outlined as a type of control that does not conflict with interpersonal and social harmony, such that responsibility is often shared among members in a group. These in-group members are collectively responsible for the mutual outcomes and would not be blamed personally for negative outcomes. Thus, harmony comes as a by-product as the members ‘can maintain harmony among in-group members by sharing responsibilities for the outcome regardless of its valence.

Ahmed and Zhang shared a phenomenon observed from the mass population in the Chinese society, noting that “Chinese people have been culturally conditioned by the Confucian view of looking at things in terms of collective responsibility” (Ahmed & Zhang, 2017, p. 113). With collective responsibility, employees in China may manifest interdependence, see organisational goals as their personal goals, and build collaborative relationships with their fellows to optimise team performance. Furthermore, they are willing to take up responsibilities and work towards mutual goals as a team, demonstrating a strong team-nurtured culture that echoes the OCP’s ‘team orientation’ culture (1991).

Through social harmony and performance achieved from collaborative relationships, Chinese employees are more likely to desire or respond greater from *emotional benefits* gained through activities they engage in within their organisations.

Second, similar to *guanxi*, harmony also influence employees to see the organisational goals as their own through collective responsibility. In this instance, as, employees see organisational goals as their personal goals, a greater sense of pride generated when the desired goals have been achieved, through the participation of the business processes or activities, reinforcing that *emotional benefits* as an important component influencing Chinese’s employee’s identification and loyalty.

Hierarchy

Regardless of the types of organisational structures, hierarchy exists in any organisational setting. An organisational hierarchy concerns

how an organisation is structured and organised using relationships of different levels of authority – those between superior and subordinate levels of the organisation.

Among the Five Basic Relationships of Confucianism, the ruler/subject *guanxi* (relationship) particularly echoed with the hierarchical construct within an organisation – with top management in an organisation being the ‘ruler’ and the other employees being the ‘subjects’. Cheung and Wu (Cheung & Wu, 2011) further explored the impact of hierarchy in an organisation - taking high-quality *guanxi* between supervisor and subordinates as an illustration, such that subordinates can be benefited from access to valuable information and power, and a bigger chance to get referrals from the supervisor. This hints at the importance of *functional benefits* to employees under the influence of Hierarchy. In this regard, employees are likely to demonstrate aggressiveness and obeisance and behave with a results-driven mentality. In addition, employees in this perspective are more likely to take the goals and objectives of their superiors or organisation, as their own as they observe and respond to the orders of the authority within the organisation. As a consequence, an outcome-oriented culture – outlined as ‘outcome orientation’ in O’Reilly’s OCP framework (1–91) - is likely to be more prominent with the influence of hierarchy. Second, owing to the obeisance characteristic driven by the influence of hierarchy, employees are more ready to suppress their own values in order to take objectives of their superiors or adopt the values of organisation as their own. Thus, under the influence of

hierarchy, value congruence influence is again, expected to be supersede or replaced by 'value self-alignment' in the constituting of *meaning and morality benefits*.

Respect

Respect comes in all forms as a complementary factor for quality guanxi between stakeholders in an organisational setting. From the social psychological perspective, the feeling of 'being respected' is important to both collective functioning and personal well-being (Huo & Binning, 2008). Baumann and Winzar (2017) narrowed it down to highlight the essence of showing respect to others in the workplace, suggesting respect as a role requirement of employees in China.

With respect comes quality guanxi. With guanxi comes benefits such as access to more information and power, etc. Thus, in academia and many organisations, respect has been recognised as a critical factor to enhance team collaboration and organisational performance ultimately. Rogers and Ashforth supported their POV with the fact that "employment is based on an exchange relationship" (Roger & Ashforth, 2014, p. 2). In this regard, respect functions as an intangible reward that employees get in exchange for their contribution and efforts. The scholars added a strong statement, implying 'respect' as the most important of all social cues that validates employees' worth, recognise their contribution and meet their human needs for status and psychological safety. With this recognition of attributes, contribution and achievement, employees

are likely to demonstrate a higher level of job satisfaction, feel valued and thus derive a sense of belonging that helps establish their in-group identity and enhance their loyalty to the group or organisation. This process echoes the mental process of social categorisation and social identification outlined in Tajfel and Turner's SIT (1986), during which individuals categorise themselves and others into social groups, and identify themselves as 'members'. In this perspective, it can be considered that the element of respect speaks to *emotional benefits* an employee might receive through the participation of corporate actions and activities within their organisations. It can therefore be expected under the influence of respect, Chinese employees put more emphasis on *emotional benefits* that they might gain through the interactions and participations within their companies.

Basing on the above evaluations, it could be summarised that

- i) Under the influence of *guanxi*, employees are receptive to collaborative environment and contribute to team effort, such as that in employee-oriented organisational culture; further, there is more expectations for *functional benefits* as it is of greater importance to employees to help them reach organisational goals under the collective environment; and employees are more likely to take the organisational goals as their own, thereby suppressing the value congruence influence in the dimension of *meaning and morality benefits*;

- ii) Under the influence of harmony, employees are again more likely to consider the objectives of their company their own responsibility as well as the good for their company their own, through which employees are expected to gain *emotional benefits* as a consequence of sense of pride generated through the success of the companies' actions;
- iii) Under the influence of hierarchy, employees are more likely to demonstrate aggressiveness and obeisance and behave with a results-driven mentality under the influence of Hierarchy. Thus, employees are expected to be more receptive to outcome-oriented organisational culture as well as take the companies' goals as their own, thereby with 'value alignment' superseding 'value congruence' under *meaning and morality benefits*. Second, as employees are motivated to gain access to valuable information and power, and a bigger chance to be promoted by their supervisor, employees might place greater importance to *functional benefits* under the influence of Hierarchy;
- iv) Under the influence of respect, employees are more likely to have greater desire for *emotional benefits*, as Chinese employees tends to see 'respect' as one of the most important social cues that validates employees' worth, and the sense pride that might be brought along from gaining respects from their peers or superiors.

With the above understanding of the four concepts and their impacts on Chinese employees' organisational behaviour, it can be theorised in general:

- i) The interaction effect between employee-related CSR and Employee-oriented culture should be stronger than that between Employee-related CSR and other OCs, owing to Chinese employees being more receptive to human orientation culture that manifests through participatory management. Employees are more likely to be more engaged in CSR related to the human dimensions such as employee-related CSR, under the Collectivistic influence of guanxi, harmony and respect.
- ii) As Product-related CSR is an important aspect of a company that is customer-oriented, its interaction effect with Innovation-oriented culture should be higher than its interaction effect with Employee-oriented culture to enhance Employee Loyalty. This can be attributed to Chinese employees under the influence of guanxi and harmony, being more likely to take the objectives of their companies as their own as they observe the orders of authority within their companies.
- iii) As Corporate Governance-related CSR can be considered as practices directly impact the firm's business success, Corporate Governance-related CSR within an outcome-oriented culture is more likely to generate Employee Loyalty

than when it is practiced in other OCs. This can be attributed to under the influence of hierarchy, Chinese employees are more likely to demonstrate obeisance and aggressive behaviour and are more likely to be responsive to Outcome-oriented Culture, as well as to take the organisational goals as their own.

This is contrary to the perspective within Western contexts that, the congruence between norms/values of the organisations and the values of the individuals, as well as individual value congruence with the values represented by CSR, are the essential underlying mechanisms that increase employees' identification and loyalty (Koch, et al., 2019; Lee, et al., 2013; O'Reilly, et al., 1991; Finegan, 2000). The following diagram illustrates the modified influence to *meaning and morality benefits* through voluntary alignment of values between employees themselves and their organisation in the Chinese context.

Thus, it can be further proposed that

H6. The moderation effect of Employee-oriented Organisational Culture on the relationship between Employee-related CSR and to Employee Loyalty, is stronger than that of Outcome-related, Customer-related, and Innovation-oriented, Organisational Culture.

H7. The moderation effect of Customer-oriented Organisational Culture on the relationship between Product-related CSR and to Employee Loyalty, is stronger than that of Employee-oriented Organisational Culture.

H8. The moderation effect of Outcome-oriented Organisational Culture and the relationship with Corporate Governance-related CSR and to Employee Loyalty, is stronger than that of Employee-related, Customer-related, and Innovation-oriented, Organisational Culture.

3.6 Chapter Summary

This chapter investigated the relationships between CSR and OC, with the use of OCP (O'Reilly, et al., 1991) to guide the examination of the contextual factors that influence Employee Loyalty. The Chinese institutional contexts and employees' collectivistic characteristics were also explored, as this research is conducted in China, in relations to the underlying mechanism of *functional, emotional, meaning and morality benefits* that contribute to CSR-generated Loyalty.

The development of the Hypothesis 2 to 8, the operationalisation of constructs of OC into measurement items were discussed thereafter.

Chapter 4. Research Design and Methodology

4.1 Purpose and Design of the Study

The purpose of this study is to investigate the inter-relations between employee perception of CSR, Organisational Culture, and Employee Loyalty. A mixed method of research with Quantitative Method as the core component of the study, supplemented with Qualitative Method is employed in this study. The Quantitative Method will be employed to determine employee perceived CSR practices and their influence on Employee Loyalty; OC's impact to CSR and Employee Loyalty; and OC's as a moderator to the relationship between CSR and Employee Loyalty; whereas the Qualitative Method seeks to triangulate, explain and contextualise the Quantitative findings.

Quantitative research is a research that is based on quantitative data. (Vogt and Johnson, 2016). It refers to the research paradigm that argues for social and behavioural scientific research that strives to accurately describe, predict, explain and control the natural and human world. Churchill (1979) has provided a framework of the procedure by which measures of constructs of interest to marketers can be developed. The procedure includes 1. Specify the domain of the construct; 2. Generate a sample of items; 3. Purify the measure; 4. Assess reliability with new data; 5. Assess construct validity; and finally, 6. Developing Norms. It is deemed that the research method is appropriate for this study and the said procedures are followed in the pilot study and in the main study.

A cross-sectional research design is used, and the researcher recognises that whilst such a design does not allow for conclusion of causality, it is most

practical for the study. Whilst longitudinal approach can enhance causal inference through establishing temporal order of variables and covariation between variables, it is difficult to implement for the study from the researcher's point of view. Since longitudinal research involves obtaining measurements of variables from the same group of respondents over an prolong period of time, potentially at multiple time points before, during, and after different CSR activities, owing to the time constraint and the fact that the implementations of CSR activities in the apparel industry often involve lengthy processes, along with the consideration that previous studies have generally established the impacts of CSR and Employee Loyalty, the researcher deemed cross-sectional study is the more viable approach.

The target population is knowledge-based workers with various work experience and relevant involvements in CSR in various capacities in several organisations in the Greater Bay Region in China.

Scaled items were adopted from previous literature, and further refined through expert review by academics and senior managers and experts in the industry.

The following procedures are used in the quantitative study:

1. Descriptive statistics analysis on CSR, OC, and Employee Loyalty
2. EFA and Cronbach Alpha analysis for factor loading analysis and reliability tests
3. Correlation analysis: Regression Analysis will be used to verify the relationships. Linear Regression will be used to investigate the

correlations between predictor and outcome variables. Standard coefficients will be compared for the strength of relationships

4. Hierarchical Regression Analysis, and Moderated Multiple

Regression will be used to examine model fit and significance, R

Square change between models with IV, moderators and interaction terms with DV

5. Regression analysis with interaction terms of CSR and OC as IV, with Employee Loyalty as DV

Upon initial findings and analysis through quantitative study, qualitative interviews with senior managements and employees were administered to confirm, cross-examine with findings, and to validate initial framework proposed in an Explanatory Sequential Design set-up. Interpretations of findings in quantitative study synthesised the scope of qualitative interviews with respondents from several companies, with the confirmed effects and relationships between CSR, OC and employee loyalty analysed qualitatively.

The integration of Qualitative Method with Quantitative Method in the study is purposed for triangulation and convergence of findings, as well as to put contexts into findings. Lived experience of respondents in the qualitative study were incorporated so as to deepens and contextualise the quantitative results.

As the study deals with the complex dimensions of individual experiences and perceptions of multi-folded concepts of Organisational Culture and

loyalty, externally valid and generalisable quantitative study is essential in investigating the underlying structures and effects of the relationships. However, as the method of quantitative research 'seeks objectivity and rigour' (O'Leary, 2004), the generalised findings might not always reflect insightful data pertaining to how and why the constructs influence one another. Thus, this study intends to combine the quantitative method with the qualitative approach, which, through acquiring data with expanded meanings from the perceptions of respondents, obtaining more understandings and insights of the underlying mechanism of the interrelationships between the three concepts of CSR, Organisational Culture and Employee Loyalty.

Despite the obvious disadvantage of mixed method study in being time consuming and labour intensive, as well as the increased level of difficulty in systematically comparing and integrating results, combining both methods ultimately serve to mitigate the limitation of non-contextualisation in quantitative method on one hand, and the limitation of non-generalisation in qualitative method on the other.

In addition, in order to establish casual claim, three conditions of (i) the relationship condition, (ii) the temporal-order and (iii) the lack of alternative explanations condition (Johnson, et al., 2017) must be met. This study attempts to address the conditions by the following: the regression analysis seek to address the correlations between the IVs and DV; the hypothesized mechanism of Employee Loyalty's generation through affective commitment and social identity via *functional, emotional and meaning and morality benefits*, established in literature review, seeks to address the

temporal-order condition. As theorized in literature review that the relationship between CSR and Employee Loyalty can be explained through *functional, emotional, and meaning and morality benefits* CSR provide to employees, the direction of the effect can be considered to be from CSR to Employee Loyalty, and not vice versa. Likewise, the natures and directions of relationships between OC and CSR, and OC and Loyalty, are in part established through theoretical understanding in literature review. **Further, hierarchical regression analysis seeks to investigate the effect of CSR, and Organisational Culture, with either variable controlled, to Employee Loyalty, addressing in part the lack of alternative explanations condition. As other extraneous variables are out of the scope of this study, the researcher recognises this as a limitation, and will seek evidence for direct, and indirect causal claims, through qualitative interview data to address this issue.**

Prior to the commencement of the full scaled study, a pilot study was conducted to retest the questionnaire items, evaluate the suitability and validity of the scaled items, as well as preliminary evaluations on the research design. The procedures and steps that were taken within the quantitative study and the qualitative study are elaborated in the following chapters.

Chapter 5. Quantitative Study

5.1 Introduction

This chapter presents the quantitative study of the mixed method research study. The quantitative study seeks to investigate and measure the strengths of the relationships between the three constructs of employee perceptions of CSR, OC and Employee Loyalty. This chapter describes the steps and procedures, including the data collection, measures, instruments, validity and reliability, as well as the statistical methods employed, that were taken under the quantitative research part of the study.

5.1 Data Collection

Employees' perceptions were operationalised to assess the aforementioned constructs. First, a pilot study surveying employees in several companies within the target industries was conducted to identify and validate the types of Organisation Culture of the companies. Next, data was collected with non-probability sampling technique, with employees of several companies, with diversity of company sizes and company cultures expected, recruited as respondents. Even though it may yield good estimates of the population characteristics, they do not allow for objective evaluation of the precision of the sample results as the estimates obtained are not statistically projectable to the population (Malhotra, Nunan and Birks, 2017). However, although there is the limitation that it relies heavily on the personal judgment, expert knowledge and creativity of the researcher rather than a random selection, this is considered as the most appropriate method of sampling fitting for the nature of this study. The non-probability sampling in the pilot study, which

involves purposive sampling method, with the researcher specifying characteristics of a populations, comprises of a sample of knowledge-based workers who are working in different capacities within an apparel company, in China, and with experiences of CSR.

A statistical approach was being used to determine the sample size based on confidence intervals. This statistic approach determines the final or the net sample size taking into consideration of any possible incidences, non-response issues and completion rates. The confidence level, a statistical range with a specified probability that a given parameter lies within the range (Price, 2017), of 95% is used. According to government statistics there are approximately 25,000,000 workers within the textile and apparel related industry in the Greater Bay Region, and considering a probable percentage of the industry's workforce of knowledge-based workers roughly at 10% there would be approximately 2,500,000 knowledge-based workers employed in the sector within the region (Anon., 2023). As such, 385 samples will be needed with 95% confidence level, which is within the 400-survey target.

A survey questionnaire, preceded by a brief introduction of the study and confidentiality agreement, were composed by the researcher to collect data. These were then translated and administered to participants in an apparel company in China. In order to ensure anonymity, no personal identifiable data was collected. The brief introduction and participation invitation of the study, and the survey questionnaire are presented in **Error! Reference source not found..**

5.2 Measures

Three instruments of the research, employee perceived CSR activities, employee perceived Organisational Culture, and Employee Loyalty, were used for measurements in this study. The followings were measured, through self-administered survey in both English and Chinese, to employees in Hong Kong and China:

- 4 dimensions of employee perception of CSR (from Yang and Basile, 2019 and Turker, 2009)
- 4 dimensions of employee perception of organisation culture (7 dimensions adapted to 4, from Chatman et al., 1991)
- 5 item scale was used to measure Employee Loyalty, adapted from Allen & Meyer (1990).

Perception of CSR. The scale developed by Yang and Basile (2019) and Turker (2009), based on Carrol's conceptualisation of CSR, were adapted for the study to measure employee perceptions of CSR initiatives relating to the environment, product and service, corporate governance, and the employee. In this study CSR categorisation is consolidate into 4 dimensions to specifically test the four aforementioned perceptions of CSR by employees.

Perception of Organisation Culture. O'Reilly, Chatman and Caldwell (1991) developed the Organisational Culture Profiles (OCP) framework to assess person-organisation fit based on person-culture fit. The framework comprises value statements that give a holistic view of organisational

culture with seven dimensions identified. The seven dimensions are consolidated into 4 which are most relevant to employee and connected to CSR practices in this study: (1) Outcome-oriented; (2) Customer-oriented; (3) Employee-oriented; (4) Innovation-oriented.

Employee Loyalty. Employee Loyalty was the dependent variable in this study. The scale measuring Employee Loyalty in this study was adopted by a scale developed by Allen & Meyer (1990) was adapted for the study to measure Employee Loyalty. The questionnaire items correspond to the feelings that employee may have for their organisations.

The researcher adopted questions from previous studies to better fit the intentions and scopes of the study. All items were measured on a 7-point Likert scale, with 1 'strongly disagree' to 7 'strongly agree'. The participants were thus being asked to agree or disagree with each statement with a numerical score to reflect its degree of attitudinal favourableness, which will be summed to measure the overall attitude in the study. The Likert-type point scale was employed as a mean to measure, within a linear continuum, the intensity of attitude of respondents. It is considered appropriate form of measurement as it is reliable and can provide a greater volume of data than other scales.

In addition, demographic data such as age, gender, countries in which they acquired their last highest education, etc, were collected and measured on a nominal scale. The demographic and instrument questions utilised in this study can be found in **Error! Reference source not found..**

5.3 Validity

It is important for the research instrument to measure what it is designed to measure. There are three criteria for evaluating a measurement tool:

Validity is the extent to which a test measures what it wished to measure;

Reliability is the accuracy and precision of a measurement procedure;

Practicality is concerned with a wide range of factors like economy, convenience, and interpretability (Coopers and Schindler, 2014). Tests and reinforcement to the said three criteria were performed at the initial stage of the analysis.

In this study, the measurement items and scales were adopted from previous studies. Expert reviews were conducted with questionnaire items being reviewed by academics and professionals with HR experiences or senior management to ensure the validity of the content. Two senior executives of two apparel companies listed on the stock exchange and with presence in China, and an academic with specific focus on CSR were consulted.

Revisions to the items were made after screening for ‘double negatives’ and ‘confounding sentence structures’, ensuring the items are relevant and effective to measure the intended scope of measurement, as well as in language that is accessible and easy to comprehend. Since the data collection was conducted in China, the questionnaire, as well as the engagement letter with brief descriptions of the intentions of the study, letter of consent and confidential agreement letter, were translated by a professional translator, to ensure of the accuracy of the translated content

before they were being distributed first to senior managements of the companies and then their respective staff members.

5.4 Data Analysis

To determine the effects of Organisation Culture between employee perception of CSR practices and Employee Loyalty, survey data was transferred into SPSS for analysis. The summary of analysis procedures are as follows:

1. Descriptive statistics analysis will be used to describe perception of CSR practice, perception of OC, and Employee Loyalty
2. EFA and Cronbach Alpha analysis for factor loading analysis and reliability tests
3. Correlation analysis: Regression Analysis will be used to verify the relationships. Linear Regression will be used to investigate the correlations between predictors and outcome variable. Standard coefficients will be compared for the strength of relationships between the constructs.

Subsequent to the above procedures, **interaction terms of OC and CSR are computed and analysed in Moderated Multiple Regression**, before the interaction terms between the CSR variables and OC variables were once again analysed in Multiple Regression Analysis. More detailed descriptions of the procedures are presented in the following sub-chapters.

5.5 Pilot Study

The following section is a pilot study conducted to validate and examine the representation and significance of prediction of scale items, as well as to eliminate models proposed that are poor fit, using statistical analysis such as Cronbach's alpha analysis, exploratory factor analysis and correlation analysis.

In the pilot study, content validity procedures were applied with measurement items reviewed for relevance and clarity against each constructs by academics and practitioners. Items were distributed to professors, supervisor and Director of Study for review, to determine and confirm whether the items were appropriate for the measurement of the constructs of the study. The questionnaire items were then translated into Chinese from English by a professional translator. Both the English and Chinese versions of the questionnaire were then distributed to two practitioners to check whether the languages used in the questionnaires are appropriate and easy to understand. Afterwards, the pilot study survey was then administered to a small number of participants of 39 participants, who are of similar profile of the target populations of the study. The 39 participants of the pilot study were not included in the final analysis. The pilot study contributed to provide valuable information via a preliminary test of the research design, as well as the final opportunity to refine and modify the research instruments if needed.

5.5.1 Instrument Design and Item Generation

Measurements items for the proposed constructs were adopted from literature review and validated and refined in the previous section of pilot study.

Content validity were acquired by vigorous reviews and discussions with academics and executives with human resources expertise. Expert review was carried out to review each of the items for its relevance and appropriateness of language. Questionnaire items were then translated into Chinese for a final review by academics and practitioners prior to the distribution of the survey to respondents. The final constructs operationalised in the main study are:

OC_OUT, OC_EMP, OC_CUS, OC_INN assessed employee perception of Outcome-oriented OC, Employee-oriented OC, Customer-oriented OC and Innovation-oriented OC, respectively.

CSR_ENV, CSR_PRD, CSR_CRP, CSR_EMP assessed employee perception of Environmental-related CSR, Product and Service-related CSR, Corporate Governance-related CSR and Employee-related CSR, respectively.

And finally, LOY assessed employee perception of Employee Loyalty.

5.5.2 Exploratory Factor Analysis and Reliability Test

After the pilot data was collected and screened through missing and invalid data, an Exploratory Factor Analysis was performed. Exploratory Factor Analysis was conducted to analyse the underlying factorial structure between the variables intended to be measured, and to confirm if any items were to be modified or deleted.

CSR is operationalised into 4 constructs representing 4 different types of CSR, which were initially represented by 3 items each. CSR item prd_3 is a reversed item and was recode prior to analysis. Although csr_prd_1 cross-

loaded negatively on a second factor, the researcher judged that the item, as it is adopted from a well-tested scale, is essential to content validity and that given a larger sample size with more varied CSR experiences it will not be an issue and thus retained the item.

As there is no other item with factor loading below 40% or with high cross-loading, no items were eliminated. The following table (**Error! Reference source not found.**) shows the final items. The 12 items had high factor loading between 0.454 to 0.948.

Organisational Culture is operationalised into 4 constructs representing 4 different profiles of Organisational Culture. Each of the construct was originally represented by 3 items. As there is no item with factor loading below 40% or with high cross-loading, all items were retained. The following table (**Error! Reference source not found.**) shows the final items. All 12 items had factor loading of sufficiently high value, between 0.588 to 0.928.

Subsequent calculation of Cronbach's alpha coefficients to test for reliability is conducted as the data used in the research was collected from scaled responses. Internal consistency and how closely the items are related are analysed in the reliability test. Items with alpha values greater than 0.7 are accepted as items measuring the same constructs (George and Mallery, 2002). Items with alpha values greater than 0.6 will also be accepted in this pilot study.

A Cronbach's alpha analysis was conducted on Organisation Culture Profile subscale of the Outcome-orientated Organisation Culture survey. It was found that the alpha level of the subscale was .667, although it's lower than .7, indicates that there is a sufficient level of inter-item reliability within the

subscale, as a pilot study above .6 is also deemed to be acceptable. Moreover, by removing any of the items would not significantly improve the alpha level either.

A Cronbach's alpha analysis was conducted on Organisation Culture Profile subscale of the Employee-orientated, Customer-oriented, and Innovation-oriented, Organisation Culture survey. It was found that the alpha levels of the subscales were .893, .826, and .944, respectively, indicating that sufficient levels of inter-item reliability are achieved within the subscales. Moreover, the removal of any of the items would not contribute to significant increase of the alpha levels.

After, a series of Cronbach's analysis were conducted on Employee perception of CSR subscale of the environmental-related, product and service-related, corporate-governance related, employee-related CSR accordingly. It was found that the alpha level for the subscales of environmental-related, product and service-related, corporate-governance related, employee-related CSR are at .801, .943, .721, .875, respectively. The findings indicates that the subscale has a sufficient level of inter-item reliability, as a pilot study above .6 is also deemed to be acceptable.

Last, a Cronbach's alpha analysis was also conducted on Employee Loyalty. It was found that the subscale's alpha level was .898, indicating that the subscale has a sufficient level of inter-item reliability. Moreover, it was found

that if any of the items were deleted, it would not significantly increase the alpha level.

The results of the Reliability Analysis with Cronbach Alpha levels for the items to be measured for each of the sub-scale of OC, CSR, and Employee Loyalty are presented in **Error! Reference source not found..**

5.5.3 Preliminary Analysis: Mediation testing (Baron and Kenny's model)

Following Exploratory Factor Analysis and Reliability tests, the following procedures were observed: First, Pearson's correlation analysis was conducted to test the perception of CSR (independent variable) is correlated with Employee Loyalty (Dependent Variable). Second, Pearson's correlation analysis was again conducted to test perception of OC is correlated with CSR. Third and final, Hierarchical Multiple Regression analysis was conducted to Test the effect of CSR (IV) on Loyalty (DV), controlling for OC (M).

In the Pearson's Correlation analysis, it was found that Employee-related CSR subscale has high correlation with Employee Loyalty subscale, $r(39)=.926$, $p<.001$. Further, it was also found that Corporate Governance-related CSR has low correlation with Employee Loyalty subscale, with $r(39)=.049$, $p>.05$ at .767 and Environmental-related CSR shows a low but negative correlations with Employee Loyalty at $r(39)=-.033$, $p>.05$ at .840.

This is in line with the expectations that employee's perception of Employee-related CSR correlates positively, and strongly, with Employee Loyalty;

whilst, employee perception of Corporate Governance-related CSR has low correlations with employee loyalty.

Product-related CSR shows a moderate correlation with Employee Loyalty at $r(39)=.441$, $p<.05$ at $.005$. This could be potentially attributed to, or explained by, the sense of identification employees generated through companies possessing enhanced reputations as a result of delivering credible and reputable products and services.

In addition, the same correlation analysis was conducted with the Organisational Culture subscale and CSR. The Pearson's Correlation Matrix is presented in **Error! Reference source not found..** As expected, certain types of organisational culture have higher correlations with certain types of CSR. For example, Employee-oriented Organisational Culture (OC_EMP) shows high correlations with Employee-related CSR with $r(39)=.908$, $p<.001$. As expected in companies that is employee focused, it is more likely that these companies practice Employee-related CSR through training or providing a good working environment for employees.

Innovation-oriented Organisation Culture subscale (OC_INN) shows significant correlations with Product and Service-related CSR subscale (CSR_PROD), and with Employee-related CSR subscale (CSR_EMP), with $r(39)=.721$, $p<.001$ and at $r(39)=.566$, $p<.001$ respectively. This indicates Innovation-oriented Organisation Culture strongly and positively correlates with Product and Service-related and Employee-related CSR, as expected that in companies that promote innovation, it is more likely that these companies invest in empowering their employees through training and development in

order to adopt innovative business processes, or more willing to facilitate better communications with customers and improve specifications of products and services the companies deliver .

Since it was indicated that as expected, certain Organisational Culture significantly affects Employee Loyalty, we control Organisational Culture in a Partial Correlation analysis. The results are presented in the table below (**Error! Reference source not found.**). When controlling OC in Partial Correlation analysis, it was found that Employee related CSR subscale has lower correlation with Employee Loyalty subscale, $r(39)=.662$, $p<.001$. When compared with the result without controlling OC, it shows a decrease from .926 to .662. Additionally, when controlling OC in Partial Correlation analysis, it was found that the Product-related CSR subscale, which originally shows moderate correlations with Employee Loyalty with $r(39)=.441$, $p<.05$ at .005, has now show a lower correlation with $r(39)=.233$, $p>.05$ at .177 which is statistically insignificant. As such, it can be suggested that Organisation Culture potentially interferes the relationship between CSR and Employee Loyalty, and its effects warrant a closer investigation in the main study. To further explore the effects of OC to the relationship between CSR and Employee Loyalty, Hierarchical Multiple Regression analysis is conducted in the main study in the following section of the chapter.

5.5.4 Summary of the Pilot Study

The pilot study fulfilled the objective of eliminating items that were a poor fit to the proposed model. As the pilot study found out, all items are relevant and therefore there were no items eliminated for the main study. Preliminary analysis also showed that as expected, Employee-related CSR and Product and Service-related CSR have significant effect to Employee Loyalty, as proposed in our theory that Employee-related CSR generated the most *functional benefits* to employees whereas in Product and Service-related CSR loyalty is enhanced owing to the sense of pride/recognition generated through enhanced reputations of the companies (*emotional benefits*) as a result of delivering credible and reputable products and services.

On the other hand, with the exception of Outcome-oriented Organisational Culture, all other Organisational Culture, showed significant relationship with Employee Loyalty. When a Partial Correlation analysis was performed with Organisation Culture controlled, CSR instruments showed a significant decrease of effects to Employee Loyalty. These findings validated and endorsed the proposed model that Organisation Culture potentially interferes with the relationship between CSR and Employee Loyalty and the model was further tested in the main study in the following chapter.

5.6 Main Study

As stated previously, this study is conducted as a two-part study integrating Quantitative Research as the core component of the study, and the Qualitative Research as the supplementary component, in an Explanatory Sequential set-up. In the Explanatory Sequential design, collection and analysis of

quantitative data were conducted first, prior to the collection of qualitative data, followed by the final part of qualitative data analysis to explain and contextualise the quantitative findings.

Following the preliminary analysis and findings of the pilot study, within which items for measurements are confirmed and preliminary model tested for its appropriateness for further investigation, survey questionnaire was further distributed to a greater target population. This section of the paper will cover the procedures the main study. Firstly, this section will describe the data collection and the respondents. Second, it will present the instrument and item generation, reliability tests and Exploratory Factor Analysis. In the final section of this chapter, there will be the reporting of results of the study, including the descriptive statistics, means, regression analysis and finally Partial Correlation analysis. The summary of interpretations of results against research questions will also be presented to conclude the chapter.

Below is a summary of procedures performed in the main study:

1. Exploratory Factor Analysis to examine the factorial structure of the items of CSR construct, and OC construct, respectively
2. Cronbach's Alpha Analysis to test for reliability for the CSR construct, and OC construct, and Employee Loyalty construct respectively
3. Regression Analysis with Employee Loyalty as Dependent Variable, and 4 CSR constructs as Predictors
4. Correlation Analysis of CSR constructs and OC constructs
5. Linear Regression Analysis with Employee Loyalty as Dependent Variable, and 4 OC constructs as Predictors

6. Hierarchical Regression Analysis with Employee Loyalty as Dependent Variable, CSR constructs as Predictors, and OC constructs as Control Variables

7. Moderated Multiple Regression Analysis with Employee Loyalty as Dependent Variable, CSR, OC, and interaction terms of CSR and OC enter in blocks, to assess models' significance and R Square change between the models

8. Hierarchical Regression Analysis with Employee Loyalty as Dependent Variable, CSR and OC constructs, as well as their interaction terms, at centred values as Predictors, to examine and compare the strengths of correlations between the original CSR and OC constructs, and their interaction terms

5.6.1 Descriptive Statistics

Survey questionnaires were distributed, and 382 responses were collected from knowledge-based worker with CSR experience in 5 different companies. These companies, which are apparel companies located in China within the Greater Bay Area, were identified through purposive sampling method. Company A is a manufacturing service company with its business focusing on fast fashion products. It conducts its manufacturing activities together with market analysis as their core business activities. Company B is a manufacturing company providing manufacturing, marketing, sales and trading services in relations to consumer brands of local and international customers. Company C and Company D both are companies that provide product development services to consumer brands and manufacturing companies. Company D is a company that conducts manufacturing and

trading activities with both local and international customers. Company E is a company that conduct market analysis and manufacturing services for both local and international customers.

Participants were recruited in the aforementioned companies, and were informed that anonymity and confidentiality will be ensured, and with rights to withdraw their participation in any stage if they wish. Questionnaires were administered electronically, and participants were requested to provide socio-demographic information, which is relevant to the study, including their age, gender, years of experience, location of education. The descriptive statistics are disseminated in the following passages.

The Gender distribution of the respondents included 57.3% male and 41.4% female, which is in line with and comparable to the statistic obtained and estimated by World Bank, of 44.8% of female in total labour force in China in 2021 (World Bank, 2023). The gender distribution information for the participants is presented in the below table (**Error! Reference source not found.**).

The Age distribution of the respondents included 5.5% of respondents within the age of 19-24; 17.8% within the age range of 25-34; 37.7% within the age range of 35-44; 25.7% within the age range of 45-54; and 2.4% within the age range of above 65. The majority of respondents, over 61.0%, are under the age of 44. The information regarding age of the respondents is presented in the below table (**Error! Reference source not found.**).

In relations to the education and cultural background of the respondents, befitting to the objectives of this study, which is to understand the organisational behaviour of employees in China in the Chinese contexts, respondents were screened for demographic information such as their education as well as domicile background in relation of location. All of the respondents reside in China for most of their life and are educated within China.

In relations to years of work experience, up to 49.5% of the respondents have more than 20 years of experience within their respective industries. The information regarding years of work experience of the participants is presented in the below table (**Error! Reference source not found.**).

With regards to information relating to the sector that the respondents work in, 70.2% works in the manufacturing industry and 29.8% works in the service industry. The information regarding the sectors the participants work in is presented in the below table (**Error! Reference source not found.**).

5.6.2 Means and Standard Deviations

In the initial stage of the analysis, means and standard deviation of the each of the CSR subscales and Organisational Culture subscales, as well as the Employee Loyalty subscale are examined to get an overview of employee's

perception of the CSR practices that their organisations engage in, the types of Organisational Culture within their respective companies, as well as the general feelings of loyalty to their companies.

In terms of employee perception of CSR, the Corporate Governance-related CSR construct is with the highest mean at 6.14 ($SD=.56$), suggesting that in the employee's perceptions their respective organisations have highest expectations on Corporate Governance-related CSR. This is followed by Environmental-related CSR and Product and Service-related CSR at 5.8595 ($SD=.55$) and 5.8237 ($SD=.89$) respectively, with Product and Service-related CSR with a more uneven distribution, implying that between the companies the respondents work for there are more varied approaches and degree of conducting Product and Service-related CSR. Employee-related CSR comes in last with a mean of 5.4878 ($SD=.69$), suggesting that in employee perception the degree which their respective organisations practice of Employee-related CSR is lowest amongst other types of CSR. However, as the Standard Deviation is relatively high, we can deduct that outliers on either side of the spectrum might have affected the Means and Standard Deviation of Employee CSR, with companies either showing moderately high or low expectations in practice of Employee CSR.

In terms of Organisational Culture, the highest mean is Customer-oriented Organisational Culture construct at 5.9843 ($SD=0.75$), suggesting that most of the organisations the respondents work in are customer focused in terms of Organisational Culture. Innovation-oriented Organisational Culture comes

second with mean at 5.7120 (SD=.84), whilst Outcome-oriented Organisational culture comes third with mean at 5.5689 (SD=.85), both with relatively uneven distributions, suggesting companies have high and low degrees of the said cultures. Least employees feel that they work in companies with Organisational Culture that is employee-oriented, with mean at 5.4773 (SD=.63), which is relatively even with the distribution when compared with the standard deviations of the other three Organisational Culture.

Employee Loyalty has a mean of 5.6171 (SD=.65), suggesting that respondents are moderately loyal to the companies on the whole, although the distribution of responses are also moderately uneven, implying that within the sample populations there are a moderate spread of responses indicating high and low Employee Loyalty. Considering the sample population consists of employees from several different companies, it is expected and accepted that they are from companies of different make up of different types of Organisational Culture and thus, with moderate Standard Deviation in the Means testing.

The Means and Standard Deviation results are presented in the table below.

(Error! Reference source not found.)

5.6.3 Uni-dimensionality, Exploratory Factor Analysis and Reliability Test

In the main study with the full set of data of 382 responses, Exploratory Factor Analysis was again conducted to analyse the underlying factorial structure

between the variables intended to be measured, and to confirm if any items were to be modified or deleted based on the factor loading values.

CSR was operationalized into 4 constructs representing 4 different types of CSR, namely Environmental-related CSR, Product and Service-related CSR, Corporate Governance-related CSR and Employee-related CSR, which were initially represented by 3 items each. Items of environmental-related CSR (CSR_ENV) have factor loadings between 0.773 and 0.839; Items of product-related CSR (CSR_PRD) have factor loadings between 0.768 and 0.827; Items of corporate governance-related CSR (CSR_CRP) have factor loadings between 0.788 to 0.816; Items of employee-related CSR (CSR_EMP) have factor loadings between 0.793 and 0.830. As there is no item with factor loading below 40% or with high cross-loading, all items were retained with none eliminated. Table 12 (**Error! Reference source not found.**) shows the final items.

Organisational Culture was operationalised into 4 constructs (OC_OUT, OC_EMP; OC_CUS; OC_INN) representing 4 different profiles of Organisational Culture, namely Outcome-oriented, Employee-oriented, Customer-oriented and Innovation-oriented, Organisation Culture. Each of the construct was originally represented by 3 items. Items of Outcome-oriented Organisational Culture (OC_OUT) have factor loadings between 0.778 and 0.805; Items of Employee-orientated Organisational Culture (OC_EMP) have factor loadings between 0.744 and 0.838; Items of Customer-orientated Organisational Culture (OC_CUS) have factor loadings between 0.695 to 0.850; Items of Innovation-oriented Organisational Culture

(OC_INN) have factor loadings between 0.825 and 0.844. As no item with factor loading less than 40% and with no high cross-loading issues, no items were eliminated. The final items are presented in the below table (**Error! Reference source not found.**).

The below table (**Error! Reference source not found.**) summarises the results of the Exploratory Factor Analysis for the constructs of OC, CSR, LOY.

Similar to the pilot study, reliability is then once again tested with the calculation of Cronbach's alpha coefficients to test for reliability, due to the data being collected in the study were of scaled responses. In Reliability test the degree of consistency between various measurable items that are designed to measure a concept is assessed and determined (Hair, et al., 2010). The test aims to examine internal consistency and how closely the items are related. In the reliability tests in the main studies, only items with alpha values greater than 0.7 are accepted as items measuring the same constructs (George and Mallery, 2002).

A Cronbach's alpha analysis was conducted on employee perception of CSR subscale of the Environmental-related (CSR_ENV), on Product and service-related CSR (CSR_PRD), Corporate Governance-related CSR (CSR_CRP), Employee-related CSR (CSR_EMP) surveys. It was found that the alpha levels of the subscale are at .728, .760, .708, .755, respectively, indicating that there is a sufficient level of inter-item reliability in the subscale. Moreover, it was found that the removal of any of the items will not contribute to an increase to the alpha level significantly hence all items were kept. The results are presented in the following table (**Error! Reference source not found.**).

After, a series of Cronbach's analysis were conducted on Employee perception of Organisational Culture subscale of the Outcome-orientated Organisation Culture (OC_OUT), Employee-orientated Organisation Culture (OC_EMP), Customer-orientated Organisation Culture (OC_CUS), Innovation-orientated Organisation Culture (OC_INN) accordingly. It was found that the alpha level for the subscales of Outcome-oriented, Employee-oriented, Customer-oriented, and Innovation-oriented Organisational Culture are at .715, .724, .738, .785, respectively. The findings indicates that all of the Organisational Culture subscales have sufficient levels of inter-item reliability, as all Cronbach's alpha values are above .7, which is deemed to be the threshold for being considered as acceptable. The results are presented in the following table (**Error! Reference source not found.**).

Last, a Cronbach's alpha analysis was also conducted on Employee Loyalty. Five items were measured initially; however, it was found that the subscale's alpha level was .625, which is lower than .7 to be considered acceptable. It was found that if one item (LOY_4) is deleted, the subscale's Cronbach's alpha level increased to .775, which indicates that the subscale has a sufficient level of inter-item reliability. As a result, item LOY_4, which corresponds to the questionnaire item of "I would be happy to work at my company until I retired" was removed in subsequent analysis, which 4 other items remained on the scale. The results are presented in the following table (**Error! Reference source not found.**).

5.6.4 Regression Analysis, Chi-Square Test, and Hierarchical Regression Analysis

A multiple regression analysis was then next conducted with Environmental-related CSR (CSR_ENV), Product and Service-related CSR (CSR_PRD), Corporate Governance-related CSR (CSR_CRP) and Employee-related CSR (CSR_EMP) as predictors and Employee Loyalty as the outcome variable to explore the prediction effects of the CSR constructs to Employee Loyalty. As indicated in the guidelines in Cohen (Cohen, 1988), R^2 values at 0.010-0.299 indicates low explanations by the predictor variables; R^2 values at 0.300-0.499 indicates medium explanation by the predictor variables; and R^2 values of greater than 0.500 indicates strong explanations by the predictor variables. In the regression summary table presented below (**Error! Reference source not found.**), the R^2 value indicated the model that, for 49.2% of the variation in the dependent variable, Employee Loyalty (LOY) can be explained by the independent variables, indicating moderate variability is explained by this model.

The coefficient of regression summary is presented in table (**Error! Reference source not found.**). To understand the strengths of correlations between the individual predictor variables and the outcome variable, the key data to be examined for interpretation in the model is the standardized coefficients Beta (β). In the case of applied psychology, where measurements of attitude is concerned, as indicated by Bosco et al. (Bosco, et al., 2015), effect size greater than 0.40 is considered as large; 0.18 to 0.39 can be classified as medium effect; and 0.10 to 0.24 can be classified as

low). In this model, $\beta_{\text{csr_emp}}=0.562$, $p<0.001$, which indicates a significantly large effect of Employee-related CSR to Employee Loyalty. Product and Service-related CSR also shows a statistically significant and moderate effect to Employee Loyalty, at $\beta_{\text{csr_prd}}=0.276$, $p<0.001$. Environmental-related CSR and Corporate Governance-related CSR, however, do not show statistically significant effects with Employee Loyalty, with p-value over 0.05, at 0.728 and 0.502 respectively, bringing into questions of the effectiveness of employing Environmental-related CSR and Corporate Governance-related CSR in generating the outcome of Employee Loyalty. Thus, it can be suggested that Employee-related CSR is the greatest predictor to Employee Loyalty, whilst Environmental-related CSR has the lowest effect to Employee Loyalty. Of the all four types of CSR, only Employee-oriented CSR and Product and Service-related CSR show statistically significant correlations with Employee Loyalty. With the above findings, it can be interpreted:

H1. CSR (Environmental, Product and Service-related, Corporate Governance-related, Employee-related) positively correlate with Employee Loyalty, is therefore only partially supported.

H2. Strength of relationship between Employee Loyalty and Employee-related and Product and Service-related CSR are stronger than Environmental-related and Corporate Governance-related CSR, is supported.

A Correlation Analysis was conducted to understand the correlations between CSR constructs and Organisational Culture constructs. The results are presented in the table below (**Error! Reference source not found.**). It was found that Environmental-related CSR correlates positively with all Organisational Culture, with its correlations with Employee-oriented Organisational Culture and Customer-oriented Organisational Culture most significant, with $r(382) = .315$, $p < 0.001$ and $r(382) = .321$, $p < 0.001$, respectively. Both with p-value less than 0.05, showing that the correlation is significant.

Product and Service-related CSR shows positive correlations with Employee-oriented and Customer-oriented Organisational Culture, with $r(382) = .344$, $p < 0.001$ and $r(382) = .177$, $p < 0.001$, respectively. It however shows negative correlations with Innovation-oriented and Outcome-oriented Organisational Culture, with $r(382) = -.156$, $p = 0.002$, < 0.05 and $r(382) = -.049$, $p = .337$, > 0.05 , respectively. The corresponding p-values indicates that its negative correlations with Innovation-oriented Organisational Culture is significant whereas with Outcome-oriented Organisational Culture is not.

In the Corporate Governance-related CSR dimension, it was found that it has positive correlations with all Organisational Culture profiles. With Outcome-oriented Organisational Culture it shows $r(382) = .172$, $p < 0.001$; With Employee-oriented Organisational Culture it has $r(382) = .163$, $p = 0.001$, < 0.01 ; With Customer-oriented Organisational Culture it has $r(382) = .182$, $p < 0.001$; and finally with Innovation-oriented Culture it has $r(382) = .086$, $p = .094$, > 0.05 . The correlations are positive albeit low in

values, and are all significant with p-value less than 0.05, except for Innovation-oriented Organisational Culture.

And finally in the Employee-related CSR dimension, positive correlation can only be found with Employee-oriented Organisational Culture, with $r(382)=.313$, $p<0.001$. Negative correlation was found with Outcome-oriented Organisational Culture, with $r(382)=-.143$, $p=0.005$, <0.01 ; and with Innovation-oriented Organisational Culture, with $r(382)=-.214$, $p<0.001$. Its correlation with Customer-oriented Organisational Culture is also negative, with $r(382)=-.001$, $p=.977$, >0.05 , although it is not statistically significant.

With the above finding, since only some of the CSR variables positively correlates with Organisational Culture variables,

H3. Employee perception of CSR (Environmental-related, Product and Service-related, Corporate Governance-related, Employee-related) positively correlates with employee perception of Organisational Culture (Outcome-oriented, Employee-oriented, Customer-oriented, Innovation-oriented) is only partially supported.

Next, a multiple regression analysis was also conducted with the four dimensions of Organisational Culture, Outcome-oriented Organisational Culture (OC_OUT), Employee-oriented Organisation Culture (OC_EMP), Customer-oriented Organisational Culture (OC_CUS) and Innovation-oriented Organisation Culture (OC_INN) as predictors and Employee

Loyalty as the outcome variable, to investigate the predicting effect of Organisational Culture constructs to Employee Loyalty.

In the regression summary table presented below (**Error! Reference source not found.**), the R^2 value indicated the model with Organisational Culture as predictors, that, for 29.2% of the variation in the dependent variable, Employee Loyalty (LOY) can be explained by the independent variables. Compared with the regression model of CSR as dependent variables, this model shows a lower variability in explaining the relationship with Employee Loyalty.

The coefficient of regression summary between the Organisational Culture predictors and Employee Loyalty is presented in table (**Error! Reference source not found.**). Again, the standardized coefficients Beta (β) is interpreted to understand the strengths of correlations between the individual predictor variables and the outcome variable. In this model, it is worth noting that, $\beta_{oc_emp}=0.443$, $p<0.001$, which indicates a significantly large effect size between Employee-oriented Organisational Culture and Employee Loyalty. Outcome-oriented Organisational Culture, however, shows a statistically significant, moderately strong but negative effect to Employee Loyalty, at $\beta_{oc_out}=-0.296$, $p<0.001$. Innovation-oriented Organisational Culture, interesting, also shows a statistically significant, low but negative effect to Employee Loyalty, with $\beta_{oc_inn}=-0.179$, $p<0.001$. As such, amongst the Organisational Culture Profiles, it can be suggested that

while on the whole, the effects size of the four Organisational Culture Profile to Employee Loyalty are varied according to expectations, three of the four Organisational Culture Profile constructs show significant links to outcome of Employee Loyalty, apart from Customer-oriented Organisational Culture. The strongest effect Organisational Culture Profile has on Employee Loyalty is unsurprisingly, the Employee-oriented Organisational Culture Profile. Both Innovation-oriented Organisational Culture and Outcome-oriented Organisational Cultures display negative effects to Employee Loyalty whilst Customer-oriented Organisational Culture's correlations with Employee Loyalty is insignificant.

With the above findings, it can be interpreted,

H4. Organisational Culture (Employee-oriented, Outcome-oriented and Innovation-oriented) significantly correlates with Employee Loyalty is partially supported.

Following the preliminary investigations and understanding between the relationships of the CSR constructs and OC constructs with Employee Loyalty separately, a hierarchical regression analysis was also conducted with the OC predictors as control, to confirm the moderating effect of Organisational Culture to the relationship between CSR and Employee Loyalty.

The model summary is presented below in table (**Error! Reference source not found.**). In the first model with the control variables of OC predictors, the model accounts for 29.2% of the variation in the dependent variable,

Employee Loyalty (LOY) can be explained by the independent variables. In the second model with the effects of both OC predictors and CSR predictors are considered, the model accounts for 54.6% of the variation in the dependent variable, Employee Loyalty (LOY) can be explained by the independent variables. Both models are statistically significant with $p < 0.001$. With R Square change at 0.263, hence, it can be suggested that there is significant moderating effect by the control variables of Organisational Culture to the relationship between employee perception of CSR and Employee Loyalty.

The coefficient of regression summary of the hierarchical regression analysis is presented in table (**Error! Reference source not found.**). While it is important to look when all effects are taken considerations, that, Employee-related CSR (CSR_EMP) and Product and Service-related CSR (CSR_PRD) show statistically significant, and strong and moderate effects to predict Employee Loyalty (LOY), with $\beta_{\text{csr_emp}} = 0.493$, $p < 0.001$ and $\beta_{\text{csr_prd}} = 0.219$, $p < 0.001$ respectively, it can also be observed a change in the strength of effects with Outcome-oriented Organisational Culture (OC_OUT) and Employee-oriented Organisational Culture (OC_EMP) between the controlled model and the model with all CSR and OC predictors were entered into the regression analysis. This indicates that there is the change of the strength of effects when both CSR and OC predictors are considered in relations to Employee Loyalty.

In the first model where OC predictors were controlled, Outcome-oriented Organisational Culture (OC_OUT) shows a strong and negative effect to Employee Loyalty at $\beta_{oc_out}=-0.296$, $p<0.001$, which was statistically significant. In model 2 when all predictors, including CSR variables', effects were considered, Outcome-oriented Organizational Culture (OC_OUT)'s standardized coefficients Beta (β) value increased to $\beta_{oc_out}=-0.181$, $p<0.001$. Similarly, but conversely, it can be observed that for Employee-oriented Organizational Culture (OC_EMP), the standardized coefficients Beta (β) value decreased from $\beta_{oc_emp}=0.443$, $p<0.001$ to $\beta_{oc_emp}=0.197$, $p<0.001$. From this, it can be suggested that there are potential effects of Organisational Culture to employee perception of CSR, which interferes with the relationship between employee perception of CSR, to the outcome of Employee Loyalty.

Next, to examine the moderation effects of Organisational Culture in detail, a Moderated Multiple Regression (Aguinis, 2004), a hierarchical regression with interaction terms of CSR and OC, computed by multiplying the values of the two variables, along with CSR, OC, and Employee Loyalty is performed. R Squares of each model are compared and ΔR^2 value assessed for moderation effect, before the significance of interaction terms are tested and examined next.

The model summary and coefficient of regression summary of the hierarchical regression analysis is presented below in table (**Error! Reference source not found.**). In the first model with CSR and OC

variables, the model accounts for 54.6% of the variation in the dependent variable, Employee Loyalty (LOY) can be explained by the independent variables. In the second model with the effects of both CSR, OC predictors and the interaction terms of CSR and OC are considered, the model accounts for 58.8% of the variation in the dependent variable, Employee Loyalty (LOY) can be explained by the variables. Both models are statistically significant with $p < 0.001$. With both models significant and R Square change at 5.9%, it can be suggested that there is significant moderating effect by the interaction terms to the relationship between CSR and Employee Loyalty.

When individual coefficients are concerned, it is important to note in model 2 when all effects are in considerations, that, sizable changes in the strength of effects with Outcome-oriented Organisational Culture (OC_OUT) and Customer-oriented Organisational Culture (OC_CUS) and Innovation-oriented Organisational Culture (OC_INN); and Corporate Governance-related CSR (CSR_CORP) and Employee-related CSR (CSR_EMP) and Product and Service-related CSR (CSR_PROD). This indicates that there is the change of the strength of effects of the independent variables when interaction terms are taken into considerations, to Employee Loyalty. The effect of individual interaction terms will be examined in more detail in the following passages.

With the above findings,

H5. Organisation Culture moderates the relationship between employee perception of CSR and Employee Loyalty is supported.

Next, interaction terms are entered into multiple regression analysis with the original variables once more, to examine the interaction effects of specific CSR and OC predictors in the final procedures of the analysis.

In the regression summary table presented below (**Error! Reference source not found.**), the R^2 value indicated the model with Organisational Culture as predictors, that, for 61.4% of the variation in the dependent variable, Employee Loyalty (LOY) can be explained by the independent variables. In this model with the additional predictors of interaction terms are considered, the model shows a moderately higher variability that Employee Loyalty (LOY) can be explained by the predictors in the model.

The coefficient of regression summary between the centred and interaction terms of Organisational Culture and CSR variables and Employee Loyalty is presented in the following table (**Error! Reference source not found.**).

Again, the standardized coefficients Beta (β) is interpreted to understand the strengths of correlations between the individual predictor variables and the outcome variable. In this model, it is worth noting that,

$\beta_{\text{csr_emp_centered}}=0.407$, $p<0.001$, which indicates a significantly strong predictive correlations between Employee-oriented Organisational Culture and Employee Loyalty. Product and Service-related CSR also shows a significant, moderate, effects to Employee Loyalty, with ,

$\beta_{\text{csr_prd_centered}}=0.209$, $p<0.001$. As such, it can be suggested that both Employee-related CSR and Product and Service-related CSR have considerable predictive power and effects to Employee Loyalty.

In terms of Organisational Culture, Outcome-oriented Organisational Culture however, shows a statistically significant, low but negative correlation with Employee Loyalty, at $\beta_{\text{oc_out_centered}}=-0.112$, $p=0.007$, $p<0.01$; while Employee-oriented Organisational Culture shows a statistically significant, and moderate correlations to Employee Loyalty, with $\beta_{\text{oc_emp_centered}}=0.180$, $p<0.001$. It can thus be suggested that in companies that are outcome and result focused, there is negative effect on Employee Loyalty whereas in companies that are with employee focused culture, not surprisingly, employees are most likely to display greater loyalty, although the aforementioned effects are relatively low or moderate, compared to with CSR as predictors.

Next, the strengths of correlations with the interaction terms of CSR and Organisational Culture and Employee Loyalty were being examined in detail. The Interaction term of Employee-related CSR and Employee-oriented Organisational Culture, shows a statistically significant, low but positive effects to Employee Loyalty, with $\beta_{\text{csr_emp_centered_x_oc_emp_centered}}=0.125$, $p=0.004$, $p<0.01$. The interaction term of Corporate Governance-related CSR and Innovation-oriented Organisational Culture, interestingly, shows a significant low but negative effects to Employee Loyalty, with $\beta_{\text{csr_crp_centered_x_oc_inn_centered}}=-0.191$, $p<0.001$. The interaction term of Product and Service-related CSR and Outcome-oriented Organisational Culture, again interestingly, shows a

significant effects to impact Employee Loyalty, with

$\beta_{\text{csr_prd_centered_x_oc_out_centered}} = -0.141, p = 0.025, p < 0.05$.

It is interesting to note that in the case of Employee-related CSR, its correlation with Employee Loyalty is significant with Standardized Coefficients Beta at 0.407, $p < 0.001$. The Standardized Coefficients Beta for Outcome-oriented Organisational Culture impacting Employee Loyalty is negative, at -0.112, $p = 0.007, p < 0.01$. Further, the Standardized Coefficients Betas for Employee-related CSR's interaction terms with Outcome-oriented Organisational Culture (CSR_EMP * OC_OUT) is 0.082, $p = 0.066$. When cross-examining the three Standardized Coefficients Beta, thus, it can be observed that the interaction effect of Employee-related CSR and Outcome-oriented Organisational Culture brings a significant change of effect size to impact Employee Loyalty. As such, it can be interpreted this result as that the combined effects of Employee-related CSR and Outcome-oriented Organisational culture bring a significantly lower effect to Employee Loyalty than Employee-related CSR alone.

With the combined effect of Employee-related CSR and Employee-oriented Organisational Culture to Employee Loyalty higher (positive) than its combined effects with other types of Organisational Culture, with Standardized Coefficients Beta at 0.125, $p = 0.004, p < 0.01$, compared with csr_emp_centered_x_oc_out_centered at 0.082, $p = 0.066, > 0.05$; and csr_emp_centered_x_oc_inn_centered at 0.111, $p = 0.010, < 0.05$, it can be concluded that the Employee-related CSR correlated with Employee Loyalty with the strongest effect with Employee-Oriented Culture. As such,

H6. The interaction effect of Employee-oriented Organisational Culture on the relationship between Employee-related CSR and to Employee Loyalty, is stronger than that with Outcome-related, Customer-related, and Innovation-oriented, Organisational Culture is supported and accepted.

In the dimension of Product and Service-related CSR, the combined effect of Product and Service-related CSR and Outcome-oriented Organisational Culture yield the strongest inverted relationship with Employee Loyalty, with Standardized Coefficients Beta at -0.141, $p=0.025$, $p<0.05$. However, when compared with the interaction effects of other Organisational Culture, the combined effect of Product and Service-related CSR, as expected, is higher than all the other Product and Service-related CSR with other Organisational Culture, to impacting Employee Loyalty, with $\beta_{\text{csr_prd_centered_x_oc_out_centered}}=-0.141$, $p=0.025$, $p<0.05$ compared with $\beta_{\text{csr_prd_centered_x_oc_emp_centered}}=0.006$, $p=0.705$, $p>0.5$, and $\beta_{\text{csr_prd_centered_x_oc_inn_centered}}=-0.077$, $p=0.157$ $p>0.05$. As such,

H7. The interaction effect of Customer-oriented Organisational Culture on the relationship between Product-related CSR and to Employee Loyalty, is stronger than the interaction effect of that with Employee-oriented Organisational Culture is also supported.

The combined effect of Corporate Governance-related CSR and Innovation-oriented Organisational Culture yields a moderate negative effect to Employee Loyalty, with Standardized Coefficients Beta at -0.191, $p<0.001$.

When comparing the interaction effect of Corporate Governance-related CSR and different types of Organisational Culture, to impacting Employee Loyalty, the strongest effect is of the combined effects of Corporate Governance-related CSR and Outcome-oriented Organisational Culture ($\beta_{\text{csr_crp_centered_x_oc_out_centered}}=-0.006$, $p=0.899$, $p>0.05$), followed by the interaction effect of Corporate Governance-related CSR and Customer-oriented Organisational Culture ($\beta_{\text{csr_crp_centered_x_oc_cus_centered}}=-0.005$, $p=0.908$, $p>0.5$) and the interaction effect of Corporate Governance-related CSR and Employee-oriented Organisational Culture ($\beta_{\text{csr_crp_centered_x_oc_emp_centered}}=-0.022$, $p=0.643$, $p>0.5$). Basing on the above findings, it can also be concluded that,

H8. The interaction effect of Outcome-oriented Organisational Culture on the relationship between Corporate Governance-related CSR and to Employee Loyalty, is stronger than the interaction effect of that with Employee-related, Customer-related, and Innovation-oriented, Organisational Culture is supported.

Interaction graphs, plotted using Gaskin's Stats Tools Package (Gaskin, 2016), are also examined to better understand the nature of the moderating effects of specific types of OC, to the relationship between specific types of CSR and Employee Loyalty.

The above interaction slope shows that higher Outcome-oriented OC dampens the positive effect of Product and Service-related CSR and Employee Loyalty.

The above interaction slope shows that higher Innovation-oriented OC strengthen the negative effect of Corporate Governance-related CSR and Employee Loyalty.

The above interaction slope shows that higher Employee-oriented OC strengthen the positive effect of Employee-related CSR and Employee Loyalty.

The above interaction slope shows that higher Innovation-oriented OC strengthen the positive effect of Employee-related CSR and Employee Loyalty.

5.6.5 Summary of Findings in Quantitative Research

With the above findings, the followings can be concluded:

Through the quantitative study it is established that, Employee-related and Product and Service-related CSR positively correlate with Employee Loyalty (H1). However, H1 is only partially supported in that Corporate Governance-related and Environmental-related CSR are found to be not significant with their impacts on loyalty. This can be attributed to different levels of expectations of CSR and corporate actions in China, as suggested

by Zhao et al. (Zhao, et al., 2019), that in developing countries there are less expectations on environmental CSR. In addition, the relatively less mature or rigorous legal and obligatory frameworks for corporate governance in developing countries such as China also contributes to less expectations for Corporate Governance-related CSR for employees.

Whilst the magnitude and positive direction of effect of Employee-related CSR was expected (H2), the positive correlations between Product and Service-related CSR and Loyalty can be attributed the sense of positive association between employee's sense of 'pride' and engagement, i.e., heightened *emotional benefits*, generated through the delivery of quality and reputable products/services provided by their companies.

The relationships between different types of CSR and OC were also investigated (H3), and found that the correlations vary in strengths and directions. The correlations between Environmental-related and Employee-oriented and Customer-oriented Culture are the strongest, implying that in these two particular OCs, Environmental-related CSR is mostly likely practised. This could be attributed to customer-focused companies' needing to go above merely satisfying regulations and practise responsible production or ethical and honest portrayal of the products to customers.

The same can be interpreted for Product and Service-related CSR in Employee-oriented and Customer-oriented Cultures. With its high correlations with the two OCs suggesting that when OC is more employee or customer focused, high emphasis on the practice of Product and Service-related CSR is more likely.

Corporate Governance-related CSR correlates positively to various degrees with all OCs and significant with all OCs apart from Innovation-oriented OC. This is also as expected, as most Organisational Cultures facilitate good governance practices and management, so as to meet their obligations and expectations of internal/external stakeholders, as well as to create favourable conditions for positive business outcomes.

Conversely and notably, there are significant negative correlations between Employee-related CSR and Outcome-oriented and Innovation-oriented Cultures. Whilst the decrease of expectations of Employee-related CSR in the companies with higher focus on outcomes is expected, the same for Innovation-oriented Culture is unexpected and is therefore warrant further investigations and understanding.

In H4, in relations to the correlations between OC and Employee Loyalty, as expected, different levels of value congruence between individual values of employees and OC impact on Loyalty positively or negatively, with the exception of Customer-oriented Culture, with insignificant correlation with Loyalty, potentially due to the fact that as customer orientation is more focused on external stakeholders thus least connected to employees.

After the moderation effect of OC on the relationship of CSR and Loyalty is established (H5), the interaction effects between different types of CSR and OC, with the aim to uncover which pairs of CSR and OC generate largest effects to impact Employee Loyalty were examined.

It was discovered, not surprisingly, when practicing employee CSR in Employee-oriented Culture, the interaction effect is strongest. The alignment of CSR strategy and OC suggests the truthful motivations of CSR practices by the company, and amplifying with the *functional benefits* that it provides to employees, generating Employee Loyalty effectively.

The interaction effect between Employee-related CSR and Innovation-oriented Culture also positively impacts Employee Loyalty (H6), indicating practicing employee CSR within Innovation-oriented Culture is also favourable in generating loyalty.

The interaction effect of Product and Service-related CSR and Outcome-oriented Culture brings negative effect to Employee Loyalty (H7), suggesting that Product and Service-related CSR practices might have some incongruent characteristics with that of the Outcome-oriented Culture in the perception of Employee, thus affecting loyalty negatively. This would be investigated further in the following qualitative study for more insights into the observation.

Whilst the interaction effect of Corporation Governance-related CSR and Outcome-oriented Culture is positive and stronger than when it's combined with other Organisational Culture (H8), the strength of correlation is low and is not statistically significant, suggesting that the alignment of Corporate Governance-related CSR and Outcome-oriented Culture is not that effective in generating loyalty. This could potentially be attributed to although employees see Corporate Governance-related CSR initiatives as beneficial in relations to business outcomes thus aligned with the outcome

orientation of their companies, the general expectations for Corporate Governance is low, and compounded with the relative less rigorous regulatory frameworks in China (less scrutiny), thus providing not enough *meaning and morality benefits* to enhance Employee Loyalty.

The interaction effects of Corporation Governance-related CSR and Innovation-oriented Culture, however, significantly impacts Employee Loyalty negatively (H8). This suggest that in Innovation-oriented Organisational Culture, a different approach in adoption Corporation-related CSR, might be needed, if the business outcome is to increase Employee Loyalty.

Although some of the findings are expected, it is deemed that in a research where the core investigation is on individuals' perceptions, the study of lived experience of the individuals would be beneficial to give more detailed insights into the generalised quantitative findings. Hence, in order to put contexts to the above findings and understand the underlying processes ahead of exploring the practical implications, Qualitative Study was conducted as the second component of this study.

5.7 Chapter Summary

In this chapter, the data collection procedures, validity, and reliability tests were presented. Pilot study consisting of item generation, exploratory factor analysis and reliability tests, and preliminary analysis were addressed. Main study and quantitative analysis, which includes descriptive statistics, means

and standard deviations, exploratory factor analysis, regression analysis, Chi-square tests and hierarchical regression analysis and the summary of the statistical analysis were discussed. The next chapter will present the qualitative research of the study.

Chapter 6. Qualitative Study

6.1 Introduction

As indicated previously, a mixed method of research was conducted.

Following the presentation of the procedures and findings of the Quantitative study in the previous chapter, this chapter will present the steps and the analysis and interpretations of data of the Qualitative study. The Qualitative research was conducted to meet the aims of, as classified by Greene (Greene, et al., 1989)

1. Triangulation. Results from Quantitative Method and Qualitative Method would be triangulated for correspondence, corroboration and convergence.
2. Complementarity. Qualitative Method employed with the aim to clarify, elaborate and illustrate results from Quantitative Method.

Specifically, the qualitative study within the mixed method research of this study aims to investigate the followings

1. To triangulate quantitative result in which hypothesis were tested to be supported. (H2, H5, H6, H7, H8)
2. To clarify and elaborate on the result of partially supported H1, that Corporate Governance-related and Environmental-related CSR do not have significant impact to Loyalty
3. To clarify and elaborate on the partially supported H3, that certain OCs do not have significant relationships with certain types of CSR, namely, Innovation-oriented Culture and Environmental-related CSR, and Corporate Governance-related CSR; Outcome-oriented Culture and Product and Service-related CSR; Customer-oriented Culture and Employee-related CSR.
4. To clarify and elaborate on the partially supported H4, that Customer-oriented Culture, does not have significant relationships with Loyalty.

6.1 Methodology

For the whole of the mixed method research study, a post-positivist view of research process was conducted with the first inductive approach of which, Quantitative Method was dominant and core component of the study, and followed by, the second, deductive approach with the Qualitative data supplementing the research inquiry, with the view to explain or clarify the effects first established in the Quantitative study. In the Explanatory Sequential Design approach, quantitative data collection and analysis were performed in the first stage of the study, followed by the commencement of

data collection and analysis of qualitative study, to explain and clarify the initial results and findings of quantitative research, enhancing the ‘contextual understanding’ of the research inquiry. (Bryman, 2006)

Semi-structured interviews are conducted to gather insights from participants into the findings in Quantitative Research conducted investigating the interrelationships between CSR, Organisational Culture, and employee loyalty. 4 senior executives, 4 managers and 4 employees are interviewed, individually and separately, guided by the researcher on the procedures but with the freedom to wander and expand on their opinions to provide greater range of understanding.

Data is organised, coded and analysed, with contents grouped into categories, concepts and themes before the data is analysed for insights.

In the Qualitative study, phenomenological approach is employed, with the structure of conscious lived experiences of employees at different levels within their respective organisations explored to form diverse, and in-depth understanding of the relationships between perceptions of CSR practices, Organisational Culture and Employee Loyalty.

Phenomenology is considered as a powerful qualitative research strategy for exploring challenging problems in social science. Its approach is to study and learn from the life experiences of the others in the first-person point of view. (Neubauer, et al., 2019). By understanding the experiences of others in a subjective way, one can develop new meanings and appreciation on how we understand that experience. There are two varieties of the philosophies and methodologies of phenomenology: transcendental and hermeneutic.

In this study hermeneutic phenomenology (or interpretive phenomenology) is used. As introduced by Martin Heidegger, interpretive phenomenology focuses on human experience and how it is lived, meaning the relationship between an individual and his/her lifeworld. The hermeneutic phenomenology approach attempts to understand the deeper layers of human experience and how their lifeworld influences their experience. Hence researchers must take into account for the influences of the individual's background. In addition, hermeneutic phenomenology value the researcher's past experience and knowledge which lead him/her to consider a phenomenon of investigation. Phenomenological research helps to broaden the understanding of complex phenomena involved in learning, behaviour and communication which helps to have a better understanding and proper alignment of the specific research questions and the underlying philosophy (Kafle, 2013).

As Gribch (Grbich, 2007) states that, phenomenology approach can uncover the underlying meaning and the experience together. This approach can uncover deep down to human experience and the original form experienced by the individuals. As per the study from Widodo et al, 2017, this approach includes interviews, conversations, participant observation, action research, meeting etc (Lester, 1999) which can understand what exactly is behind that affect the employers and employees' perspective of relationship between the constructs, rather than just what appears on the surface. Hence it is suitable for studying CSR, OC and Employee Loyalty, as employers' and

employees' perspective plays an important role in setting and implementing CSR in the organisation.

6.1.1 Sample Selection

In contrast to quantitative research with the typical intent of generalisation and thus, more likely to adopt probability sampling, qualitative research commonly adopt purposive sampling which identify and select information-rich subjects in relations to the objectives of the study (Patton, 2002).

Identification of individuals who are knowledgeable and experienced with the phenomenon investigated in the study, in this case, the various dimensions of CSR, Organisational Culture, and Employee Loyalty, is required to provide more insights for analysis in the qualitative study.

As such, respondents from certain demographic, knowledge and experiences that might contribute to the understanding of the aforementioned dimensions were preferred and selected as the subjects of the study (Stawiski et al., 2011). Respondents for the qualitative study were identified as employees with CSR experiences in their companies. The companies are all within the Guangdong region and the participants all reside in the region. The participants all acquired their latest education within China, and all are working in the apparel industry in different capacities. The researcher, with his vast experience in the apparel industry, utilised his personal network to recruit participants matching the desired research criteria. The profiles of the respondents are presented in Error! Reference source not found..

In addition, three groups of respondents from three different demographic backgrounds in terms of position within their organisations were preferred, namely, senior executives, middle managers and knowledge-based employees, to provide diverse, valuable insightful information on strategy and policy formulation and implementation. In addition, the experiences and perceptions of Employee Loyalty were also explored with this particular three groups of respondents through the interviews. The aforementioned purposive sampling strategy aims to complement the probability sampling adopted in the quantitative analysis, to achieve a better balance of internal and external validity. Although initially the desired number of respondents was 15 as this was deemed to be an appropriate size to for the research study (Marshall, 1996), saturation was reached at the 9th interview. To ensure that no new substantial information emerged, the researcher conduct a further 3 interviews as safeguard, bringing the total number of participants to 12.

6.1.2 Data Collection

The researcher has over 20 years of experience in the apparel industry, working in senior positions in MNC across 3 continents, in Italy, France, US, Japan, Hong Kong and China. His notable experiences include assuming a senior position at an US apparel firm managing its Chinese operations and its relationship with joint ventures and licensees in the Greater China region; as the head of the Asia pacific operation for an 80-year-old French heritage apparel brand; as well as an executive director of an apparel OEM/ODM company which is listed in the Hong Kong Stock Exchange. The researcher's extensive experiences in the industry from new product development, to supply chain management, marketing and retailing enable the researcher to have a comprehensive understanding of every

activity within the value chain of the industry. Owing to his multi-cultural management experience he also has unique and profound insights in relations to human resources management and implementations of CSR in various departments of different functions, across different organisational cultures and geographic locations.

The researcher formulated the semi-structure interview questions according to the quantitative results and his knowledge of the industry, specifically targeting areas for further corroboration in relations to the relationships between CSR, Organisational Culture and Employee Loyalty. The qualitative interviews, which were moderated by the researcher himself, in which participants can freely express their views and where appropriate, the researcher drawing on his profound experience, guiding the participants to elaborate on their answers in relations to their own experiences, with a few of the questions covered in greater depth whenever the respondents' answers revealed further insights in relations to the concepts around the constructs. This approach is similar to Chikudate's (Chikudate, 2000), in which Chikudate explained common underlying essences in the interviews and allow other contingencies and contexts to emerge from the data as the interviews were being conducted. The sample size of the qualitative study is relatively small, as the key objective of qualitative research is to ensure quality of data (O'Leary, 2004). Similar to this study, Chikudate's study reached the point of saturation at the thirteenth interview.

Given that a deductive approach was utilised in the qualitative analysis, saturation is defined as when there is substantial data exemplifying the pre-determined categories and concepts. The researcher judged that the

previously determined codes and themes have been represented in the data collected adequately, with examples covering various types of CSR and OC, as well as the interrelations between them, and Employee Loyalty. In terms of categories, for example, cost, resource management, productivity, professional development, compliance, etc, have repeatedly surfaced towards the end of the data collection. Further, in the perspective of data saturation, of which, according to Grady (1998), is reached when “new data appear to be redundant compared with the data collected” (Grady, 1998). The researcher deemed that similar comments began to come up repeatedly during interviews towards the latter stage of the data collection process, compounded with the lack of new categories emerging in the last few interviews, hence concluded that data saturation was reached.

Although the industry experience of the researcher provides a great advantage in guiding the qualitative research, there is potential of researcher bias in creating subjectivity in findings. However, the researcher is careful to maintain an open line of communication so that the participants can elaborate on their own opinions freely.

Semi-structured interviews were conducted to gather insights from managers and employees into the findings in Quantitative Research conducted, investigating the inter-relations between employee perception of CSR, OC, and Employee Loyalty. Questions are open-ended to allow respondents to express their views and their experiences more freely to gain more insights relating to their experiences. Four senior executives, four middle managers and four employees were interviewed, as it was

established previously that different levels of CSR is most likely practiced in different capacities, and with different perceptions owing to job levels and functions. Therefore, it is essential to have such set-up in order to gain a more comprehensive understandings of different perceptions of CSR, OC and loyalty.

Each respondent was interviewed for roughly 60 mins each individually and separately, guided by the researcher on the procedures but with the freedom to wander and expand on their opinions to provide greater range of understanding. The purpose of the study, confidentiality, anonymity and data protection protocols were communicated to the respondents prior to the commencement of the interviews. Respondents were made aware of the nature of the research, and that they have the right to terminate the interview processes, or withdraw any answers they have given, on their wish without any consequences to them.

The interview was divided into four parts. The first part pertaining to demographic information such as the current position within the company, to identify whether the respondents were senior executives, middle managers or front-line employees, fitting to the target population for the qualitative study. Length of time within the organisation as well as local or foreign educational background were also asked in the first part of the interview.

The second part of the interview pertaining to questions that relate to Organisational Culture. Question such as, “What is the Organisational Culture in your company?”, “Can you explain some of the practices that

your company has undertaken which you consider the characteristics of the type of Organisational Culture you described?” were asked, to understand respondents’ perceptions of OC. Thereafter, questions concerning the impact of OC to employee, and CSR practices were asked.

In the third part of the interview, questions were asked pertaining to CSR. The first two questions relate to the respondents’ perceptions of CSR, of their understanding of CSR, the CSR practices that their companies employ, and the respective impacts to their companies. Third and fourth questions relate to the barriers and incentives of the CSR initiatives their companies have undertaken, and the impacts of these CSR initiatives to employees. The fifth and last question of this part of the interview was specifically designed to investigate the relationship between CSR and Organisational Culture, in particular response to the Quantitative findings that certain CSR practices yield different effects, positive and negative, when carried out within a particular type of Organisational Culture. The contributing factors behind the Quantitative findings that, there are disparities in the combined effect of certain types of CSR and OC and Employee Loyalty, were explored with respondents being encouraged to freely reflect on their experiences relating to CSR in conjunction with Organisational Culture.

The fourth and last part of the interview relates to Employee Loyalty. Five questions such as “What initially attracted you to your organization?”, “Do you feel proud to be a part of your organisation? If so, why?”, “Do you feel the company’s performance also your own achievements?” were asked. The concept of loyalty was investigated through respondents’ perception of their company, their identification, sense of achievement, purposes and meanings

which they attached to their work, as well as their tendency to tackle work problems as their own. The full list of questions is listed in the **Error!**
Reference source not found..

Since the interviews were conducted in China, interview questions were translated from English to Chinese and thereafter, verified by a translation specialist before the interviews were conducted. After the interview data were collected, respondents' answers were then translated from Chinese back to English. Data was then organised, coded and analysed using Nvivo. Subsequently, contents were grouped into categories, concepts and themes before the data was analysed for insights.

6.2 Analysis

The qualitative research was performed with a deductive approach, with predetermined themes of the four CSR dimensions, and the four Organizational Culture orientations, as well as the dependent variable, Employee Loyalty, established in the hypothesis and findings of the quantitative study preceding the qualitative study.

Interview data was analysed to generate a better understanding of how CSR activities and OC, as well as their effects, on employee loyalty This was accomplished by:

- a) Identifying the vantage points from senior executives of how companies implement CSR practices under different OCs
- b) Generating more in-depth understanding of the implementations of CSR practices, the drivers and barriers, and effects, under the

companies' Organisational Culture, through the practical perspective of middle managers

- c) Exploring how CSR policies aligns with OC and its impact on Employee Loyalty through *functional benefits, emotional benefits, and meaning and morality benefits*
- d) Exploring how CSR policies aligns with OC and its impact on Employee Loyalty through *functional benefits, emotional benefits, and meaning and morality benefits*

In terms of procedures, interview transcripts were translated into English from Chinese, verified, formatted and entered into Nvivo for coding and analysis. Through the coding process, the researcher brought his industry experience and unique position and understanding in labelling and developing of categories, as Corbin and Stauss (1990) explained. Categories, sub-categories were identified as the researcher assessed the transcripts line-by-line. In the process the categories and sub-categories identified were constantly compared and then grouped as common meanings and themes emerged (Creswell, 2018). Themes and categories are listed out in **Error! Reference source not found..**

Thereafter, text search queries were performed with relevant keywords to access the frequencies of keywords and number of references in the transcripts. Word tree diagrams were also generated to give further understanding on the relationships between the keywords and texts within the transcripts.

6.2.1 Qualitative Analysis in Relations to Partially Supported Hypothesis (H1) and Fully Supported Hypothesis (H2) in Quantitative Study

First, a text search query was conducted on Employee Loyalty, as loyalty is the principal outcome for discussion in this study and it is therefore essential to explore the concept of loyalty from employees' perceptive through qualitative analysis. A word tree diagram, a graphical form of the traditional "keyword-in-context", was used to visualize various contexts in which loyalty occurs, and help identify recurring themes in relations to loyalty.

From the resulting word tree diagram, as expected, employees generally elicit feelings such as 'a sense of belonging', 'sense of achievement' and 'gratitude' when they are loyal to their companies. Positive emotions such as these help enhance Employee Loyalty. Further, to elicit this attitudinal affective commitment, i.e. loyalty from employees, 'company image' (positive), 'expectations for promotion', 'team' oriented approach, 'compliance' and governance (pertaining to the enhancement of company image), are essential. The word tree diagram on Employee Loyalty is presented below.

Next, interview data is analysed in relations to partially supported hypothesis (H1) and fully supported hypothesis (H2) in the quantitative study:

H1. CSR positively correlate with Employee Loyalty, is only partially supported in the quantitative study, with Corporation Governance-related CSR showing negative correlations with

Employee Loyalty and Environmental-related CSR showing positive but insignificant correlations with Employee Loyalty.

H2. Strength of relationship between Employee Loyalty and Employee-related and Product and Service-related CSR are stronger than Environmental-related and Corporate Governance-related CSR, is fully supported.

For employees' perceptions of CSR, OC and Employee Loyalty, ten main themes were established from the deductive approach based on our research questions and the main study of Quantitative method. The identified themes, categories and related concepts are listed out in **Error! Reference source not found.**

The following table (**Error! Reference source not found.**), presents the identified themes from different sources (interviews) and references (number of related references within the sources).

Contents in interviewees' responses under the main themes of CSR and Organisational Culture have 525 and 678 mentions respectively. In the underlying themes within CSR, Employee Orientation, Product and Service-Orientation, Corporate Governance and Compliance Orientation, Environmental Orientation, are mentioned with 445, 102, 95, and 94 respectively. This illustrates that Employee Orientation is by far the category of concepts that is the most prevalent when respondents were

asked about their perception of CSR, OC and Employee Loyalty, with Corporate Governance and Compliance Orientation and Environmental Orientation come last.

Environmental-related CSR, Corporate Governance-related CSR and Employee Loyalty

The relatively lower counts of references for Corporate Governance and Environmental Orientations indicate that both concepts are less prevalence comparatively to other concepts when respondents were asked about their experiences on these types of CSR orientations and Employee Loyalty. Thus, it gives support to the earlier quantitative findings in this study that both Environmental-related and Corporate Governance-related CSR are insignificant, or have less significance to, correlations to Employee Loyalty.

Respondent A indicates that from employees' perspective, Environmental-related CSR are most likely to be considered as rule-based CSR which his company must take actions with,

“because our industry also needs to be compliant with the environmental regulations, social responsibility for the environment is also very important in terms of results and must be implemented.”

Similarly, in relations to Corporate Governance-related CSR, Respondent K mentions,

“Because from the perspective of organisation management, actions relating to governance, compliance and legality must be performed”,

indirectly indicating that both Environmental-related and Corporate Governance-related CSR are not perceived to have significant relationships with Employee Loyalty, owing to both types of CSR activities are within the ‘expectations’ of employees of their companies, whilst these types of CSR

actions are less likely to generate *functional* and *emotional benefits* to employees, the aforementioned consideration also points to a low tendency of *meaning and morality benefits* being enhanced to impact significantly CSR-generated loyalty.

Next, to explore in details of the specific the prevalent concepts this study set out to investigate within the text data from each of the interviews, text search queries were performed to determine the frequencies of related keywords that appears in each of the sources. When a text search query was conducted on keywords relating to Environmental Orientation, a low count of references in single digit (mostly 3, with one higher count on 9) and high counts of double digit on 19, 17 and 10 were recorded for keywords pertaining to environmental considerations, hinting that Environmental-related CSR is of low prevalence.

For keywords pertaining to Corporate Governance considerations, the results of a text search query show low counts of references mostly in teens (10, 11) and high counts of double-digit references on 40, 29 and 25 were recorded. The respective summary of references and coverages are presented in the tables in **Error! Reference source not found.** Appendix Table M1 and M2.

With closer evaluation of the above data, significantly higher counts of references in relations to Corporate Governance and compliance are found in three respondents who are senior management or management of their

respective companies. One interpretation could be that Corporate Governance policy formulations and implementations are more relevant to their roles and scope of responsibilities as management in their respective companies. Next, further readings into the transcripts of higher and counts of references relating to Corporate Governance were performed, to analyse respondents' sentiments to the constructs in order gain more insights into the concepts investigated.

Within the low coverages of references pertaining to Corporate Governance and compliance in their responses, slight negative sentiments were expressed through,

“...In terms of compliance, employees may be involved in the procedure, and some employees will be added to work extra. Generally speaking, employees are not fully actively engaging the process”,

and compliance meetings and trainings

“...may delay the progress of employees' work”,

giving indication that Corporate Governance-related CSR and related procedures impacts on employees' day to day work and as employees might not see relevance to their work with the increased workload. It could be also suggested that with the increased workload, potential *functional benefits* could be taken away from employees. Further, with the negative sentiments it is also unlikely Corporate Governance-related CSR would generate *emotional benefits* through pride and reputation, or *meaning and morality benefits* through value congruence. It gives support to the quantitative findings that Corporate Governance-related CSR has slight negative, but insignificant, effect to Employee Loyalty.

With respect to Employee-related CSR, respondents consistently mentioned that trainings that are provided according to employees' job needs "empower employees to get the job done", and this, in their views, generates positive effect to loyalty. This hints at the causal impact that Employee-related CSR has on Employee Loyalty.

Respondent J, a senior manager, elaborated that, employee trainings and career developments, which are part of Employee-related CSR, enhance employees' sense of

"self-confidence in the workplace, and [employees] are therefore more satisfied with their positions in their companies",

hence producing positive impact to Employee Loyalty.

In addition, Respondent L, a knowledge-based worker, also mentioned that in his company where training and career developments are only available to employees of certain ranks, other employees who do not receive such benefits have their loyalty negatively affected. He elaborated,

"because the training is available only to employees of certain levels...Sometimes employees [who are not entitled to training] feel unfair. [These] employees also do not have great expectations for promotion, and their loyalty to the company is reduced."

Similarly, Respondent K mentioned, owing to the nature of tasks and the clear divisions of functions within his company, "there is no need for continuous improvement in the work skills [of employees] within the scope of work", as such employees finds the "reduced job development opportunities" impacting their satisfaction and loyalty negatively. In his views these actions are "inappropriate" in enhancing employees' engagement and loyalty to the company.

The above comments from both respondents, implicate that with reduced employee-related CSR such as opportunities for training and job development, Employee Loyalty is reduced.

The above considerations again implicate that Employee-related CSR, through the *functional benefits* it provides to employee, leads to Employee Loyalty. This direction of relationship between the two constructs, hints at the positive, causal impact of Employee-related CSR has on Employee Loyalty.

Product and Service-related CSR and Employee Loyalty

In relations to Product and Service-related CSR and Employee Loyalty, the pride and reputation gained through improved product and services the companies provide are essential factors to enhanced Employee Loyalty.

Respondent J, a middle manager, mentioned,

“And because of the product's [high] acceptance [rate by customers], and for employees to actively invest resources to participate in the release of new products, these measures will allow employees to be recognized...and enhance the reasons behind employees feeling proud and loyal [to their companies]”.

Along similar lines Respondent A, a knowledge-based worker, whose company promotes the “transparent disclosure of product information to customers” as well as “investing in channels to product and service communication” elaborated,

“[When] the product is successful and recognized. It is a great pride to see the success of product...”.

Respondent C, a knowledge-based worker, indicated that he is proud to be a part of his organisation because “the products [of his company] have good

reputation”. Further, Respondent L echoed with the following response in the interview,

“The recognition of the product and the success of the product will also bring our employees a sense of achievement and loyalty to the company”,

directly implicating that causal impact Product and Service-related CSR has on Employee Loyalty.

However, Respondent G detected that in his company with regards to product it is not required by customers to “provide higher specifications or quality”, and thus, loyalty brought about by ‘reputation factor’ decreased. In line with theoretical understanding developed in literature review that Employee Loyalty could be generated through *emotional benefits* that is provided by particular CSR activities, the direction of the relationships also strengthens the implication of causation between the aforementioned type of CSR and loyalty.

With the above considerations, through the interviews it is established that Corporate Governance-related and Environmental-related CSR activities are within the expectations of employees that their firms are required to perform and thus, providing little to negligible *meaning and morality benefits*, consequently reducing the impacts to loyalty; Employee-related CSR and Product and Service-related CSR on the other hand, provide employees with *functional and emotional benefits*, and thus, generating greater loyalty compared with Corporate Governance-related and Environmental-related CSR, providing support for hypothesis two.

6.2.2 Qualitative Analysis in Relations to Partially Supported Hypothesis (H3) in Quantitative Study

Next, interview data is analysed in relations to partially supported hypothesis 3.

H3. Employee perception of CSR positively correlates with employee perception of Organisational Culture is only partially supported in the quantitative study, in which,

Environmental-related CSR show insignificant relationship with Outcome-oriented (insignificant) and Innovation-oriented Culture;

Product and Service-related CSR show negative relationship with Outcome-oriented (insignificant) and Innovation-oriented Culture; and

Corporate Governance-related CSR show insignificant relationship with Innovation-oriented Culture; and

Employee-related CSR shows negative relationships with Outcome-oriented, Customer-oriented (insignificant), and Innovation-oriented Culture.

Product and Service-related CSR, Outcome-oriented Organisational Culture and Innovation-oriented Culture

To explore the relationship between Product and Service-related CSR and Outcome-oriented Organisational Culture, a text search query was conducted with the keyword of ‘product’ and ‘outcome’, to specifically investigate the underlying mechanism and relationship, if any, between Product and Service-related CSR and Outcome-oriented culture, as the

correlations between the two has been found negative in the quantitative study. The result summary is presented in Appendix Table M3.

In the transcripts of Respondent J and K with the most references found of the keywords relating to ‘product’ and ‘outcome’ at 97 and 93 respectively. Respondent J, who is a senior executive, mentions that in relations to Outcome-oriented Culture of his company,

“...each department strictly follows the goals that have been set, the production time will be shortened, the cost will also be reduced, and the production efficiency and productivity will also be improved...”,

implying production time, production efficiency, and productivity are key concerns for his company. This suggests that Product and Service-related CSR, which could include additional communication of product specifications to customers, or perpetual and consistent upgrades to product and service quality, might not be congruent with the objectives of an outcome-oriented organisation which prioritise time cost and production efficiencies. He further elaborated,

“...because of the result-driven culture, we have to improve productivity and efficiency. For us, product attributes and product complexity are relatively low, and therefore, too many product-related social responsibility measures are attached to our production process is not suitable.”

He further explained that Product and Service-related CSR

“will increase our cost and prolong the production time, which will also lead to the loss of customers.”

Similarly, negative sentiments were detected when Respondent H, a middle manager, described his experience with executing Product and Service-related CSR initiatives within the Outcome-oriented Culture of his company. He described that, the constant process of communications with customers on product specifications

“leads to the increase of workload and prolongs the development and production process of products”.

Second, with his company focusing on outcome, the fact that

“product development and production time is tight and critical”

becomes a key barrier to his company in implementing Product and Service-related CSR in any meaningful scale. And he further elaborated, although the company

“pays attention to the quality of the products and the feedback of the customers” [and would] “immediately adjust the products according to the opinions of the customers”, [the improved products] “may not necessarily achieve the set targets” [overall].

This points to another considerations that Product and Service-related CSR might exceed the expectations and needs for his company, and perhaps his customers as well.

Similar points were raised by Respondent B, a senior executive, and with a relatively high count of references, 47, of the aforementioned keywords within his interview response. He described in his experiences of the barriers when conducting Product and Service-related CSR under the result-driven culture of his company, that, whilst

“product specifications are disclosed to customers, but in order to shorten product development time, it is impossible to accept customer opinions in every stage of the development”.

In his opinions, Product and Service-related CSR, in general, “increase costs and lengthen development time” and in the process of executing CSR initiatives relating to Product and Service, “it might also cause conflict with customers” when dealing with issues that arisen in the processes.

‘Cost’ and ‘development time’ were the recurring themes when respondents were discussing Product and Service-related CSR and Outcome-oriented

Culture. Respondent A, a front-line knowledge-based worker with the highest references of keywords relating to Product and Result orientations, also mentioned too much multilateral communications on product specifications potentially “increase costs and lengthen product development time”. As such, Product and Service-related CSR initiatives is in critical conflict with, the objectives of their work due to the nature of short development cycle and response time required of their work. The above analysis forms credible explanations as to the reason of negative relationship between Product and Service-related CSR and Outcome-oriented Culture established in the quantitative study.

However, although the above quotations support the negative correlations between Outcome-oriented Culture and Product and Service-related CSR, the coverage of references relating to both constructs in the text search query is relatively low, comparatively to for example, Corporate Governance and Outcome Orientation (which is revealed the relationship as significant), suggesting the relationship have low significance, as confirmed in the statistical findings.

With respect to the relationship between Product and Service-related CSR and Innovation-oriented Culture, Respondent A indicated that his company has strict product development cycle and communication procedures with customers, and thus, too much flexibility and innovation is “unnecessary”. Respondent H further described, in relations to Innovation Culture,

“innovative initiatives brings a lot of uncertainty [to the process]...and generate many problems”,

which acts as a barrier to enforce Product-related CSR as to his understanding, such CSR involves “rigorous procedures” relating to product development and reporting to customers, thus, implicating that Innovation-oriented Culture has a negative relationship with Product and Service-related CSR.

Corporate Governance-related CSR and Innovation-oriented Organisational Culture

Next, in relations to the partially supported hypothesis 3, pertaining to Innovation-oriented Organisational Culture and Corporate Governance-related CSR, a text search query was performed with the keyword Innovation. The summary of references and coverages of Innovation as a keyword in the respondents’ interview transcripts were presented in the table in Appendix Table M4.

There is a more even spread of references across the respondents when a text search query is performed for keywords relating to Innovation. First, analysis the of the references and coverages in the interview transcripts from front-line knowledge-based workers was performed to understand the implications of Innovation to their work. The front-line knowledge-based worker Respondent L recorded 19 references of “innovation” in his transcript whereas, Respondent A and Respondent D, who is also a front-line knowledge-based worker, recorded 15 and 17 references respectively of ‘innovation’ in their transcripts.

A closer look at the transcript texts revealed that innovation initiatives often interfere or hinder these front-line workers' work, increasing difficulties for their work and heightening risks for producing errors. In the transcript of Respondent L, for example, negative sentiments were expressed when describing his experience relating to innovative culture. Although his department was given the freedom to make decisions and to innovate, he felt that

“the probability of these products (under the innovation programs) being adopted by customers is still relatively uneven”.

And consequently, he expressed concerns of innovation culture impacting the overall performance of the department. Second, concerns of his department not in alignment with his company's overall directions and objectives were raised, as the innovative policies entrusting the division to become more 'creative' and given the autonomy in decision making, thus potentially marginalising his department to the rest of the company.

From the word tree diagram generated in relations to innovation, it can also be deduced that under certain specific contexts Innovation-oriented Culture impact employee perceptions of CSR in different ways. For example, corporate governance-related initiatives interferes with innovation culture, and in addition, with negative influence to loyalty; whilst innovation practices might be particularly receptive in R&D departments as they are more relevant to the functions and tasks of those departments, thereby potentially helping employees within those departments perform their job tasks more effectively and efficiently, and as a consequence, enhance their performance to reach the companies' business objectives, in turn enhancing their loyalty. On the contrary, when innovation practices do not fit into the

departmental functions or employees' job tasks, they might hinder employees' work and consequently, lead to negative sentiments towards the organisational culture or the CSR practices.

Further, when considering Innovation-oriented Culture in management levels are generally negative in relations to the contexts of work-related and governance issues, with the most identified barriers to innovation implementations being 'increased cost and prolongment of production timeline', 'potential compliance problems', 'increased risks', 'governance, chain of command issues', etc, which poses as barriers to implement Corporate Governance-related CSR activities.

Environmental-related CSR, Innovation-oriented Organisational Culture and Outcome-oriented Organisational Culture

A text search query of keywords relating to environmental orientation was also performed, with the results presented in the table in Appendix Table M5.

In relations to Environmental CSR and Innovation Orientation, Respondent L mentioned that, owing to the technology adoption under the Innovation-oriented Culture of his company, they are able to, "adopt some new methods to reduce sewage discharge, pollution, etc". Respondent K echoed, stating that "the introduction of new technology and automation processes, potentially can help with environmental measures".

Respondent I, a knowledge-based worker, mentioned that in order to provide customers with quality and innovative products, his company has a specific department responsible for innovation. However, due to the

experimental nature of the innovative process, there are certain difficulties in relations to environmental measures such as energy saving and recycling. He elaborated that environmental initiatives might be

“conflicting with their job functions”, [as] “the development process may require a lot of materials and there is no way to avoid producing excessive wastage”.

For knowledge-based worker Respondent A, feasibility and work function considerations are the obstacles to Environmental-related CSR in the innovation culture in his company.

However, other mentions in relations to Environmental CSR fostering Innovation Orientation is relatively low. Along with the relatively low coverage of references in relations to Environmental CSR and Innovation in the text search query (Appendix Table M18), reinforces the positive but low significant findings of the quantitative study.

With respect to the relationship between Environmental-related CSR and Outcome-oriented Culture, text search query of keywords relating to environmental and outcome was also performed, with the results presented in the table in Appendix Table M6.

Environmental CSR as seen by employees are mostly ruled-based CSR which are intended to meet industry standards only. As such, it's relationship with Outcome-oriented Culture, which is more focused on cost, efficiencies, is perceived to be low.

As Respondent A, a knowledge-based worker, stated, his firm “attaches great importance to results” and as such “cost and quality control are also a big issue” and whilst he feels that his company’s result-oriented culture makes him consider that his company a “strong company” and is in a good position able to offer him stability workwise, he feels that due to the focus on efficiency and cost, his company only implement actions relating to environmental considerations at very basic level.

Similarly, whilst respondents generally accept that environmental actions are in line with long term success of the business operations, in the short term at least, Respondent C reflected, with respect to additional environmental actions within the result-oriented culture,

“...The process of implementation potentially creates many problems, such as rising costs owing to the possibility of new technology [adoption].”

Respondent L, a knowledge-based worker, echoed, whilst his company “invests resources in the environment and adopt new methods to reduce sewage discharge, pollution, etc.” along with “environmental protection or community activities for employees to participate in”, these initiatives are often in conflict with the result oriented and cost-efficient approach and affect their engagement negatively.

Environmental-related CSR and Employee-oriented, and Customer-oriented Organisational Culture

In relations to environmental actions and Customer-oriented Culture, respondents generally express that environmental sustainability are key concerns of customers. Thus, companies that invest resources in

Environmental-related CSR are more likely to be perceived as Customer-oriented.

Respondent H, a middle manager, elaborated,

“because we mainly serve high-end customers, we will have to maintain certain requirements for environmental and social responsibility, and the production process of products must also meet high environmental standards.”

And,

“these measures must be implemented in order to serve high-end customers.”

Respondent K, a middle manager, echoed that, as company holds customer's concerns of great importance, the implementations of environmental actions according to customer's requirements are essential, hinting at the close correlations between Environmental-oriented CSR and Customer-oriented Organisational Culture.

In relations to environmental actions and Employee-oriented Culture, respondents generally expressed that environmental initiatives involving waste reduction and inventory management often link to upgrading the production procedures or systems, therefore additional trainings, along with upgrading of working facilities and environment could be required, consequently employees health and working environment are benefitted, drawing an indirect correlations between Environmental-related CSR and Employee-oriented Organisational Culture.

Product and Service-related CSR and Employee-oriented, Customer-oriented Organisational Culture

With respect to the relationship between Product and Service-related CSR Employee-oriented and Customer-oriented Organisational Culture, text search queries of keywords relating to product, employee and customer were performed, with the results presented in the tables in Appendix Table M7 and M8.

Product and Service-related CSR improve communication of product specifications, as well as quality, is therefore conducive to fostering company culture that is favourable to customers.

Respondent A mentioned,

“Transparent disclosure of product information to customers is [considered] very important to customers. Developing and maintaining communication channels will reduce communication errors”,

which leads to customers’ adoption of the products the company produced and that is the “company’s first consideration”.

Respondent H elaborated, that as his company focuses on customers’ requirements and feedback, substantial resources are put into the development of products as well as procedures relating to product and service,

“The company invests a lot of resources to develop products, and also employs foreign technical personnel to supervise the work of the company's internal staff [in relations to product initiatives].”

Respondent I further added,

“Product CSR links up with customer culture, for example, for us we aim to respond to customers’ need in action and in speed, [and] this is made possible by establishing communication channels with customers engaging them in the development process, sharing with them our processes and the product information transparently to be able to act on any opportunities as well as rectifying mistakes [in the product development process]”,

further implicating the direct relationship between Product and Service-related CSR and Customer-oriented Culture.

With respect to the relationship between Product and Service-related CSR and Employee-oriented culture, Product and Service-related CSR are generally practiced to improve the communication of product specifications, as well as the quality of product and services the companies offer, which is, in employees' perspective, crucial in enhancing their engagements. And as Employee-oriented companies are likely to value employee engagements highly, in firms that practice Product and Service-related CSR is also more likely to be cultivate culture that values employee.

Respondent I indicated that, in order to raise standards of products and improve product information sharing, the company sees employees as “important resources of the company” and thus, empowers employees by providing employee with the appropriate training, best equipment and work environment.

Respondent J elaborated, as his company develop communication channels with customers engaging them in the process of implementing Product and Service-related CSR, in order to enhance employees' ability to deal with customers' requests,

“The company will also arrange suitable work and working environment for employees to allow them to work efficiently”,

implicating the correlations between Product and Service-related CSR and Employee-oriented Culture.

With respect to the relationship between Corporate Governance-related CSR, Outcome-oriented, Employee-oriented and Customer-oriented Culture, text search queries of keywords relating to corporate governance, outcome, employee and customer were performed, with the results presented in the tables in Appendix Table M9, M10 and M11.

Corporate Governance-related CSR relates to compliance and governance in employees' views, which are essential to obtaining the desired results and business outcomes for their firms. Thus, companies that practice Corporate Governance-related CSR are more likely to be associated with outcome-oriented culture.

Respondent F stated that, in the result driven culture of his company,

“...The company attaches great importance to compliance and legality, because it directly affects the company's business.”

Respondent G further elaborated that, through

“compliance internal seminars and trainings promote the importance of compliance and legality, making employees more aware of and pay [more] attention to certain work procedures”,

cultivating a result focused culture within his company. Respondent H echoed, stating that in his view,

“Results-driven culture and corporate management social responsibility are related. Because our company focuses on results, compliance and legal requirements must be met to meet customer requirements. From time to time, the customers will also review the compliance of the company's procedures. To maintain business sustainability, our company must vigorously promote corporate governance”,

implying the direct relationship between Corporate Governance-related CSR and Outcome-oriented Organisational Culture.

In relations to Corporate Governance and employee orientation, Corporate Governance-related CSR relates to compliance, governance in employees' views, which are essential to the internal operations of their organisations. Thus, as employees can be considered an integral part of the organisation, companies that practice Corporate Governance-related CSR are more likely to be conducive to employee focused considerations and culture.

Respondent F mentioned that, through corporate governance initiatives and actions, his company enhances operations thus providing employees "with a suitable structure and system and a good working environment". Similarly, Respondent E indicated, Corporate Governance-related CSR potentially improves organisation management, leading the company to put more resources on employee welfare and improvement of the working environment, implying the close relationship between Corporate Governance-related CSR and Employee-oriented Culture.

In relations to Corporate Governance and customer orientation, to employees, Corporate Governance-related CSR also relates to compliance, governance in relations to industry regulations and standards, together with governance of internal operations. Actions such as these enhance companies' reputation to external stakeholders, such as customers, hinting at the in-direct relationship between Corporate Governance and Customer-oriented Culture. However, direct linkages of Corporate Governance CSR and Customer orientations are scarce, as implicated by the low coverage of

M11)

Employee-related CSR and Employee-oriented Organisational Culture

Employee-related CSR and Employee-oriented Organisational Culture are the pairs of CSR and OC that show positive and significant correlations in the quantitative analysis. A text search query was conducted with employee CSR and employee orientation. The result summary of references and coverages relating to the text search is listed in the table in Appendix Table M12.

Several respondents mentioned the connections between Employee-oriented Culture and employee CSR. Respondent A pointed out that, employee training often comes with a “good employee system, commission and bonus structure”, fostering “a fair and stable, safe and open environment” for employees.

Respondent B explained that, the trainings his company offers from time to time, help enhance employees’ sense of empowerment, as well as morale and confidence at work. He further linked up the employee CSR with the employee-centric thinking that is displayed by the leadership, that through the CSR actions,

“The leadership listens carefully to employees' difficulties at work, offers assistance to employees to solve their difficulties in the workplace, and ensures that employees have sufficient manpower or resource to support their work. Company also upgrades equipment from time to time and provides a good working environment. These made me value my company more”.

Similarly, Respondent D mentioned that,

”When employees encounter problems at work, the company will actively help employees solve problems through training and other measures.”

This is achieved through periodical surveying by HR department

understanding employees’ interests and needs. And as a result, Respondent

D felt that his company “attaches great importance to employees.”

Respondent G echoed that, when ”training is appropriately tailored to the needs of the job”, employees feel empowered at work, which is conducive to fostering a good working environment, which he further described as,

“an open way of working make employees feel more connected with each other and their superiors, and get support at work”

demonstrating the close correlations between Employee-related CSR and Employee-oriented Organisational Culture. Whilst Employee-related CSR more likely to foster Employee-oriented Culture as said CSR are likely to focus on employees and their benefits, Employee-oriented Culture is also more favourable in the adoptions of related CSR, providing bases to theorise that Employee-oriented Organisational Culture may have a compounding positive moderating effect to the relationship between Employee-related CSR and Loyalty.

Employee-related CSR, Customer-oriented, Outcome-oriented and Innovation-oriented Organisational Culture

Employee-related CSR and Customer-oriented Organisational Culture

Investigations into Employee-related CSR and Customer-oriented Culture were also conducted since their relationships were tested as non-significant in the quantitative study. A text search query was also conducted with customer orientation to explore respondents’ experiences of Customer-

oriented Organisational Culture. The result summary of references and coverages relating to customer orientation is listed in the table in Appendix Table M13.

Most references relating to Customer Orientation are found with 37, 33, 31 respectively in Respondent J, Respondent K, and Respondent H's transcripts. Third most references were found with 31 count of references of Respondent H's transcript. Incidentally, references relating to Employee-oriented CSR are at the low end of the spectrum with 23. Respondent H, a middle manager, described within the customer-centric culture in his company, that, because of emphasis have been put on communicating and responding to customers' needs,

“overall work pressure is very high”

for the general employees. In order to serve customers' need the company set various progress indicators and

“...in order to achieve work targets, employees often have to work overtime to complete their work.”

References relating to Employee-related CSR such as employee trainings in Respondent H's transcript is the lowest amongst all of the other respondents, suggesting that Customer-oriented Organizational Culture may not be conducive to implementing Employee-related CSR in particular employee training, as the culture creates a high pressure environment to meet customers' need and quick responses to customers are required from departments and employees, leaving little time and resources to implement employee training and other Employee-related CSR initiatives.

Similarly for Respondent I, a senior executive, his customer-centric company prefers to implement recruitment strategies of talent matching different experience and skills to different departments and jobs so they are

more equipped to deal with clients more efficiently. Outsourcing certain functions is also an approach preferred to internal training of employees in his company so as to more quickly meet customers' needs. He further elaborated,

“The most important consideration is that in order to meet the needs of customers, we may have to give up internal training and directly hire contract employees or outsource a certain part of the project to quickly achieve the purpose of satisfying customers.”

However, the coverage of references relating to Employee CSR and Customer Orientation is low (Appendix Table M17), comparatively to Employee CSR and Employee Orientation, implicating low significance of the relationship, as established in the quantitative findings earlier.

Employee-related CSR and Outcome-oriented Organisational Culture

Next, since negative and significant correlation is found between Employee-related CSR and Outcome-oriented Culture in the quantitative research study, further investigations into respondents' experiences of Outcome-oriented Culture were conducted.

When a text search query was performed in relation to outcome orientation, with the results presented in table in Appendix Table M15, highest number of references of 53, 40 and 30 was found in Respondent J, Respondent K, and Respondent F's transcript. Incidentally, on closer examination, Respondent F, a senior executive, his transcript also has the second lowest count on references relating to Employee-related CSR amongst the executives.

Respondent F's company attached great importance to results and in turn, the performance of employees. As such, the company has taken an approach to invest in hiring rather than training, as

“the company feels it is more efficient and effective to invest resources in hiring the right people than internal training”.

Further, performance evaluation systems were set up with the focus of improving employees’ “overall work effectiveness” rather than promoting engagement to their work. The company’s over-emphasis on result reduced the capacity for implementing any other types of CSR activities that are in conflict with its fundamental concerns of ‘cost’ and ‘efficiencies’. CSR initiatives that do not reflect in short term performance, such as employee training, improving working conditions and employee well-beings, are contradictory considerations in these types of outcome-focused culture, thus providing explanation to the negative correlations between the two as identified in the quantitative study findings in the previous chapter.

[Employee-related CSR and Innovation-oriented Organisational Culture](#)

Since Employee-related CSR and Innovation-oriented Organisational Culture show negative correlations in the quantitative research findings early, specific investigations into respondents’ experiences in innovation orientation culture and employee-related CSR are explored in another text search query.

Examination of Respondent K’s transcript where the highest count of references revealed in both Innovation Orientation and Employee-related CSR on 32 and 34 respectively, he suggested with the implementation of new technology in the production processes requires his company to employ workers with relevant experience and level to operate the new equipment. As such, in this instance with the technology his company deploy the demand of internal re-training is low.

In Respondent D's transcript, with the most references on 'innovation' at 17, Respondent D described that within the innovative culture in his company, mentorship and communication with senior leaderships were actively promoted as an innovative strategy, engaging employee seeking out senior executives for help and to solve problems relating to their work. This potentially mitigate the need for organization-wide training and employee training and related Employee CSR are not as prominent as in the companies of other respondents. When extra trainings are indeed required in certain departments such as the sales department, Respondent D mentioned that,

“there is the possibility that the training will hinder the work employees have on hand, as employees often have work targets to meet”.

And although some trainings were able to be conducted from home, Respondent D elaborated,

“for employees who feel that they need to rest on weekends, and there will be some resistance to these programs”.

As the company promoted work life balance through flexible work arrangements, these Employee-related CSR with added responsibilities on the employees' part potentially conflicts with the essence of the innovative culture which the company promotes, and thus, explaining the inverted relationship found in the quantitative study pertaining to Employee-related CSR and Innovation-oriented Organisational Culture.

6.2.3 Qualitative Analysis in Relations to Partially Supported Hypothesis (H4) in Quantitative Study

Next, attentions were turned to investigate the quantitative results in relations to hypothesis 4 as it was only partially supported.

H4. Organisational Culture significantly correlates with

Employee Loyalty is only partially supported in the quantitative study, in which,

Employee-oriented OC (positive), Outcome-oriented and Innovation-oriented OC (negative) significantly correlates with Loyalty;

Customer-oriented OC's relationship with Loyalty is insignificant.

In interview transcripts it is revealed that under Outcome-oriented Culture employees are often working in “high-stress environments” with their companies “attaching great importance to work performance indicators”. As Respondent H indicated, employees are at times “not able to meet the goals set by their companies”. This is in conflict with employees’ general concerns of having “appropriate workload, and reasonable job performance goals and reward system”, consequently, with their engagement and loyalty decreased, implicating the negative impact of Outcome-oriented OC to Employee Loyalty.

Similarly, but less in magnitude, the “risk-taking and unstable [product outcome and adoption]” under Innovation Culture conflict with employees’ general beliefs that innovation might not be always necessary in the market segment their companies are in, thus impacting their engagement and loyalty negatively.

With Employee-oriented Culture, it was revealed, as Respondent A indicated,

“employees can work in a safe and open environment, so that employees can focus on their work, so as to improve efficiency and quality,”

which is “an important policy to retain employees” as loyalty is enhanced.

Respondent G echoed, stating that the “open and fair attitude towards employees” address his concerns of “appropriate workplace” and thus increasing his intentions to stay in the company, implicating the positive impact of Employee-oriented Culture to loyalty.

6.2.4 Qualitative Analysis in Relations to Supported Hypothesis (H5, H6, H7, and H8) in Quantitative Study

Next, attentions were turned to investigate the quantitative results in relations to H5-H8 which relates to the moderation effect of Organisational Culture between CSR and Employee Loyalty. Whilst it was supported in hypothesis 5 that Organisational Culture on the whole moderates the relationship between CSR and Loyalty, when individual Organisational Culture is considered against each type of CSR, it was revealed that the moderation effects vary in strengths, directions, and levels of significance. The following passages explore the interaction effects, as illustrated through hypothesis 6 to 8, in detail.

The Interaction Effect of Innovation-oriented Organisational Culture and Employee-related CSR, on Employee Loyalty

In the quantitative research study, the interaction effects between Innovation-oriented Organisational Culture and different types of CSR orientation, barring Employee-related CSR an exception, have inverted relationships with Employee Loyalty.

In relations to Corporate Governance-related CSR, Respondent D described singularly the Innovation Culture in her company moderate negative sentiment was expressed relating to “obstacles or risk related to the implementations of certain initiatives of innovation culture...”. In her views innovation initiatives such as allowing workers to work from home poses potential risk in company data or confidential materials being leaked which the company must find ways to mitigate, thus affecting the implementations of certain Corporate Governance policies.

In terms of Employee-related CSR, whilst respondent B’s company Organisational Culture is predominantly employee-oriented, the characteristics of Innovation-oriented Organisational Culture are equally prevalent. Respondent B’s company “gives employees flexible working hours”, and to foster a “pleasant and open working environment”, Respondent B elaborated, “except for the finance department, all departments of the company work in cross-departmental open workspaces”. According to Respondent B, this is basing on the rationale that,

“...an open work environment fosters mutual support amongst employees and solves problems together. Only by arranging work and designing the working environment according to the needs of employees, can employees be more engaged in the company and more engaged in their work.”

This is also in agreement with the findings of the quantitative study that, when taking into consideration together with employee-related CSR, Innovation-oriented Organisational Culture also generate significant positive effect to Employee Loyalty.

Further, in Innovation-oriented Culture where “...an open work environment fosters mutual support amongst employees” and flat

organisation structures that promotes communications between employees of different ranks facilitates employee related initiatives and together increase employees' engagement and satisfaction and thereby loyalty, hinting at the indirect impact of Innovation-oriented Organisational Culture and Employee-related CSR to Employee Loyalty.

Respondent C, a knowledge-based worker, also mentioned that in her company that practise innovation,

“implemented a series of relatively novel measures, such as oxygen bars, exercise classes and so on”.

She further elaborates that her company,

“takes good care of the physical and mental health of employees, and colleagues are more serious about their work and the services they provide”,

increasing her “enthusiasm” to work for her company, hinting enhanced engagement and Employee Loyalty as a result.

In addition, Respondent G, a senior executive, mentioned that, innovation culture is a contribution factor in implementing some of the employee-centred policies in his company. He elaborates,

“Providing employees with flexible arrangements for employees is one of the incentives that can improve employee work efficiency. An open work environment fosters mutual support among employees and solves problems together. Only by arranging work and designing the working environment according to the needs of employees, can employees be more engaged in the company and more engaged in their work”.

Respondent D echoed and elaborated that “simple non-hierarchical system and policies”, offers “flexibility” and “encourages employees to engage and communicate with the c-suite directors”. He explained, this type of culture

“promote employees to achieve their work goals, encouraging them to further develop themselves through employee trainings and participate in employee-related CSR.”

Under this culture, in relations to the implementations of Employee CSR, the company will first survey employees’ needs and identify “skill gaps” before providing appropriate training to employees. Respondent D concluded that with the aforementioned actions the CSR policies have increased positive impacts to employees, suggesting that there is also increased *functional and emotional benefits* generated, and subsequently, enhanced Employee Loyalty in the process.

Similarly, Respondent I explained, his company is innovative in culture in that his company “encourage alternative thinking in problem solving”. Through this, his company, “give staff some flexibilities in exploring new ideas, through market research and training”. And as a result,

“...staff feels that they are more valued in the company and contribute more to the company, therefore they will put more effort into their own work as a result”,

which translate to being “happy” and work and “stay at work longer”, implicating the positive moderating effect of Innovation-oriented Organisational Culture on the positive impact of Employee-related CSR and Employee Loyalty.

With the above considerations, it can be suggested that, as Innovation culture primarily focus on technology adoption and optimisation of processes, which, in the process empowering employees to do their jobs. In this perspective, values represented by the two potentially in agreement, consequently under Innovation-oriented Organisational Culture, the implementation of Employee-related CSR potentially brings about increased *meaning and morality benefits*. Thus, the positive moderation effect is produced and is significant.

In the subsequent analysis a text search query was performed with employee and loyalty, with the highest number of references, 104 references. 104 references found in the interview transcript of one general knowledge worker employee and 181 references found in the interview transcript of a senior executive. The result summary is presented in a table in Appendix Table M16. A closer analysis at the transcript of the employee was conducted subsequently, and it was found that in the employee's perception the company is an employee-oriented company and is a company that practice innovation in particular in relation to human management and communication within the company. In the employee-orientation perspective, the company

“is human in its approach to handling employee and considers its employees from their perspectives. In terms of reward system, the company first survey employees' interests, and orientations, and the company will try their best to meet with employees' preferences and expectations.”

With this approach of first surveying employees' needs and expectations before integrating these considerations into the formulation of organisational human management strategies, the execution of these organisation systems become more effective and as a result, increasing employees' engagement and satisfaction. Several other employee-oriented initiatives were also mentioned in addition to the incentive system, such as, establishing channels for any level of staff to connect with C-suite executives for problem solving and 'mentorship', appropriate forms of trainings in relation to job functions, flexible working hours, special work arrangements for employees with young child, setting up compassionate

funds and donations for employees with extenuated circumstances. As such, Employee-oriented Culture, along with the Employee-related CSR her company practiced, such as “the open environment”; and similarly, Respondent J mentions that employee-centred culture facilitates team building and employee-related CSR such as ‘family days’, enhance Employee Loyalty, hinting at the causal impacts of Employee-related CSR and Employee-oriented Organisational Culture on Employee Loyalty. Under the influences of Employee-oriented Organisational Culture Employee-related CSR policies were deployed effectively, generating a high level of Employee Loyalty as a result.

The respondent, hereafter Respondent B, mentioned that his company make great effort in creating an open and comfortable environment for employee to work in, and as a result, employees are more “comfortable, efficient and engaged at work”. In relations to the effects of the considerations of work environment, employees also

“feel that an open and open office environment can make communication easier, solve problems easier, and reduce work pressures as a result as well.”

Social activities such as various types of social gatherings such as company dinners, movie appreciation sessions, etc, also help employees amongst each other to establish closer bonding outside of work. Trainings are also provided according to employees’ job needs, to “empower employees to get the job done”. This is also consistent with the quantitative findings that Employee-oriented Organisational Culture, Employee-related CSR, along with the combined effect of Employee-oriented Organisational Culture and Employee-related CSR together, generate positive effect to Employee Loyalty.

Next, the transcript of the highest number of references relating to Employee Orientation and Loyalty in a senior executive at 181, was examined in more detail. Respondent J mentions that employee-centred culture facilitates initiatives relating to team building within the company, with activities such as ‘parent-child and other family activities’ for the employee, that are beneficial to promote a sense of ‘harmoniousness’ and ‘sense of belonging’ to the company.

His company also engages employees to career building and job development, within the employee-centred culture which puts the employee first, also has a positive impact to the loyalty of staff.

Respondent A, a knowledge-based worker, elaborated that within the employee focused culture of his company, along with

“a good employee training system and job transfer opportunities are...important policies to retain employees”.

He further explained that, his company fosters “a fair and stable, safe and open environment” and a “good employee system, commission and bonus structure”, producing favourable conditions to implement, and motivation for employees to participate in, employee training. According to him these are measures that are “important [measures] to retain employees”.

Similarly, Respondent B, a senior executive, explained that the ‘fair environment’ and ‘training and promotion opportunities’ offered by her company, makes her feel that

“The leadership listens carefully to employees' difficulties at work, offers assistance to employees to solve their difficulties in the workplace, and ensures that employees have sufficient manpower or resource to support their work. Company also upgrades equipment

from time to time and provides a good working environment. These made me value my company more”,

She elaborated,

“the results of [my] hard work are guaranteed” and make her “feel comfortable in the working environment, allow me to work more efficiently, and I am willing to stay in the company to work a little longer as a result”.

Respondent J explained,

“Employee-centered culture, of course, has a positive impact on the implementations of employee CSR, because the employee-centered culture is ‘employees first’, and the company takes measures to consider employee first, for employee benefits, employee training, employee careers, and job development. If employees’ preferences and interests are not considered, the impacts of these actions might be reduced”,

The above quotations also strengthen the arguments that the moderating effect of Employee-oriented Organisational Culture has on Employee-related CSR and Employee Loyalty.

As Employee-focused culture primarily focus on employees’ well-being and developments; Employee-related CSR involves actions involve employee training, providing career development opportunities, building good working environment, etc., values represented Employee-oriented Culture support the implementation of Employee-related CSR activities, thus, increasing *meaning and morality benefits*. Through this value alignment employees perceive the CSR as value creation, and with increased *meaning and morality benefit*, acquired along with *functional benefits* from Employee CSR, consequently, positive moderation effect is produced.

On the contrary interview transcripts revealed that innovation culture contributes to “obstacles” and “risks” when companies or employees are performing Corporate Governance-related CSR, and thus, affecting employees’ sentiment negatively, suggesting an indirect negative impact of Innovation-oriented Organisational Culture and Corporate Governance-related CSR to Employee Loyalty.

In employees’ perspective, values represented by Innovation-oriented Culture are potentially in conflict with that of Corporate Governance-related CSR, or potentially undermines the implementations of Corporate Governance-related CSR activities, consequently decreasing *meaning and morality benefits* generated in the process. Thus, the negative moderation effect on Employee Loyalty is produced and is significant.

Respondent E mentioned, innovation culture “brings about risk and uncertainty” and its detrimental to the implementation of Corporate Governance-related CSR. He further elaborated, “due diligence procedures and integrity of information are very important and rigorous. In the process, it is not possible to give employees too much flexibility to perform, because of the potential risk of leakage of contents and data”,

And owing to this, employees “are not fully actively engaging in the process”.

Respondent H echoed, that

"employees are generally less willing to perform tasks in relations to Corporate Governance-related CSR, in this area [innovation projects] because compliance and procedures require more time to implement”

as “new procedures and practices resulted from innovation will lead to some new compliance issues”, bringing “uncertainty” of the goals and objectives of his organisation, implying that under Innovation-oriented Culture, owing to the conflict of values represented by the culture and CSR activities, decreased the *meaning and morality benefits* generated by CSR initiatives, consequently impacting the CSR and Employee Loyalty negatively.

The Interaction Effect of Product and Service-related CSR and Outcome-oriented Organisational Culture, on Employee Loyalty

In relations to the interaction effect of Product and Service-related CSR and Outcome-oriented Organisational Culture, which, in the quantitative study, has been established that there is a negative impact on Employee Loyalty.

With respect to Produce and Service-related CSR, although most respondents suggest in interviews that improved products and services enhance their loyalty owing to the reputation and pride factor, indirectly hinting at the causal impacts of Product and Service-related CSR to loyalty, respondents who are under Outcome-oriented Organisational Culture state that “increased cost and production lead-time” resulted from Product and Service-related CSR are detrimental to their work and contribute to their negative sentiments, thereby hinting that Product and Service-related CSR, together with Outcome-oriented Organisational Culture, have a negative causal impact to Employee Loyalty.

Respondent K, a middle manager, mentioned that,

“...because of the result-driven culture, we have to improve productivity and efficiency. For us, product attributes and product complexity are relatively low, and therefore, too many product-related social responsibility measures are attached to our production process is not suitable.”

Respondent L, a knowledge-based worker, echoed Respondent K in that, owing to the result driven culture of his company, there are a set of very “rigorous and clear performance indicators”, which sometimes be in conflict with the cost and prolonged procedures that might incurred by the implementations of Product and Service-related CSR, creating “high-pressure environment and [makes employees] sometimes feel very helpless”.

Respondent J, a senior executive, further elaborated, that, the “increased workload” and “prolonged development and production process of products” brings about by Product and Service-related CSR, under the result driven culture of his company where “product development and production time is tight and critical”,

“Employees work in high-pressure environments and are often reprimanded by their superiors for failing to meet standards.”

Owing to this, Respondent J explicitly stated that he does not feel proud to be part of his company, implicating that the interaction effect of Product and Service-related CSR and Outcome-oriented Organisational Culture has a negative causal effect to Employee Loyalty.

Respondent H mentioned that, Product and Service-related CSR, involving establishing and maintaining of “specialised communication channels”, “greatly increase the workload of employees” and, within Outcome-oriented culture “Generally, product development and production time is tight and critical”, and as a result,

“implementing Product and Service-related CSR under Outcome-oriented Culture create a high-stress working environment for employees”,

consequently Respondent H felt that these actions are not conducive to “achieve[ing] the set targets and goals” and hence his pride and loyalty to his company is reduced, implicating that the mismatch of values representing the CSR initiatives and Organisational Culture, have adverse effect on *meaning and morality benefit* and *emotional benefit* supposedly generated through the CSR activities, thus, producing negative moderation impact to the relationship between Product and Service-related CSR and Employee Loyalty.

It can be therefore suggested, based on the above analysis, that, in respondents’ perspective, Outcome-oriented Organisational Culture put emphasis on efficiency, cost control. This is in conflict with Product and Service-related CSR activities involving improvements of product and service quality, along with communication with customers, which, require substantial of resources and time investments. As such, the values represented by Outcome-oriented Culture are in conflict with, and potentially act as barrier to, Product and Service-related CSR’s implementation, thus, lowering *meaning and morality benefit* generated through CSR, in turn producing negative moderation effect to Employee Loyalty.

6.3 Qualitative Findings and Discussions

The purpose of the above qualitative study is to supplement the main quantitative study in order to generate a more in-depth understanding of the impact of CSR, together with OC, to Employee Loyalty, through the triangulation of the results and analysis of the two studies. The qualitative research consisted of the interviews of 12 participants, providing insights

into their lived experiences in relations to the three main constructs of investigation in this thesis. Eight categories emerged to provide support to the findings of the Quantitative study. This sub-chapter will discuss the categories, as well as findings in details.

Participants, regardless of their position within their companies, acknowledge that business results in terms of profit are essential to the sustainability of the business. Participants expressed diverse perspectives as to how certain CSR initiatives their companies incorporated, such as establishing relationship with clients, promoting compliance measures, generating employee engagement, and implementing environmental measures, support the business strategy and the business objectives of maintaining and generating new business through increased profitability, regulatory approval and recognition by customers.

Participants accept the reality that in order for their companies to be profitable and the business sustainable, their employers must engage CSR as a component of business strategy. However, participants also scrutinise employer's position when using CSR as part of their business strategy, whether it is in agreement, or in conflict with the predominant OC of the companies. In the case of CSR strategy in alignment with OC, employees feel more connected to the company, consequently, more loyal to the company beyond the pay and remuneration their companies offered them. More positive attitudes as well as pride are generated.

However, in the case of CSR strategy in conflict with the values and objectives of the OC, CSR initiatives are viewed as artificial efforts and

employees feel more conflicted and consequently, view their companies and the corporate actions that their companies have taken as not credible.

6.3.1 Phenomenon of Loyalty generated by employee experience of CSR

Basing on the above analysis, in order to generate positive impact to Employee Loyalty in the Chinese context, CSR initiatives must first and foremost address the basic concerns of employees in terms of work-related issues, empowerment and career development (*functional benefits*). Second, companies should also engage in CSR initiatives that would enhance corporate reputation and image, as *emotional benefits* can also have positive influence to loyalty. Third, as Chinese employees are more likely to take their companies' objectives as their own, alignment of CSR values and Organisational Culture, is seen to take precedence to value congruence between individual and organisation, in terms of *meaning and morality benefits* under Collectivist influence of guanxi, harmony, hierarchy and respect. Thus, the alignment of CSR values to Organisational Culture can be considered as even more critical in CSR-generated loyalty in the Chinese context.

6.3.2 Alignment of Organisational Culture and CSR Initiatives

The research data shows that employees perfectly understand employers have the obligation to increase bottom line, generate new business opportunities as well as improve productivity as a business. In Outcome-oriented Culture, CSR initiatives that are more favourable in obtaining the companies desired business outcome, such as performing good governance practices and meeting environmental obligations, are more likely to generate positive attitudes from employees. In contrast, employees are sceptical of, in

an industrial environment where speed of delivery and cost control are overriding concerns, initiatives that involve maintaining higher-than-required product specifications, accountability and communication between customers adopted by the company. The mismatch of CSR and OC values draws distrust with the leadership, consequently, employees see the CSR initiatives are simply used as instruments to project a false image in order for the company to achieve certain business outcomes. This damages the employee perception of integrity of their companies and thus, impacting employees' focus and willingness to perform work to the highest possible quality. In the more severe cases which the CSR initiatives are in conflict with operational intents within the Organisational Culture, employees' efficiency at work, and their loyalty, are damaged as a result of the confusions created by the contradictory values of the CSR to the company culture. Therefore, having CSR aligning with the values of Organisational Culture, where CSR initiatives are considered as value creation (Chang, et al., 2016) is a strategy that business should practise in CSR implementations.

6.3.3 Communication and Experience of CSR in Organisational Context

Employees with positive experience of CSR are more likely to show endorsement of the companies' CSR implementations. The positive experiences come from, aside from the alignment values of CSR and OC (*meaning and morality benefits*), the improved performance of employee as a direct result skills and experience gained from the implementations of the initiatives (*functional benefits*), well rapport and collaborative support between the stakeholders (*emotional benefits*). A well-designed and well-communicated CSR program prior to initiatives implementations can

therefore be considered as critical, as the perception of alignment of CSR and OC being as vital in the process of employee engagement leading to the two other forms of benefits that enhance Loyalty. And as employees in most cases continually assess and evaluate their companies' intents through the participations in the CSR initiatives, there is also an opportunity which employers can involve employees in the planning of the initiatives to increase the chance of endorsement of CSR implementation by the employees. Further, as erosion of trust and questions on integrity arise when there is a CSR and OC 'mismatch', companies can counteract by improving communication of the CSR purpose and the companies culture, with a specifically designed CSR toolkit/CSR scorecard to strengthen the understanding of the purpose of the CSR practices the company choose to implement, how the CSR initiatives are aligned with the company's culture, as well as the value at individual level to employees.

6.4 Chapter Summary

In this chapter, the qualitative study consists of sample selection and data collection, coding, categories and themes generation, and analysis of interview transcripts were presented. Discussions on qualitative research findings, in support of statistical findings in previous chapter, in relations to hypothesis were also presented.

In summary, it was found that, in respondents' perspectives, while *functional* and *emotional benefits* acquired through CSR activities have high importance in terms of eliciting loyalty, the *meaning and morality benefits*

generated through the alignment of values represented by CSR and OC has significant effects in specific types of CSR and OC on Employee Loyalty. The next chapter will present the overall study findings of the study.

Chapter 7. Discussion and Conclusion

7.1 Introduction

The purpose of this study is to examine the inter-relations amongst employee perception of CSR, OC and Employee Loyalty in the Chinese context. Through empirically measuring the effects of various types of CSR initiatives, OC, on Employee Loyalty in the Quantitative Study, more understanding on specific types of CSR, under the corporate context of OC, impacts on loyalty is developed. The subsequent Qualitative Study provides more understanding and insights into the nature and extent to which these relationships exist, how, from the employees' lived experiences, CSR and OC impact their level of loyalty to their companies.

This discussion and conclusion chapter will summarise the existing literature and synthesize the findings of this study to examine the relationships between the three constructs in more depth. The underlying mechanism between these relationships will be elaborated to provide greater understanding on how Employee Loyalty can be more effectively generated

through the implementation of CSR and the cultivation of certain contextual conditions, Organisational Culture, within the Chinese contexts. Further, this chapter will also explore wider research and managerial implications, as well as acknowledging its limitations and setting out scope for future research.

7.2 Results and Discussions

As presented in the previous chapters, empirical findings on the effects of different types of CSR and OC, on loyalty were examined from the Quantitative analysis; whilst, themes and meanings were extracted from the interview data in the Qualitative study basing on the recurrence of certain keywords, the underlying sentiments, and their significance to offer insights and understandings on the interrelationships between the three constructs of this study. By interconnecting the findings and analysis a more holistic understanding of the nature and extent of effects between the constructs is possible.

7.2.1 Discussion in Relations to Research Question 1 and Hypothesis 1

Research question 1 inquires if CSR activities affect Employee Loyalty. The following tables provide a summary of findings in relation to H1.

To summarise, in H1, in which it was proposed employee perception of CSR positively correlates with Employee Loyalty, it was partially supported

by the quantitative findings. It was found that while Product and Service-related CSR, and Employee-related CSR show significant correlations with Employee Loyalty, Environmental-related and Corporate Governance-related CSR do not. In qualitative findings it was revealed that it is potentially due to the Environmental and Corporate Governance-related CSR are more likely to be considered as 'rule-based' CSR that companies are under normative pressure to implement, consequently providing less *emotional benefits*, and *meaning and morality benefits* to employees. Further, both categories of CSR are also less likely to generate *functional benefits* to employees as its relevance to employees' job functions is relatively low broadly speaking. Employees are more likely to see these CSR initiatives as regulatory requirements and rules enforced by their companies.

In terms of Product and Service-related CSR, as it engages in the delivery of quality and reputable products and thus enhances companies' reputation, consequently, sense of 'pride' is generated and consequently enhancing loyalty. And since Employee-related CSR is mostly directly associated with employee's benefit, as expected yield positive relationship with loyalty also. This is largely in line with previous studies such as Bhattacharya et al, Valentine & Fleischman (Bhattacharya, et al., 2011; Valentine & Fleischman, 2007).

The above considerations serve to answer research question 1 that CSR activities affect Employee Loyalty given that, as theorised in literature review, the types of CSR activities are able to provide *functional, emotional and meanings and morality benefits* to employees. When *meanings and morality benefit* is in consideration, under the institutional contexts of China

where, governmental pressures are exerted in CSR adoptions/advocacies through ‘Common Prosperity’ and ‘Harmonious Society’, employees’ perceptions of CSR are impacted by ‘normative pressures’ and ‘expectations’ factors. Employees consequently become more sensitive to whether the CSR actions are implemented owing to regulatory obligations or on a voluntary basis, thereby affecting their loyalty conversely when they perceive the CSR activities carried out are due to obligations primarily.

7.2.2 Discussion in Relations to Research Question 2 & 3 Hypothesis 2

Research question 2 and 3 inquire if different types of CSR activities have different strengths of effect on Loyalty, and the reason behind and the underlying mechanism that different types of CSR affect Loyalty differently. The following table provides a summary of findings in relation to H2.

In H2, in which it was proposed that the strength of relationship between Employee Loyalty and Employee-related and Product and Service-related CSR are stronger than Environmental-related and Corporate Governance-related CSR, it was fully supported.

This could be attributed to, as theorised in literature review that, CSR-generated loyalty is mostly impacted by their participation level which is in turn greatly influenced by the perceived *functional* and *emotional benefits*. From the qualitative interview it is established that within the companies respondents work in, the Environmental-related CSR largely relating to

energy saving and waste reduction policies; in terms of Corporate Governance-related CSR it is mostly related to industry compliance and governance that the companies implement on organisation level, both of which requires very little employee participation, and are seen as actions that are more as obligations and essential for business survival, thus, eliciting less *functional*, *emotional* and *meaning and morality benefits*.

In the case of Employee-related and Product and Service-related CSR, in the qualitative interviews it was revealed that employee training, as well as product initiatives and enhancement of communication/reporting procedures/systems are generally employed. These initiatives require employee participations through which employees are empowered to improve their own performance, and as such, employees perceive that *functional* and *emotional benefits* are acquired from these initiatives, their motivation and loyalty thus increase accordingly.

The findings serve to answer research questions 2 and 3 that different categories of CSR activities do exert different strengths of effect on Employee Loyalty. The underlying mechanism, as theorised, is that since different types of CSR provide different kinds of benefits, i.e. *functional*, *emotional* and *meaning and morality benefits*, and in some instances, a combination of these of benefits, the degrees of CSR-generated Loyalty vary accordingly.

7.2.3 Discussion in Relations to Research Question 4 and Hypothesis 3

Research question 4 inquires if Organisational Culture affects employee perception of CSR. In H3, in which it was proposed that the 4 different types of CSR positively correlates with the 4 different types of OC, it was only partially supported.

Although the ultimate focus of this study is to determine the effect Organisational Culture has on the relationship between CSR and Loyalty, a closer examination of the correlations between CSR and OC, the strengths, and directions, allows better understanding of the relationships between specific OC and CSR. The matrix below presents the correlations and moderation effects, if any, established in the quantitative findings:

As discussed in literature review, there are the effects of CSR to Organisational Culture, as Smircich and Alvesson theorised the formation of OC from “the pattern of shared beliefs, ideologies, values, meanings, and orientations” which includes CSR (Smircich, 1983; Alvesson, 1987); and Organisational Culture to CSR, as scholars also identified that OC can facilitate or hinder CSR implementations (Doppelt, 2003; Castro-González & Bande, 2019), to consider when observing the relationship between the two constructs. Although the effect of CSR to OC cannot be discounted completely, due to CSR being merely one of the many constituents in the formation of OC, it was theorised, and supported by Qualitative findings as respondents predominantly focused on the experience of OC facilitating/hindering the implementations/participations of CSR, that, the

impact of OC to CSR is the more dominate effect and more valuable to the study of CSR and Loyalty. In other words, employees recognised CSR in some capacity constitutes Organisational Culture, but is more aware of the fact that certain orientations of an Organisational Culture might hinder/facilitate the implementations of CSR.

In relations to Outcome-oriented Culture, it was theorised the result-oriented culture might put less emphasis on 'process' and put more focuses on actions more likely to yield immediate contributions, thus, is purported to more likely hinder the implementations of Employee-related CSR, and to a lesser extent, Product and Service-related, which are more 'process-based'. From this perspective, greater negative impact of Outcome-oriented Culture to Employee-related, Product and Service-related CSR is expected. This is supported by Qualitative study that 'cost efficiency', 'time and resource management' provide critical barriers to the implementations of the aforementioned CSR and in particular, Employee-related CSR, under Outcome-oriented Culture.

Further, it was also expected, various types of CSR foster Outcome-oriented Culture, owing to different levels of contributions to business outcome, with Corporate Governance-related CSR expected to have greater impact. With the above considerations, the effect of Outcome-oriented Culture on Employee-related CSR dominate and counteract the effect of CSR on Culture, negative correlation is therefore revealed to be significant; whereas the effects of Outcome-oriented and Corporate Governance-related CSR reinforce each other, positive correlation is therefore revealed to be significant, as have been established in the study.

In relations to Employee-oriented Culture, it was theorised, it is a culture that is 'employee-centric', thus, is most likely to practice Employee-related CSR, along with Environmental-related and Product and Service-related CSR, as these activities bring about employee benefits, positive image and enhanced reputation, which are key considerations of employees. Again, it was also expected, various types of CSR fosters to Employee-oriented Culture to various extents. Thus, the effects of Employee Culture and various types of CSR in both directions reinforce each other, positive correlation is therefore revealed to be significant, as have been established in the study.

In relations to Customer-oriented Culture, it was theorised in this culture companies put emphasis on addressing customers' concerns, thus, is purported to more likely promote Environmental-related, Product and Service-related, and Corporate Governance-related CSR relatively. From this perspective, greater positive impacts to these CSR are expected under this context. Statistical findings revealed while all three types of CSR have positive correlations with Customer-oriented Culture, Corporate Governance-related CSR's correlations to Customer-oriented Culture is non-significant. This can be explained by Qualitative findings that employees, although recognise such CSR activities enhance reputation of their companies, they perceive governance as more 'internal procedures' which only in-directly relates to customers.

And as it was also expected, various types of CSR, apart from Employee-related CSR, foster Customer-oriented Culture, owing to different levels of relevance to the customer, with Environmental-related, and Product and

Service-related CSR is expected to have greater relevance. When taking the above considerations into account, the effect of Customer-oriented Culture on Environmental-related and Product and Service-related CSR in both directions reinforce each other, positive correlations is therefore revealed to be significant.

In relations to Innovation-oriented Culture, it was theorised within this culture companies might promote technology adoption, optimization, flexibility and risk-taking, thus, is purported to more likely hinder the implementations of Product and Service-related as risk-taking and flexibility impacting negatively on product reporting and quality control. From this perspective, greater negative impact to Product and Service-related is expected.

As expected various types of CSR foster Innovation-oriented Culture basing on relevance. Although enhancement of products/services, or related procedures, potentially foster an environment which is open to innovation, its linkage is less direct. Thus, the effect of Innovation-oriented Culture on Product and Service-related CSR dominate and counteract the effect of CSR on Culture, negative correlation is therefore revealed to be significant.

In terms of Innovation Culture's impact to Environmental-related CSR, as the culture supports optimization and technology adoption potentially create favourable conditions to the implementations of Environmental-related CSR, although its CSR relevance to the contribution to innovative environment is purported to be low, overall positive effect, although unsubstantial, is expected, and confirmed in Quantitative findings.

In terms of Innovation Culture's impact to Corporate Governance-related CSR, it was theorised that, under the culture that promotes flexibility and risk taking, potentially hinders the implementations/participations of Corporate Governance-related CSR, consequently, producing a negative impact to CSR.

As expected various types of CSR foster Innovation-oriented Culture basing on relevance, with Corporate Governance-related CSR expected to relate to innovation through optimization or streamlining of organisational structures and procedures, as respondents in Qualitative study indicated, in relations to management and governance, producing a favourable conditions for the adoption of Innovation Culture. This effect, on this instance dominate employee's perception and thus resulting in positive correlation, although insignificant, between Innovation Culture and Corporate Governance-related CSR.

Similarly, Innovation Culture is purported to facilitate the implementations of Employee-related CSR, as environment that promote flexibility and risk-taking provide favourable conditions to facilitate employee empowerment and training, thus, positive effect is expected. However, in terms of impact from CSR to Organisational Culture, employee initiatives are often purported to be 'time and resources intensive' which is not conducive to foster culture based on optimization, as pointed out by some respondents as an overriding concerns in the Qualitative study. This negative effect dominates employees' perception and counteracts the effect of Innovation-oriented Culture on Employee-related CSR, negative correlation is revealed to be significant., as have been established in the study.

The following tables provide a summary of findings in relation to H3.

The findings serve to answer research question 4 and illustrate that, employee evaluates the relevance and rationality of different types of CSR under different types of Organisational Culture, thus, affecting their perception of CSR. In their perception, certain OC are more conducive to certain types of CSR activities, when OC provides favourable conditions, or in other words, facilitate the implementations of a specific type of CSR, consequently CSR activities are perceived as more ‘legitimate’.

7.2.4 Discussion in Relations to Research Question 5 and Hypothesis 4

Research question 5 inquires if Organisational Culture correlates with Loyalty. Whilst H4 is partially supported in statistical findings, Qualitative study, revealed that under Employee-oriented Culture employees feel most empowered and since this addresses employees’ core concerns/beliefs, their loyalty is consequently enhanced; on the contrary, under Outcome-oriented Culture employees feel most “under-pressured” and impacted their engagement negatively, thus, with their loyalty negatively affected. Innovation-oriented Culture is revealed to have a lesser but significant negative impact to loyalty, owing to employees’ varied dispositions to individual beliefs/values on innovation. In qualitative interviews it was revealed that some employees feel that technology adoption and optimization practiced under Innovation Culture might not necessarily

benefits employees or address their concerns, potentially affecting their engagement and loyalty negatively.

This serves to answer research question 5 that, Organisational Cultures that are congruent with employees' individual values or address their primary concerns are most likely to provide *meanings and morality* benefits to employees, thereby elicit stronger association and loyalty to their companies.

7.2.5 Discussion in Relations to Research Question 6 and Hypothesis 5

Research question 6 inquires if the effects of CSR activities on loyalty change in different Organisational Culture. In H5, it was proposed that Organisational Culture moderates the relationship of CSR and Employee Loyalty, and it was supported in the Quantitative study.

In the perspective that CSR being utilized as strategic instrument, the facilitating/hindering factors of OC the implementations/participations of CSR are therefore considered to be crucial in eliciting *meanings and morality benefits* for the employees. In practical terms, for instance, when employee perceive CSR fostering certain Organisational Culture, and at the same time perceive the Organisational Culture also facilitate the implementation/participation of CSR, it is likely to have a compounded effect with enhanced *meaning and morality benefit* through value alignment, and consequently with increased positive impacts on Employee Loyalty, as in the case of Employee-related CSR and Employee-oriented Culture. On the other hand, when employees perceive the impact of CSR to OC is low, whether positive or negative, the consideration of OC

facilitating/hindering the implementations of CSR becomes the dominate effect in the relationship, contributing to the increase/decrease of *meaning and morality benefit*, accordingly, through value alignment or conflict, thereby affecting loyalty as a consequence.

Qualitative interviews revealed that negative sentiments generally arise when company cultures with a certain set of procedures that might not be conducive to certain types of CSR initiatives, as employees often under these circumstances see the initiatives as extra burdens that decrease their productivity and thus, lowering their engagement and as a result affecting their loyalty negatively to their companies.

For example, with Product and Service-related CSR initiatives, which potentially involve actions that drive improvements of product quality or communication of specifications to customers, require substantial investment of resources and cost of time. These are potentially at odds with values within outcome-focused companies in which time and cost control are critical, and thus, affecting *meaning and morality benefit* adversely, contributing to the negative interaction effect of Product and Service-related CSR and Outcome-oriented Culture to Employee Loyalty.

Similarly, with respect to Corporate Governance-related CSR initiatives, which promotes good governance and compliance, the values represented by these actions, in employees' view, are at odds with innovation culture which promotes risk taking, along with technology adoption and optimisation of processes. Thus, it is perceived implementing Corporate Governance-related CSR under Innovation-oriented Culture is considered to affect *meaning and morality benefits* adversely, consequently, contributing

to the negative interaction effect of Corporate Governance-related CSR and Innovation-oriented Culture to Employee Loyalty.

On the contrary, from employees' perspective, the values represented by the actions of Employee-related CSR and Employee-oriented, and, Innovation-oriented Culture, are congruent, thus, the interaction effect of Employee-related CSR and, Employee-oriented, and, Innovation-oriented Culture, to Employee Loyalty, are perceived as positive and significant, as established in the quantitative study.

It can then be concluded that, in relations to research question 6, the impact of employee perception of CSR in different Organisational Culture on Employee Loyalty, do change, according to the congruence of values represented by the CSR and OC. If employees see the values represented by the *CSR activities* are aligned with the values represented by the OC, *meanings and morality benefit* is enhanced and consequently, the impact to Employee Loyalty is positive and in some cases compounded. If the values represented by the two are in-different, or at odds with, each other, the impacts to Loyalty turn insignificant, or negative, accordingly, owing to the decreased *meaning and morality benefit* as employees question the legitimacy and validity of the CSR initiatives. Or in other words, when the direction of impact from Organisational Culture to CSR is considered, i.e., the Organisational Culture hinders/facilitate the implementations or participations of certain CSR, its magnitude, is expected to produce positive or negative moderating effects on the relationship between CSR and Employee Loyalty.

7.2.6 Discussion in Relations to Research Question 7 and Hypothesis 6, 7 & 8

Research question 7 inquires the reasons and the mechanisms that different dimensions of CSR activities under different Organisational Culture impact Employee Loyalty differently. The following tables provide a summary of findings in relation to H6 to H8.

In H6, it was proposed that the interaction effect of Employee-related CSR and Employee-oriented Organisational Culture, is stronger than that of Employee-related CSR with Outcome-oriented/Customer-oriented/Innovation-oriented Cultures, to Employee Loyalty. It was fully supported in the quantitative findings.

In addition, in qualitative interviews it is indicated that employee welfare, along with training and re-training relating to job functions, as well as career developments are essential components in increasing Employee Loyalty. The interviews also revealed that in other types of OC such as outcome-oriented, customer-oriented and innovation-oriented cultures, their respective companies may have other obligations or priorities to fulfil other than employee-focused initiatives. In such circumstances, employees may feel that aligning their goals in efficiently fulfilling their job functions, rather than their own benefits, is more important and relevant to them under the respective OC. On the contrary, whilst other combination of CSR

initiatives and organisation culture might yield positive influences in loyalty, such as that of Product and Service-related CSR and Customer-oriented Culture, Environmentally-related CSR and Outcome-oriented Culture and so on, since Employee-oriented Culture are most conducive to Employee-related CSR initiatives, it is more likely and significantly, for employee to generate greater Employee-related CSR loyalty towards their company under the Employee-oriented Culture.

In H7, it was originally proposed that the interaction effect between Product and Service-related CSR and Customer-oriented Culture, is stronger than that of Product and Service-related CSR and Outcome-oriented/Employee-oriented/Innovation-oriented Cultures, through the quantitative research finding this is also fully supported.

In the qualitative research result it also indicates that while in the industry value creation is largely coming from the product or service that a company provides, it is only in customer-oriented company, in which customers are the focus of the company, that Product and Service-related CSR has the amplifying effect with Organisational Culture, to enhanced Employee Loyalty. In other OCs, cost, prolongment of development and production timeline, are often obstacles to implementing product and service-related CSR in a more prevalent basis. Further, in an industry where more streamlined processes are preferred, Product and Service-related CSR potentially make the processes and reporting mechanism more complex. Compliance and industry regulations are also in place already to ensure certain specifications or product quality to be reached, hence, further Product and Service-related CSR are deemed unnecessary and are detrimental to employees' work efficiency from employees' perspectives.

In H8 concerning the interaction effect between Corporate Governance-related CSR and Outcome-oriented Organisational Culture, is stronger than that of Corporate Governance-related CSR with all the other types of organisational culture, is also supported in the quantitative results. In the qualitative interviews, respondents generally take pride in the business performance of their companies as their own. From this perspective, it can be explained that the amplifying effect of the CSR-culture fit is induced by employee's collectivistic characteristic as discussed previously in the literature review section, that employees take on the objectives of their organisation as their own. Further, most of the respondents, regardless of levels within their organisations, see the good governance of their companies as not only the key to achieve business success, but also a necessity to enable their companies to operate in sound and efficient manners, providing a stable environment for employees to conduct their work more effectively and efficiently. This performance-related enhancement greatly increased their sense of pride and loyalty to their company, reducing their intention to leave substantially.

With the above considerations, it is illustrated the magnitude of impact to *meaning and morality benefits*, through the congruence of values represented by CSR activities and Organisational Culture as well as through employee's collectivistic tendencies in 'taking objectives of their organisation as their own', are as instrumental in enhancing Employee Loyalty as *functional* and *emotional benefits* employees are perceived to gain through the CSR implemented by their companies. This serves to

answer research question 7 why and how different dimensions of CSR under different Organisational Culture impact Employee Loyalty differently.

7.3 Managerial Implications

This study proposed a framework based on the Social Identity Theory, Stakeholder Theory to explore the interrelationships between CSR, Organisational Culture, Employee Loyalty in the Chinese contexts. The major findings of the mixed method study were that different types of CSR do affect loyalty differently, different CSR correlates with Organisational Culture at different levels, and, the some of the interaction effects of Organisational Culture on CSR and Employee Loyalty are indeed significant in the Chinese contexts, attributed to the underlying mechanism of *functional, emotional, and meaning and morality benefits* produced in the process. With Chinese employees' collectivistic tendency amplifying the importance of alignment of values represented by CSR and Organisational Culture, *meaning and morality benefit* is enhanced and becomes significant factor in enhancing loyalty. In layman terms, when specific types of CSR are implemented under a specific type of Organisational Culture, its effect to loyalty would be compounded or diminished as a result of the interaction. The findings of this study add to the limited body of understanding of the dynamic relationships between the three constructs and provide various insights and directions as to how organisations should align CSR initiatives with organisational culture to enhance level of loyalty from employees and ultimately benefiting the organisations.

With respect to the interaction effects between different types of CSR and OC to Employee Loyalty, whilst some of the interaction effects as the study found out are not significant, the change of magnitude, or in some cases the directions of the relations, when CSR and OC are considered together as opposed to when they are considered independently, gives us enough cause and purpose to consider its implication at managerial and organisational levels. Organisations should be aware of its own culture and whether the CSR initiatives it seeks to implement is conducive under its culture, in order to enhance CSR-generated loyalty.

7.3.3 CSR's Influence on Employee Loyalty

In the initial stages of the quantitative research study, it was established that CSR initiatives have significant relationship with Employee Loyalty. This finding is in accordance with a number of existing studies that have identified a positive relationship between CSR and Employee Loyalty (Bhattacharya, et al., 2011; Valentine & Fleischman, 2007). As expected, Employee-related CSR shows the biggest positive impact to loyalty, whilst Product and Service-related CSR also shows a considerably moderate positive impact to loyalty. With CSR that enables training and acquisitions and developments of skills of the employees, aside from the tangible benefits of skills developments and performance increase as a result, there are also intangible benefits such as the reduction of barriers to promote sustainable behaviour at the workplace.

As discussed in literature review, Employee-related CSR, which encompass employee training, career development, as well as initiatives that benefit the well-beings of employees, most likely will generate *functional benefits* to employees enabling them to acquire and develop their skills, as well as achieve better work-life integration. Consequently, on one hand, employees deliver better performance on their job, enabling them to be reward or recognized by their outcome-focused employers, thereby increasing the pride and pleasure felt by the employees elicited from their increased contributions to the company. On the other hand, as Davis pointed out in his studies, employees in this instance feel empowered and encouraged to participate and develop themselves within their organisations, and thus increasing their loyalty in exchange (Davis, 2018).

In relations to Product and Service-related CSR, the raising of brand and organisation reputation from the improved quality and communication on the products/services increase identifications from employees through providing *emotional benefits* to employees. Employees are more likely to identify themselves both as members of the organisation and as private individuals, and generate pride working for their companies. Thus, employees are more likely to be proud of telling others about the companies they work for. As Kim et al. puts it, the perceived external prestige is positively associated with employee's sense of belonging towards the company (Kim et al, 2010).

7.3.2 Organisational Culture's Influence on Employee Loyalty

In quantitative research findings, it was also discovered as expected, Employee-oriented Organisational Culture has the biggest positive influence on Employee Loyalty. The subsequent qualitative research reveals that employees felt more empowered in Employee-focused Culture, more willing to tackle problems they face at work as well as to contribute to organisational goals and achievements, showing a heightened level of engagement and dedication to their work. As a result, as Deci pointed out, employees are more likely to see their organisations as an inspiring place which in turn leads to the fostering and reinforcing of their loyalty to their companies (Deci, 1975).

7.3.3 The Relationship Between CSR and Organisational Culture

As theorised in literature review, there are the effects of Organisational Culture to CSR and CSR to Organisational Culture to consider when observing the relationship between the two constructs. CSR on one hand, can be perceived as one of the constituents that fosters Organisational Culture; on the other hand, Organisational Culture might hinder or facilitate the implementations or participations of certain types of CSR, through the alignment of values represented by the Organisational Culture and CSR. In this study, the impact of Organisational Culture to CSR is considered the more important/dominant effect, as it is reasonable to assume that various ideologies and orientations make up Organisational Culture and that they, potentially hinders or facilitates CSR implementations and participations. As established through Qualitative findings which respondents are predominantly occupied by the 'drivers and barriers' within the

Organisational Culture to the implementations of CSR, it is this effect that is deemed more valuable for discussion in relations to the context of CSR and Employee Loyalty.

Some of the findings are as expected, such as that of the Outcome-oriented Culture, its relationships with Corporate Governance-related CSR are the most positively significant. This can be attributed to the fact that governance and legal compliance are the integral factors in the success of business and have direct influence on the survival of the business. As suggested by O'Reilly et al, the Outcome-oriented Culture is heavily influenced by achievement-oriented values and thus, organisations as well as employees are more likely to create favourable conditions to follow legal obligations and fulfilling legal and economic responsibilities as a side effect of its business activities for the sake of profitability.

In contrast, Outcome-oriented Culture's relationship with Employee-related CSR although significant, is the most negative. It was confirmed and further explained by the Qualitative Study that in most instances, corporate governance and compliance are essential for firms to obtain their business and financial objectives and with result-driven firms with economic objectives as their primary concerns, it is more likely that in the Outcome-oriented environment it is more conducive to foster culture that facilitate Corporate Governance-related CSR. However, under the same conditions in an outcome-focused environment where time/cost control are fundamental considerations in a firm's business decision making process, it is more likely that there are added barriers to implement initiatives that yield longer term benefits such as Employee-related CSR, as the benefits of these initiatives might not be visible or reflected in the short term.

In-line with previous studies, Employee-oriented Organisational Culture is most conducive to CSR initiatives. Within Employee-oriented Culture in which employees feel sufficiently empowered and supported by their organisations to develop themselves in the workplace, it is more likely to create an environment and culture that is more receptive to the implementations of CSR practices. This reinforces Wong & Gao's findings that, when employees are being with treated with the rights protected as well as higher involvement in the decision-making processes, they are more likely to be motivated to perform their tasks in a socially responsible way (Wong & Gao, 2014).

Falling in line with expectations that environmental considerations, product specifications and integrity relating to the communication of product information being integral to fulfilling customer expectations, Customer-oriented Culture is more likely to have positive relationship with Environmental-related CSR and Product and Service-related CSR. And since customer-oriented considerations are mostly external considerations, Customer-oriented Culture consequently, is more likely to have a negative relationship with Employee-related CSR which require more internally focused considerations.

Innovation-oriented Culture, however, was revealed to have negative relationships with Product and Service-related CSR and Employee-related CSR. This is in stark contrast with previous literature within the Western contexts. Qualitative study provides some explanations that, the types of innovation initiatives relating to 'risk-taking', and 'delegation of decision-

making' practiced by firms might potentially complicate the communication process with customers or put at risk the quality or specifications of products/services. It was also revealed while most employees' attitude towards Innovation-oriented Culture is neutral, technologies that are deployed by their companies may not always translate to increase productivity for the employees, or that for short-term result gain, companies prefer to hire new specialists to operate the new technologies adopted, or to execute the innovative strategies, rather than training existing employees to perform those roles. This points to the necessity for firms to have better alignment of its innovation culture with its business intents and when firms decide to adopt or transit to innovation-driven culture, it is required to take a longer view when measures of technology adoptions or of innovative culture are taken.

7.3.4 The Interaction Effect of CSR, Organisational Culture on Employee Loyalty

In contrast with other previous studies, in this study Environmental-related and Corporate Governance-related CSR on the one hand do not show any significant correlations with Employee Loyalty. However, when the interaction effect of Outcome-oriented Organisational Culture is considered, the two aforementioned types of CSR effects on Loyalty turned significant. As discussed in the literature review section, this can be explained by the Confucian Collectivistic influence, which is specific to the Chinese context that, employees in China, are more prone to manifest interdependence and see organisational goals as their personal goals, as well as demonstrating obeisance to the result-driven mentality in their organisations. As

respondents explained in the qualitative study that they see Environmental-related and Corporate Governance-related CSR as crucial factors which lead to positive business outcomes for their companies, employees see fulfilling these CSR initiatives as action that is in-lined with the values of the Outcome-oriented Culture of their company, thus, consider it as ‘collective responsibility’ (Ahmed & Zhang, 2017). This in turns help Chinese employees build ‘Guanxi’ and ‘Harmony’ and boost their job satisfaction and sense of belonging to their companies.

To put the results of this study into perspective, within the Chinese context, Employee-oriented Culture is the type of OC that companies in China should foster in order to provide better platform in implementing CSR activities to increase Employee Loyalty. Corresponding to O’Reilly’s Organisational Culture Profile (OCP), companies need to be more people-oriented and team-oriented, to take employees into considerations as well as to foster a more collaborative environment, to stand a better chance in engaging employees in the participation, as well as the formulations, of CSR initiatives to drive positive outcomes in employee attitudes.

Outcome-oriented organisations on the other hand, as discussed in previous sections that the category of generalisation most Chinese Operated Organisations (COOs) fall in to, corresponding to OCP’s outcome-oriented and aggressiveness profile, should focuses more on Environmental-related CSR. This is in contrary to O’Reilly’s evaluation of the outcome orientation dimension where legal and governance-related CSR might be more relevant with the Organisational Culture due to obligations to compliance. This can

be attributed to, on one hand, legal and compliance are essential obligations for companies and in outcome-oriented culture, employees hold no negative attitudes towards the implementation of Corporate Governance-related CSR as the obligations to comply are essential to the business operation. On the other hand, in the perspective of the employees, environmental initiatives which have more visibilities to external stakeholders, are increasingly seen as a more effective strategic tool to gain business advantages in getting more orders, raising corporate profile, attracting more investments. As Outcome-oriented Culture prioritises results, in Chinese employees' perception Environmental-related CSR is most likely to help drive business outcomes. As employees are more likely to see companies' successes as their own, they are more inclined to engage in Environmental-related CSR in outcome-focused organisations consequently.

Further, customer-oriented companies should spend their resources in diversifying CSR initiatives in Environmental-related CSR and Product and service-related CSR. Companies with more prominent Innovation-oriented Culture, as described by O'Reilly as the culture that brings about innovative processes and experimentations, however, should focus their resources in Environmental-related CSR and Employee-related CSR, to maximise the benefits of increased Employee Loyalty and engagements.

It can then be concluded there is an opportunity for organisations to implement CSR initiatives that elicit *meanings and morality benefits* in the Chinese contexts, i.e., initiatives that are in alignment with the values and characteristics of their respective OC to generate higher employee

engagement and loyalty, in addition to implementing CSR that relates most to employee through *functional* and *emotional benefits*.

Second, transparent communication regarding the implementations of CSR strategies and the intents behind the actions are also essential to foster better understanding of the motives behind these implementations from the employee's perspectives, especially in Chinese organisations that favour a decentralised approach.

Third, employee empowerment and participation in these implementation of CSR practices that are in alignment with the culture of the organisation to a considerable extent will also enhance their identification to the companies as well as their engagement and loyalty, thus increasing their sense of responsibility at work, raising their productivity as well as reduction of barrier to other socially responsible activities and the reduction of intention to leave. It is therefore essential for companies to apprehend its unique cultural characteristics at organisation level, or even at department levels, to be able to formulate corresponding appropriate and effective CSR frameworks and strategies.

Despite all of the aforementioned benefits that are eventuate translating into business performance and competitive advantages for the companies, organisations should also recognise the individual values of, and the immediate benefits to, employees, as there are indications that these considerations significantly impact the effectiveness of CSR-generated loyalty of employees. To successfully achieve this balance, it is proposed that organisations should

1. Improve communication of the purpose of CSR, the meanings of corporate actions and its Organisational Culture through internal communications channels as well as town hall meetings, periodical internal publications, to dispense information from management to front line employee, as well as to gather and integrate front line employees' suggestions and responses to initiatives taken by the companies to refine and enhance future initiatives.
2. Design and implement CSR toolkits and scorecards for different departments, to strengthen the understanding of the purpose of the CSR practices the company implemented, evaluating the alignment of the CSR practices to the sub-culture of individual departments, as well as measuring and monitoring the direct and indirect benefits to the performance of individual divisions within the organisation and individual employees to strengthen the purpose and meanings of implementing these practices, as well as to help increase their participation in these practices.
3. As Employee-related CSR and Employee-oriented Culture are most prominent combination of CSR and OC in generating Loyalty, organisations should foster a more employee-oriented culture with more employee focused measures implemented. Companies can attempt to align their culture by providing 'soft training' to employees, such as, outward market research and training activities which apart from increasing market awareness of the employees, also foster creativity, enhance bonding and communications between employees. Activities such as these combine the *functional benefits* and *emotional benefits*, making employee feels empowered on the job, benefited in their well-being, as well as their career

development, thereby amplifying their satisfaction in their participation and enhancing their loyalty consequently.

Through these recommendations, there is a greater possibility that employees are more likely to participate voluntarily and positively in CSR practices and in the process, build a deeper sense of trust with their companies and see their companies as an inspiring place to be, consequently, develop a deeper emotional bond and strengthen their intention to stay at their companies.

7.4 Limitations and Future Studies

The aim of this study was to foster a more holistic understanding of the interrelationships between CSR, Organisational Culture, as well as the nature and extent of the interaction effect of the two, to Employee Loyalty. The quantitative research findings reinforced some previous findings as well as discovered some new findings of the relationships; whilst the qualitative research findings provided some insights as to why and under what conditions that some of these relationships exist. However, there are several limitations to this study to be recognized.

First, in this study, a cross-sectional research design is used instead of a longitudinal design, which can enhance causal inference through establishing temporal order of variables and covariation between variables. The researcher recognises this as a limitation and sought to address this limitation by examining and establishing the directions of effects between the constructs through literature review, along with qualitative data that directly/indirectly implicating causations. However, this could be an area for

further investigations in future studies with time and resources are in place for a longitudinal study.

Second, the study focused on Organisational Culture and its effect on the relationship between CSR and Employee Loyalty, and as previous literatures suggest there might be other contextual factors, such as effective leadership and HRM practices, and, organisational trust, affecting the relationships. As discussed in the literature review section that these factors may fall into two dimensions: personal and corporate and influence how employees identify themselves through social identity (Glavas, 2016). These extraneous variables are not explored or controlled in the quantitative study and thus reducing the causal inference of the study, which is partially addressed through the qualitative part of the study in which respondents express their views on CSR, organisational culture and their experiences of how their loyalty is affected, could be further addressed in future studies. Similarly, other demographic factors of gender, and age, to the relationships were not examined within the study. For example, employees' length of service to the company might influence their loyalty to the company; or the gender makeup and distribution within an organisation might influence the culture within the organisation, etc. Although these variables might not have been fully explored, the researcher, in the qualitative study, set out to reduce some of this limitation by ensuring to the best of his ability the diversity of background and experiences of the respondents. Future studies can potentially extend this study further by examining the nature and extent of the effects of these demographic factors on the relationships of the three constructs.

Third, regarding item generation, although the items were adopted from previous literatures which are well recognised widely, and were validated by industry professionals and academics in related fields, owing to the very essence of CSR urges on the positive, the wordings of most of the items can be considered generally positive, which could lead to high item means. In future studies more reversed items could be developed to measure the full spectrum of scale.

Additionally, in relations to the investigations of relationship between different categories of organisational cultures and different types of CSR to Employee Loyalty, the multiplicity of combinations of sub-variables might exert confounding effects on each other since they are not controlled in multiple regression analysis, thereby making it difficult for causal links to be identified. The researcher recognises the limitation and to mitigate this the researcher utilizes qualitative analysis to give some support to some of the causal relationships explored.

Further, the study focuses on the employee perceptions of the CSR practices rather than the actual CSR practices their companies implemented. The actual outcomes of the CSR practices were also not included in the analysis. And as respondents were basing their answers on their perceptions, the assumption was made that accurate and truthful information was given. Nonetheless, SIT suggests that, as explained by Peterson (Peterson 2004), in relation to organisational commitment, employee perception is more important than social performance of other measures.

Sixth, the research was conducted in the relatively newly developed economic and industrial region. Conducting the research in other more economical and industrial established regions in the country such as Shanghai, Zhejiang, may yield different findings. Future research could be broadened to include samples from other regions in China to improve the power of generalisation.

In relations to the qualitative research of the study, one limitation was that the initial research sample size of 9, which was extended to 12, is still relatively small and thus limits the generalizability of the findings of the qualitative study. Further, the sample was also divided into sub-groups of pre-defined characteristics (senior managements, middle managers, and knowledge-based workers) to bring in diversity of different perspectives and experiences of CSR and organisational culture. Although the research data collection reached saturation at sample 9, the potential of gaining more “depth” was sacrificed for “diversity” in the study. As the objective of the qualitative study is to complement the main study in the Quantitative Research, different insights into the strategy formulation, implementations, and execution of CSR in different organisational levels of the companies were considered more valuable in the qualitative study and thus, deemed appropriate strategy for the qualitative study.

Finally, in the qualitative study, the researcher transcribed the recorded interviews and read the transcripts to the participants to validate the transcribed contents, instead of sending out the transcripts in written formats for the participant to scrutinize. This limits the level of detailed examination and scrutiny over the transcribed data.

7.4.1 'Chinese-style' Individualism

Despite the many theoretical frameworks in academia to explore Organisational Culture and Employee Loyalty, it is not rational to generalise the construct of loyalty and various OCBs due to varying behavioural patterns and cultural differences among individuals and organisations. On individual level, cultural differences exist and come in the form of beliefs, values, and attitudes that influence how one behaves, performs, and perceives. For the 'organisation' aspect, Organisational Cultures may vary due to multiple factors in the organisational construct, such as organisational structure, type of organisation, management norms, leadership style and power distance. These factors can lead to varying influences on employee behaviours, satisfaction, commitment, and OCB ultimately.

Garg & Ma (Garg & Ma, 2005) suggested Chinese organisations are adapting to a more market-oriented economy and employees are adopting Western values owing to greater access to information across the globe, thus are shifting away from the collectivistic culture and adopting new operational and management styles focusing on open market systems. This observed phenomenon has hinted at the concept of 'Chinese-style' individualism.

However, it could also be argued the suggested shift is primarily manifesting at organisational level, and the degree of diffusion of Western values to Chinese culture, although the external influence is evidenced, the social structures within China provide great force of resistance of

change/integrations of cultural traits internally. Thus, at individual level, employee behaviours are still significantly influenced by Confucian-collectivism and display relevant characteristics. Nevertheless, the very dynamic nature of the contextual influence and cultural diffusion in relations to behaviours in organisation and individual level, could be areas of focus in future studies.