

Perceived Corporate Social Responsibility (CSR) – Antecedents and Consequences of employee behaviour

A Master's Thesis in International Business

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Abstract

This thesis investigated the antecedents and consequences of employee perception of CSR activities. The antecedents included perceived fit between organisational culture and CSR activities and perceived CSR capability. The consequences included employee attachment and perceived organisational performance. This thesis found that perceived CSR capability strongly affects employee perception of CSR. This entails that individual employees who view their organisation capable of designing and implementing sound CSR policies, are more likely to have more positive view of those CSR activities. This, in turn, influences employee attachment as employees who perceive their organisation's CSR policies positively, are more likely to feel attached to the organisation. When employees feel more attached to their organisation, they also perceive their organisation performing more strongly. This thesis, however, did not find support for a relationship between perceived fit between organisational culture and CSR activities with employee perception of CSR activities. Similarly, this thesis did not find support for a direct relationship between employee perception of CSR activities and perceived organisational performance. This thesis has contributed to the IB literature by showing that employee perception of CSR activities is influenced, to some extent, by the aforementioned antecedents and consequences within MNEs. It has also shed new light on the relationship between employee perception of CSR activities and perceived organisation performance. Although, no direct link was found between the two, it seems that perceived organisational performance is mediated through employee attachment which sheds new light on the relationship. Second, it has advanced the understanding of employee perspectives regarding CSR activities. Third, it has shown that previous empirical work on the subject of employee perception of CSR activities, also holds true for MNEs. Finally, the key takeaway for managers is to understand the importance of the perception of CSR activities by employees as these influence their attachment to the organisation and the organisation's success.

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1. Introduction

1.1 Introduction Topic & Significance of the Thesis

Corporate Social Responsibility (CSR) is a broad concept that encompasses an organisation's ethical and sustainable operations which considers the wider impact on society and the environment in general (Freeman, 1984). A positive CSR reputation can generate attention from both current and prospective employees (Turban & Greening, 1996). CSR has its roots in stakeholder theory (Carroll, 1991; Freeman, 1984). Stakeholder theory posits that the long-term value of an organisation rests as much on the knowledge, abilities, and commitment of its employees as on its relationships with investors, customers, and other stakeholders (Wheeler & Sillanpää, 1997). Often, employees are not considered as stakeholders, however they are seen as instruments in critical transactions, e.g. like a computer making a calculation. Viewing employees in this sense can be dangerous and possibly harmful for the organisation if not managed responsibly by the organisation (Russo & Tencati, 2009). It can lead to disaffection, decreased engagement, negative organisational commitment which can ultimately resolve to decreased organisational performance (Turker & Altuntas, 2014).

Researchers have noted the importance of an individual selecting the organisation that best matches his/her values (Sims & Kroeck, 1994). Sims & Keon, (1997) argue that individuals and organisations with similar ethics and values provide satisfying environments. The results of their paper indicate that organisational ethics and values tend to be related to employees' level of satisfaction and their expressed intention to turnover (Sims & Keon, 1997). Employee satisfaction is the degree to which a current employee is satisfied with the job they are doing (Sims & Keon, 1997). If employees are satisfied with their job, it is more likely that they intent to stay at the organisation which results in low turnover for the organisation (Sims & Keon, 1997). A well implemented CSR policy may thus contribute to job satisfaction and lower employee turnover, which are beneficial to the organisation (Lee *et al.*, 2011).

Theory posits that employees form perceptions about an organisation's CSR activities (e.g. Rupp *et al.*, 2013; Lee *et al.*, 2011). These perceptions can either positively or negatively affect an employee's perception of an organisation's CSR activities (Turker, 2009). These employee perceptions, in turn, can also have consequences for both the employees and organisation (e.g. Lee *et al.*, 2011; Turker, 2009; de Oliveira Santini *et al.*, 2020). For example, as discussed earlier, positive consequences

could include increased job satisfaction and lower job turnover while negative consequences could include the inverse happening (Lee *et al.*, 2011; Turker & Altuntas, 2014).

Employee perceptions are influenced by antecedents. Antecedents of CSR refer to the factors or events that precede the adoption of CSR by an organisation (Carrol, 1991). These antecedents can be internal or external to the organisation and can include a variety of factors that influence the organisation's decision to engage in socially responsible behaviour (Carrol, 1991). Research has indicated that environmental concerns, market orientation and stakeholder pressure are important CSR antecedents (de Oliveira Santini *et al.*, 2020). What is less clear, however, is how perceived fit between organisational culture & CSR activities and perceived CSR capability influence employee perception of CSR activities within multinationals (hereafter MNEs). These two antecedents are crucial for understanding employees' perception of CSR activities because they play significant roles in shaping an organisation's identity, reputation, and long-term sustainability (Lee *et al.*, 2011). Organisational culture describes the organisation's general beliefs, values and attitudes which influence the behaviour of its employees (Lee *et al.*, 2011). Perceived CSR capability is defined as the viewpoint of employees regarding CSR activities in which an organisation participates (Akremi *et al.*, 2018). Both of these antecedents seem to influence employees' perception of CSR activities; therefore, they are crucial to be understood.

Research has also indicated that employee perceptions of CSR activities have consequences (e.g. Turker, 2009). Commitment, customer purchasing intention and non-financial performance are consequences associated as consequences of employee perceptions of CSR activities (de Oliveira Santini *et al.*, 2020). This thesis tries to uncover whether employee attachment and perceived organisational performance are positively affected by employee perception of CSR activities within MNEs. As discussed earlier, employee attachment is crucial for organisations in order to have a low job turnover. Similarly, perceived financial performance by employees could indicate that the organisation is performing better than competitors (e.g. Menon *et al.*, 1996; Moorman, 1995). Moreover, this thesis tries to establish whether there is a direct effect between these two consequences. Taken together, the research question of this thesis is formulated as: *Do the antecedents (Perceived Fit between Organisational Culture and CSR Activities; Perceived CSR Capability) positively influence employees' perception of CSR and do these perceptions positively influence the consequences (Employee*

Attachment; Perceived Organisational Performance)? To answer this question, a survey of employees of several Dutch MNEs will be conducted. When the survey is conducted an analysis will be performed to answer the research question and to test the hypotheses proposed in section 2.

This thesis deals with CSR perception of employees. CSR perception is measured quantitatively to provide reliable and objective data that can inform the development of effective CSR activities (Qian *et al.*, 2019). Quantitative research methods, such as surveys and questionnaires, allow for statistical analysis and a more accurate representation of employee perceptions (Sharma & Kaur, 2019; Qian *et al.*, 2019). Several studies have demonstrated the effectiveness of quantitative research methods, such as surveys and questionnaires, in measuring employee perception of CSR (e.g. Lee *et al.*, 2011; Hur *et al.*, 2020; Qian *et al.*, 2020). There are already questionnaires available which target specific aspects of measuring employee perception on CSR. Moreover, there is a solid foundation of theory available (e.g. Lee *et al.*, 2011; Hur *et al.*, 2020; Qian *et al.*, 2020; Wheeler & Sillanpää, 1997; Turker, 2009). Therefore, a quantitative research format is justified.

Research that investigates the antecedents and consequences of employees' perception of CSR is important for several reasons. Most International Business (IB) research on CSR takes the consumer as a focal point with employee's perception on CSR becoming marginalised (e.g. Kim & Park, 2009; Lee & Jackson, 2010; Lee *et al.*, 2008; Hur *et al.*, 2020). As discussed earlier, positive employees' perception of CSR activities can lead to positive consequences for both employees and organisations. Understanding the links and mechanisms between antecedents and consequences of employees' perception of CSR activities can lead to a better understanding of how CSR activities influence employees' behaviour. Several studies have shown that there are relationships. For example, a study by Rupp *et al.*, (2013) found that employee perceptions of CSR were positively related to their engagement in proactive behaviours, such as volunteering and advocating for the organisation. However, these links are yet to be established within the context of MNEs which operate internationally. There are some stark differences regarding CSR activities between national organisations and MNEs. Investigating CSR in an MNE requires a more comprehensive and nuanced approach that considers the unique challenges and opportunities presented by operating in multiple countries and engaging with diverse stakeholders (Blowfield & Frynas, 2005). For example, MNEs are regarded as more complex due to the presence in different legal,

cultural and social environments. Some evidence on antecedents and consequences of employee perception of CSR activities already exists by authors which investigated these phenomenon's in their respective home countries using local organisations (e.g. Lee *et al.*, 2011; Rupp *et al.*, 2013; Turker & Altuntas, 2014). However, this thesis seeks to uncover these phenomenon's in MNEs which operate internationally.

There are also scientific calls for investigations regarding the antecedents and consequences of CSR activities within MNEs (e.g. Aguinis & Glavas, 2012; Luo & Bhattacharya, 2009). CSR has been the subject of extensive research in management, economics, sociology, and other fields, and there is a growing body of literature that examines the factors that influence the adoption of CSR practises by organisations and the outcomes that result from these practises. Aguinis & Glavas, (2012) suggest that future research should examine the motivations of organisations to engage in CSR activities, the impact of CSR on firm performance and stakeholder attitudes, and the effectiveness of different CSR strategies. Research by Luo & Bhattacharya, (2009) suggest that future research should aim at corporate culture and organisational performance consequences. Understanding employee perceptions of CSR can inform the development of strategies to enhance employee engagement and organisational performance (Turker & Altuntas, 2014).

As for the practical significance of this thesis, organisations strive and compete with one another on multiple fronts. A new battleground has emerged by attracting and retaining important employees which has increasingly been seen as a competitive advantage (Saeidi *et al.*, 2015). It is therefore, important for organisations to understand not only their own CSR activities, however, it is just as important to understand employees' perception of those CSR activities. Understanding those gives an organisation an edge over competitors who do not as theory posits that it can lead to a more effective organisation by retaining valuable employees (Lee *et al.*, 2011). Moreover, it is argued that CSR has recently been enacted as a key comparative advantage (Saeidi *et al.*, 2015). Organisations seek these advantages in order to gain a competitive edge over competitors in which CSR can play a significant role (Saedi *et al.*, 2015). Researching employee perceptions of CSR activities is thus practically significant for organisations in order for these to understand how CSR activities are perceived by employees and to identify areas for improvement in their CSR activities (e.g. Rupp *et al.*, 2013; Turker & Altunas, 2014).

2. Literature Review

2.1 CSR Stakeholders and Employees

CSR refers to an organisation's responsibility to operate in an ethical and sustainable manner, taking into consideration the impact of its actions on society and the environment (Freeman, 1984). CSR has become somewhat of a vague concept encompassing multiple concepts ranging from workforce engagement to environmental sustainability (e.g. Strand *et al.*, 2014). Because this thesis seeks to uncover the general perception of employees on CSR activities, it will therefore opt for an umbrella construct, encompassing various concepts of CSR activities. These concepts include: *Philanthropic CSR activities* (Lichtenstein *et al.*, 2004; Godfrey *et al.*, 2009), *ethical CSR activities* (Maignan & Ferrell, 2001) and *environmental CSR activities* (Strand *et al.*, 2014; Montgomery & Stone, 2009). In this context, this thesis defines CSR as “*The perception of employees on philanthropic-, ethical-, and environmental CSR activities an organisation undertakes.*”

Philanthropic CSR activities, such as charitable giving and community service help to build the organisation's reputation and promote positive social and environmental outcomes. Philanthropic activities are a common practice among CSR practises at organisations (Godfrey *et al.*, 2009), highlighting its importance in CSR. By engaging in philanthropic CSR activities, organisations contribute positively to the communities in which they operate (Carrol, 1991). This can help build goodwill and trust among stakeholders, including customers and employees (Porter & Kramer, 2002; Porter & Kramer, 2011). Moreover, philanthropic CSR can help organisations improve their public image and reputation (Wulfson, 2001). This can lead to increased customer loyalty and a higher employee morale and improved stakeholder relations (Wulfson, 2001). Finally, philanthropic CSR can have a positive impact on an organisation's financial situation. In their study, Waddock & Graves, (1997) have shown that organisations that engage in philanthropic CSR activities, tend to have better financial performance in the long run. This is because philanthropic CSR can help companies build trust and relationships with key stakeholder, such as customers and employees, that lead to increased loyalty (Waddock & Graves, 1997).

Ethical CSR activities are those that align with ethical principles and values, and are intended to promote the well-being of stakeholders, society, and the environment. These activities can take many forms, ranging from establishing a code of

conduct to organising ethics training for employees (Maignan & Ferrell, 2001). An example of an ethical CSR activity is the establishment of fair labour practises (McWilliams & Siegel, 2001; Pirsch *et al.*, 2006). This involves ensuring that workers are treated fairly and ethically, with respect for their rights and dignity. Practises involve paying fair wages, providing safe working conditions, and prohibiting discrimination and harassment. Research has both shown that fair labour practises lead to higher employee satisfaction and lower employee turnover rates (McWilliams & Siegel, 2001). Similarly, it has also been shown that fair labour practises lead can contribute to trust and loyalty (Pirsch *et al.*, 2016).

Environmental CSR activities involve minimising the organisation's environmental impact by reducing its greenhouse gas emissions, conserving natural resources and minimising waste (Strand *et al.*, 2014). This is the most common theme found in CSR reporting by organisations, highlighting the importance today (Bioral, 2009). Environmental CSR is important for several reasons. For example, it helps organisations reduce their environmental footprint and minimize the negative impact of their operations on the environment (Chabowski *et al.*, 2011), this helps organisations to improve their public image and reputation. By engaging in environmental CSR activities, stakeholder loyalty (including employees) is generally improved (Porter & van der Linde, 1995; Esty & Winston, 2009).

The IB literature has predominantly focused on the relationship between CSR perception and stakeholder groups such as consumers (e.g. Hur *et al.*, 2020; Kim & Park, 2011; Park *et al.*, 2014), shareholders (e.g. Arora *et al.*, 2021; Nguyen *et al.*, 2020; Flammer, 2012). The literature on employee perception of CSR activities is, however, relatively thin and scarily understood (Lee *et al.*, 2011). Employees are considered the backbone of the organisation (Tsai & Wu, 2010, p.2369). By involving employees in CSR activities, organisations can create a sense of purpose and pride among them, which can lead to higher employee motivation and engagement (Berger *et al.*, 2004; McShane & Cunningham, 2005). Moreover, employees are also the face of the organisation and its representatives in the community (Korschun *et al.*, 2014). By engaging in CSR activities, organisations can create a positive image of themselves in the minds of the public and their respective employees (Lee *et al.*, 2011). This can lead to increased loyalty among employees and can also attract new talent to the organisation as has been found by a survey by LinkedIn which found that 64% of professionals prefer to work for an organisation that is socially responsible (LinkedIn, 2017,

p.8). For organisational CSR activities to have an effect on employees, these activities must cause some perception in the mind of the employee (Lee *et al.*, 2011; Hur *et al.*, 2020).

Employee perception of CSR activities refers to the employees' understanding and interpretation of the organisation's commitment and actions towards social responsibility (Marrewijk, 2003). An employee's perception of CSR can be influenced by a range of factors, such as the organisation's communication about its CSR activities, the extent and effectiveness of the organisation's CSR initiatives, and the employee's personal values and beliefs about the importance of social responsibility (Bhattacharya & Sen, 2004). These factors that influence the employee's perception of CSR are antecedents of CSR. Similarly, positive employee perceptions of CSR are associated with increased job satisfaction, organisational commitment, and loyalty (Gond *et al.*, 2011; Maignan and Ferrell, 2004; Rupp *et al.*, 2006; Turker, 2009). These are consequences of CSR. In the next section, a more in-depth explanation will be made on the antecedents and consequences on Employee's perception of CSR.

2.2 Antecedents of Employee's perception of CSR

Antecedents in the context of employee perceptions of CSR activities are organisational/employee specific activities that have preceded before employees have made a perception about them. These antecedents will be used to test whether they will influence employee perception of CSR activities.

Previous literature has identified several antecedents that can affect the employee's perception on CSR activities. Ethical leadership has been found to be positively related to employee's perception of CSR (Sendjaya *et al.*, 2008). Ethical leaders encourage ethical behaviour and promote CSR. Leaders who prioritise CSR and demonstrate ethical behaviour are more likely to have employees who perceive the organisation as socially responsible (Wu *et al.*, 2017). Similarly, a study by Sweeney *et al.*, (2010) found that employee involvement led to a more positive perception of the organisation's CSR activities. Another frequently mentioned antecedent are personal values (Gond *et al.*, 2017). Employees who value social responsibility and sustainability are more likely to perceive their organisation as socially responsible (Gond *et al.*, 2017). And finally, organisational culture can also affect employees' perception of CSR (Glavas & Piderit, 2009). Organisations that prioritise CSR in their culture are

more likely to have employees who perceive the organisation as socially responsible (Brammer *et al.*, 2007).

2.3 Consequences of Employee's perception of CSR

Employee perception of CSR activities can have several consequences, both positive and negative, on various aspects of organisational functioning. Because this thesis seeks to uncover the positive effects of employee perception of CSR activities, it will not discuss the negative consequences as this is beyond the scope of this thesis.

One example of a positive outcome is increased job satisfaction. Employees who perceive their organisation as socially responsible are more likely to be satisfied with their job (Turker, 2009). The study also found that employees who perceived their organisation as socially responsible reported higher levels of job satisfaction than those who did not. Similarly, a study by Rupp *et al.*, (2013) found that employees who perceive their organisation as socially responsible are more likely to feel committed to their organisation. Another example is improved employee engagement as was found by Gond *et al.*, (2011). Employee engagement refers to the level of involvement, enthusiasm, and dedication that employees have towards their work (Gond *et al.*, 2011). The authors found that employees who perceived their organisation as socially responsible were more engaged in their work. Another consequence of employee perception of CSR is employee retention (Bhattacharya *et al.*, 2008). When employees perceive their organisation as socially responsible, it is more likely that they will stay at the organisation (Bhattacharya *et al.*, 2008). Finally, the same authors also propose that when employees perceive their organisation as socially responsible, they are more likely to share a positive image of the organisation with others, including other stakeholders such as customers and suppliers (Bhattacharya *et al.*, 2008; Maignan & Ferrell, 2004). As a result, the organisation's reputation and brand image will be strengthened (Bhattacharya *et al.*, 2008). What is lacking, however, is evidence for this link to exist in internationally orientated MNEs. This thesis will elaborate further on this link in the hypotheses section.

2.4 Hypotheses

Perceived Fit between Organisational Culture and CSR Activities

The concept of organisational culture and its relationship with CSR activities has been an area of increasing interest by researchers in recent years (e.g. Lee *et al.*, 2011;

Glavas & Piderit, 2009; De Roeck & Maon, 2016; Zhang *et al.*, 2019). Organisational culture can be defined as the shared values, beliefs, and norms that shape the behaviour of employees within an organisation (Schein, 2010, p.23).

When CSR activities align with the values and beliefs embedded in an organisation's culture, employees perceive a fit between the two. This congruence creates a sense of coherence and consistency, leading to a positive perception of CSR activities (Jong & Meer, 2017). Employees are more likely to recognise and appreciate the organisation's efforts when they resonate with their own values and cultural norms. This fit is essential for understanding employee perception of CSR activities (e.g. Lee *et al.*, 2011; Cable & deRue, 2002).

Several studies have investigated the relationship between organisational culture and CSR activities. Glavas & Piderit, (2009) found that organisations with a strong ethical culture were more likely to engage in CSR activities and communicate them to their employees. Similarly, De Roeck & Maon, (2016) found that strong organisational culture was positively related to the adoption of CSR practises. Employees who perceive their company as socially responsible are more likely to be satisfied with their job, more committed to their organisation, and more engaged (Gond *et al.*, 2011; Turker, 2009). A study by Zhang *et al.*, (2019) found that employees who perceived a higher level of fit between CSR activities and organisational culture had a more positive perception of CSR activities.

Strong organisational cultures improve organisational performance in two ways. First, they improve performance by encouraging employees (Lee *et al.*, 2011). This is achieved by appealing to higher ideals and values and rallying employees behind a set of unified goals (Lee *et al.*, 2011). Second, strong organisational cultures boost corporate performance by shaping and coordinating employee behaviour (Lee *et al.*, 2011). Shared values and norms amongst employees cause them to direct their attention towards organisational priorities that guide their behaviour and decision-making efforts (O'Reilly & Chatman, 1996; Tuchman & O'Reilly, 1997). Therefore, this thesis proposes:

Hypothesis 1: Perceived fit between organisational culture and organisational CSR activities positively affects employee perception of CSR activities within MNEs.

Perceived CSR Capability

The relationship between perceived CSR capability and employees' perception of CSR is complex and multifaceted. Capability can be explained by multiple factors. It can be described as a unique bundle of knowledge, skills, and processes that arises from tacit knowledge, which spans throughout the organisation, and enables the activities in a process to be carried out (Sharma & Vredenburg, 1998).

Capabilities are 'information-based, tangible or intangible processes that are firm specific and are developed over time through complex interactions among the firm's resources (Amit & Schoemaker, 1993, p. 35). Resources being organisation specific defines capabilities as being embedded in the organisation and its processes, and being embedded suggests that they are, therefore, not easily transferable and are thus, an asset to the organisation (Cantrell & Kyriazis, 2014). Combining the two definitions of capability, CSR capability can be described as an organisation's knowledge, skills, and processes relating to the planning, implementation and evaluation of CSR activity.

The mechanism between perceived CSR capability and employee perception of CSR can be explained through the concept of organisational identification and social exchange theory (Albasu & Nyameh, 2017). Employees develop a sense of identification with the organisation they are employed, which refers to the extent to which they perceive themselves as an integral part of the organisation and align their self-concept with the organisation's values and goals (Cook *et al.*, 2013). When employees identify strongly with the organisation, they are more likely to support and engage in CSR activities (Lee *et al.*, 2011). Organisations contribute time, effort, or resources to CSR initiatives with the expectation of receiving psychological or tangible benefits in return (Rangan *et al.*, 2015). Therefore, the mechanism between perceived CSR capability and employee perception of CSR capability influences employees' identification with the organisation, and this, in turn, shapes employees' expectations of the benefits associated with engaging in CSR activities (Albasu & Nyameh, 2017). When employees perceive their organisation as capable of CSR implementation, they are more likely to identify with the organisation and have a positive perception of CSR, leading to increased support and engagement in CSR initiatives (Albasu & Nyameh, 2017).

The study by Katsikea *et al.*, (2018) examined the role of organisational capability in driving the implementation of CSR in Greek organisations. The authors found that organisations with higher levels of organisational capability were more likely to

engage in CSR activities, and these activities were positively associated with employee's perception of CSR (Katsikea *et al.*, 2018). The literature thus puts forward evidence of causal link between perceived CSR capability and employee perception of CSR activities, however, what is clearly missing is evidence for this link existing in MNEs. Therefore, this thesis proposes:

Hypothesis 2: Perceived CSR capability positively affects employee perception of CSR activities within MNEs.

Employee Attachment

Traditionally, employee attachment has been associated with commitment towards an organisation (e.g. Meyer & Allen, 1997; Morrow, 1993). However, assessing the social aspect has recently been a keen interest of scholars (Hassan, 2012). Especially the concept of organisational identification is viewed as an important element (Hassan, 2012). This reflects the employee's attachment to workplace and explains important outcomes such as job performance and organisational citizenship behaviours. Several authors studied the link between employee perception of CSR and employee attachment.

For example, a study by Farooq *et al.*, (2014) found that employee perception of CSR was positively related to employee attachment. They conducted this study by surveying employees from 12 different organisations in France (Farooq *et al.*, 2014). The results of the study indicated a positive relationship between perceived CSR and employee attachment. The authors found that when employees perceive that their organisation is fulfilling its social responsibilities, they feel proud to be associated with the organisation, leading to an increased attachment (Farooq *et al.*, 2014). Notice here that there is an indirect relationship through organisational pride.

Organisational pride refers to the positive emotional attachment and pride that employees feel toward their organisation (Farooq *et al.*, 2014). When employees perceive their organisation as socially responsible, it can evoke feelings of pride and admiration (Farooq *et al.*, 2014). The positive emotional response of organisational pride fosters a stronger attachment between employees and their organisation. Employees who feel proud of their organisation's CSR efforts are more likely to be inclined to feel emotionally connected to the organisation, thus fostering employee attachment (Thomson *et al.*, 2005; Farooq *et al.*, 2014).

Other studies have referred to an indirect relationship between both phenomena through either organisational ethics (Valentine & Fleischman, 2008), organisational justice (Rupp et al., 2006) or through the aforementioned organisational pride (Farooq *et al.*, 2014; Thomas *et al.*, 2019). For example, organisational pride which achieved through a positive perception of perceived CSR, fosters organisational embeddedness (Farooq *et al.*, 2014). This in turn, influences turnover behaviour and consequently fosters employee attachment (Thomas *et al.*, 2019). The authors present strong evidence for this chain-link of events.

Research has also demonstrated that employee perceptions regarding the degree of fairness an organisation's actions heavily influences employee attitudes and behaviours (Cropanzano *et al.*, 2001). Employees are proud to identify with organisations that have a positive external reputation (Thomas *et al.*, 2019). Therefore, a positive relationship between perceived CSR activities and employee attachment is expected to occur.

Hypothesis 3: Employee perception of CSR activities positively affects employee attachment within MNEs.

Perceived Organisational Performance

Employee perception of CSR can have a significant impact on perceived firm performance. Studies have consistently shown that employees who perceive their company as socially responsible tend to have a more positive perception of the organisation's overall performance (e.g. Asfar *et al.*, 2019; Kim & Park, 2011 Gond *et al.*, 2017).

When employees perceive that their organisation is actively engaged in CSR initiatives, it can positively impact their levels of engagement. CSR activities often align with employees' values and societal expectations (Collier & Esteban, 2007), which lead to a sense of purpose and pride in their work (Collier & Esteban, 2007). Engaged employees are more committed, motivated, and are likely to contribute to the organisation's overall performance. Engaged employees tend to be more productive, proactive, and willing to go the extra mile, which can positively impact organisational performance (Collier & Esteban, 2007).

A study by Asfar *et al.*, (2019) found that employee perception of CSR was positively related to perceived organisational performance. They conducted this study by surveying employees from 13 different organisations in Pakistan (Asfar *et al.*, 2019). The study aimed to investigate the mediating effect of employee motivation on

the relationship between CSR and perceived organisational performance. The study suggests that when organisations engage in CSR practises, they are more likely to enhance the motivation of their employees, which in turn leads to higher levels of perceived organisational performance (Asfar *et al.*, 2019).

While research has put forward some evidence of a link between employee perception of CSR and perceived organisational performance, evidence still lacks in the field of IB as research has predominantly focused on a national setting. Therefore, this thesis proposes:

Hypothesis 4: Employee perception of CSR activities positively affects perceived organisational performance within MNEs.

Employee Attachment & Organisational Performance

The extent to which employees feel psychologically attached to their organisation has been shown to be related to various variables such as job motivation, satisfaction, performance, turnover, absenteeism, and organisational citizenship behaviour (Podsakoff *et al.*, 2000). Similarly, the emotional attachment that employees feel regarding their organisation has implications for performance as well (Lee *et al.*, 2000).

Scholars have made a differentiation between organisational identification and organisational commitment (Hassan, 2012). The former referring to an employee's sense of belonging within in the organisation in which they work (Becker & Kernan, 2003; Chen *et al.*, 2002). While the latter refers to the bond employees experience with their organisation (Becker & Kernan, 2003; Chen *et al.*, 2002). It has been shown that employee's dedication and attachment to their supervisors relate positively to their self-reported in-role and extra-role behaviours (Hassan, 2012; Becker & Kernan, 2003; Chen *et al.*, 2002). It has also been demonstrated that there is a positive correlation between organisational commitment and job performance (Hassan, 2012). This has been attributed to reduced turnover, reduced absenteeism & organisational citizenship behaviour (Podsakoff *et al.*, 2000). Employees that are engaged in the organisation have been shown to be the most productive, best team players, and the most committed towards organisational goals while simultaneously staying at their respective workplace (Hassan, 2012; Turban & Greening, 1996; Podsakoff *et al.*, 2000).

One commonly referenced framework is the social exchange theory which posits that employees develop an emotional attachment to the organisation based on their perception of the organisation's support and the fulfilment of their needs (Cook *et al.*,

2013). This attachment, in turn, influences their attitudes and behaviour which, in turn, influence the overall performance of the organisation (Cook *et al.*, 2013).

A study by Lee *et al.*, (2011) produced evidence that positive employee perception of CSR led to more employee attachment as well as perceived organisational performance and that employee attachment indirectly influences perceived organisational performance. They conducted this study by surveying employees from one Korean organisation. However, evidence in the field of IB is lacking. Therefore, this thesis arrives at the final hypothesis which states:

Hypothesis 5: Employee attachment positively affects perceived organisational performance within MNEs.

2.5 Conceptual Model

In this section the conceptual model is presented. As proposed by hypothesis 1 and 2, there is a direct link between “Perceived fit between organisational culture and CSR activities” and “Employee perception of CSR activities.” The same link applies for “Perceived CSR capability” and “Employee perception of CSR activities.” Moving over to the right side of the model “Employee perception of CSR activities”, as proposed by hypotheses 3 and 4, form a direct link with “Employee Attachment” and “Perceived organisational performance.” Finally, hypotheses 5 proposes that, “Employee attachment” forms an indirect link with “Perceived Organisational Performance.”



Fig 1. Conceptual Model

3. Research Method

3.1 Sample and Data Collection

This thesis makes use of a self-administered survey targeting employees from various Dutch multinationals (MNEs). The choice for a self-administered survey is based on the fact that this thesis targets multiple organisation which makes it more convenient to conduct the survey in this way. Moreover, it reduces social desirability bias in which participants may be more likely to provide honest and accurate response when completing the survey on their own (Tourangeau & Smith, 1996; Couper, 2000). And finally, it leads to greater participant privacy (Joinson *et al.*, 2007). Perceiving CSR activities is a personal opinion and therefore, privacy should be guaranteed to those who choose to participate. However, with conducting a survey, this research is prone to Common method bias (CMB).

CMB is a potential problem in survey research where the variance in the data is inflated due to the measurement method rather than the construct of interest. This can occur when the same method, which in this thesis research are surveys, is used to measure both the predictor and outcome variables, leading to artificially high correlations (Podsakoff *et al.*, 2003). Therefore, this thesis employs methodological techniques that reduce the potential for such bias. First of all, this thesis will use different sources to provide data. It will not only collect surveys from staff, however, it will also collect data from supervisors. Furthermore, it employs statistical control in the form structural equation modelling (SEM).

A total of 199 usable questionnaires from mostly staff are obtained from 9 Dutch MNEs that are conducting CSR activities. When mentioning staff, this thesis specifically targets staff from the following departments within the organisations: Sustainability, Human Resources (HR), Marketing, and Finance. These four departments are specifically chosen as these are most likely to include staff that (1) are able to recognise CSR activities within the organisation (Darnall *et al.*, 2010), (2) are directly involved in CSR activities (Brammer *et al.*, 2007), and (3) have formulated a comprehensive perception about these activities (Darnall *et al.*, 2010). As for the organisations targeted, the following organisations have chosen to participate: Albert Heijn, Brunel, Corbion, DHL Parcel, DormaKaba, Friesland Campina, Heineken, Nyrstar & Rabobank. What these organisations have in common is that 1) They are MNEs; 2) They pose a (heavy) emphasis on CSR when conducting business, a key aspect of

determining this is if CSR activities and sustainability have a dominant presence on their respective websites as opposed to other Dutch MNEs which have significantly less sustainability information available; 3) They follow this up with a CSR strategy and finally, 4) They are willing to participate with the research. All these organisations provide at least guidelines regarding CSR activities they undertake and also provide activities that directly influence employees. Table 1 below presents the descriptive statistics for the organisations involved in this thesis:

<i>Organisation</i>	<i>Frequency (n)</i>	<i>Percentage (%)</i>
<i>Albert Heijn</i>	35	17.6
<i>Brunel</i>	6	3.0
<i>Corbion</i>	8	4.0
<i>DHL Parcel</i>	27	13.6
<i>DormaKaba</i>	39	19.6
<i>Friesland Campina</i>	12	6.0
<i>Heineken</i>	48	24.1
<i>Nyrstar</i>	20	10.1
<i>Rabobank</i>	4	2.0
<i>Total</i>	199	100

Table 1. Frequencies Organisations

All results are merged in one data set in which no distinction between the organisations will be made. This makes it easier to attain the minimum respondents needed for a valid and reliable research result. The survey will be executed through Qualtrics software in which the questionnaire items proposed in Appendix A will both be available in English and Dutch. This thesis expects that most targeted employees will be of Dutch origin as the headquarters of the targeted MNEs are all based in the Netherlands. The translation of the articles will be carried out by DeepL.com which is an AI translator tool. These translations will then be checked for spelling or grammatical errors.

Because the concept of CSR capability is complex and multifaceted, this thesis acknowledges that it might, therefore, be difficult for employees to answer survey questions regarding this concept. In order recover as much valid answers as possible, survey questions regarding CSR capability will be divided in three parts. The first part

is the planning of CSR activities in which questions will be asked regarding stakeholder involvement. The second part will focus on the CSR activities itself and asking questions regarding whether CSR activities are actively undertaken and reinforced by management. The final part focuses on CSR performance and whether it is evaluated internally. By structuring it this way, this thesis expects more respondents to complete this part of the questionnaire and improve the general validity of the concept.

3.2 Measures

The measures used in this thesis are derived from Lee *et al.*, (2012) and various other papers (e.g. Cable & DeRue 2002, Vorhies & Morgan, 2003). Table 1 showcases the entire set of variables and their respective sources. Appendix A showcases the entire set of questions (items) from the questionnaire and the relevant papers proposing those questions. The measurement scales of the questionnaire are of a seven-point Likert-type scale ranging from one (strongly disagree) to seven (strongly agree).

The questionnaire starts with general demographic questions regarding organisation, age, position and gender. It will then be followed up by the constructs: Perceived fit between organisational culture and CSR activities for which the items will be derived from Cable & deRue, (2002); Perceived CSR capability for which the items will be derived from Vorhies & Morgan, (2003); Employee perception of CSR Activities in which the items will be divided into three subgroups of philanthropic- (Lichtenstein *et al.*, 2004), ethical- (Maignan & Ferrell, 2001) and environmental CSR activities (2009); Employee attachment in which the items are derived from Thomson *et al.*, (2005); And finally, perceived corporate performance from which items are derived from Menon *et al.*, (1996) and Moorman, (1995).

This thesis also utilises several control variables. First of all, it uses demographic variables described in the section above: age, position and gender. These are used because employees from different demographic groups may have different expectations and values regarding social responsibility (Greening & Turban, 2000; Maignan & Ferrell, 2004). Furthermore, it will use organisational variables such as organisation size and industry type. These two variables are important as they are significant predictors of employee's perception of CSR (Kim *et al.*, 2018). For example, larger organisations and organisations in certain industries might have more resources and opportunities available to engage in CSR activities (Johnson & Greening, 1999).

In order to test whether the survey is sufficiently developed for the actual data collection process a pilot-test is conducted. This helps to identify any potential problems or issues with the survey instrument, such as unclear or confusing questions, response options or technical issues (Etchegaray & Fischer, 2011). For this pilot-test, contacts at Pro-Persona Nijmegen filled in the survey and were asked to give feedback on the questions being asked. Although Pro-Persona is not considered a MNE, it was still deemed fit for this pilot-test because it has a sustainability department which is familiar with the concept of CSR. A total of 10 questionnaires were handed out, 5 in English and 5 in Dutch as this is the native language for both the organisations this thesis targets, as well as, Pro Persona. The results of the first test indicated that there were some errors regarding spelling and grammar. Furthermore, some questions were regarded as similar. This was mainly due to the terminologies involved and these have been adjusted in order to have more noticeable differences between the questions. Another critique was that some translations from English to Dutch were not correct. Finally, terms like CSR, philanthropic CSR, competitive advantage need an explanation before the respondents fill in the questionnaire. This will be solved by giving a short description of the relevant terms before that part of the questionnaire starts. The questionnaire was adjusted after the feedback and handed out again for a second pilot-test. No further issues were identified once these issues were tackled.

Variables Sources

<i>Perceived Fit between Organizational Culture and CSR Activities</i>	Cable & deRue, (2002)
<i>Perceived CSR Capability</i>	Vorhies & Morgan, (2003)
<i>Employee Perception of CSR Activities</i>	Lichtenstein <i>et al.</i> , (2004); Maignan & Ferrell, (2001); Montgomery & Stone, (2009)
<i>Employee Attachment</i>	Thomson <i>et al.</i> , (2005)
<i>Perceived Corporate Performance</i>	Menon <i>et al.</i> , (1996); Moorman, (1995)

Table 2. Variables

3.3 Research Mode

This thesis utilises Confirmatory Factor Analysis (CFA) – Structural Equation Modelling (SEM) mode of research. Previous research regarding the topic human perception of CSR has also utilised this method of research (e.g. Lee *et al.*, 2011; Hur *et al.*, 2020). CFA is a way of testing how well a prespecified measurement theory composed of measured variables and factors fits reality as captured by data (Hair *et al.*, 2019). CFA is to be carried out using the SEM technique. SEM is a technique that allows separate relationships for each of a set of dependent variables (Hair *et al.*, 2019). This entails that it provides the appropriate and most efficient estimation technique for a series of separate multiple regression equations estimated simultaneously. It is made up by two basic components: (1) The structural model: also known as the path model, it relates independent to dependent variables and (2) the measurement model which enables the researcher to use several variables (indicators for a single independent or dependent variable (Hair *et al.*, 2019).

The CFA-SEM mode of research consists of four sequentially stages (Hair *et al.*, 2019). In this paragraph, this thesis will briefly explain the four stages. Starting off with stage one to three which are pre-analysis. In stage one, each individual construct that comprises of the measurement model must be defined. These constructs can be found in section 2 and section 2.4 in which the model is presented. Next, in stage two, the overall measurement model is developed. Again, this can be found in section 3.4 in which the model is presented. It is important that there are enough items (see Appendix A) cover the constructs, however, too little (under identified) will result in problems. Therefore, this thesis aims to have four/six items per construct in order to avoid identification problems, moreover this thesis strives to have too many (overidentified) items which will strengthen the results. Stage three is about designing a study to produce empirical results. Important in this stage is that there are no under identified constructs in the model present. This thesis has adopted at least four questions per indicator which theoretically should be enough to resolve under identification of the constructs (Hair *et al.*, 2019). Finally stage four, which is the analysis itself, assesses the reliability and validity of the measurement model.

In this stage the actual results will be derived and will be tested on various principles. First the model parameters are estimated, the maximum likelihood estimation will be used to estimate the model parameters, such as factor loadings, intercepts, and error variances.

Second, the model fit is assessed. The goodness-of-fit indices such as the chi-square statistic, comparative fit index (CFI), Tucker-Lewis index (TLI), root mean square error of approximation (RMSEA) and the standardised root mean square residual (SRMR) is used. An acceptable fit is indicated by CFI and TLI values of .90 or higher, and an RMSEA & SRMR value of .08 or lower. This tests whether the data fits the model.

Third, the reliability of the model is tested. In this stage, internal consistency, convergent validity and discriminant validity of the constructs are assessed. Internal consistency is assessed by using Cronbach's alpha (α). Convergent validity is assessed by examining the average variance extracted (AVE), and construct reliability (CR) of the indicators. Discriminant validity is assessed by comparing the AVE of each construct to its squared correlation with other constructs. An acceptable reliability in this stage is indicated by a α of .70 and an AVE of .50 or above. As for the discriminant validity, the AVE should be larger than the squared correlation between each pair of constructs. Also, discriminant validity will be tested using the Heterotrait-Monotrait (HTMT) Ratio. The obtained value should be lower than $<.85$ (Henseler *et al.*, 2015).

Last, the reliability and validity of the structural model is tested. This is done by examining the standardised path coefficients. Standardised path coefficients are typically significant if their absolute value is .1 or greater which indicates a strong relationship between the variables. Also, goodness-of-fit indices and reliability tests are conducted in this stage. These have the same criteria as described above.

3.4 Code of Conduct

In line with the Netherlands Code of Conduct for Research Integrity this thesis will uphold the following principles (KNAW; NFU; NOW; TO2-federatie; Vereniging Hogescholen; VSNU, 2018): *Honesty* which entails accurate reporting, taking counter-arguments seriously, being open about margins of uncertainty, refraining from making unfounded claims, refraining from fabricating or falsifying data or sources and refraining from presenting results more favourably or unfavourably than they actually are. *Scrupulousness*, entails using methods that are scientific and exercising the best possible care in designing, undertaking reporting and disseminating research. *Transparency*, entails that it is clear to others on what data the research is based and how it is obtained, what and how results were achieved and what role was played by external

stakeholders. *Independence*, not allowing the choice of method, the assessment of data, the weight attributed to alternative statements or the assessment of other's research or research proposals to be guided by non-scientific considerations. It also includes impartiality, from which is expected that there are no commercial or political influences. *Responsibility*, acknowledging that the researcher does not operate in isolation and therefore taking into consideration the legitimate interests of human test subjects, as well as those of commissioning parties, funding bodies and the environment. It also entails conducting research that is scientifically and/or socially relevant. These principles are considered as it is regarded as 'virtues' of a good researcher.

This thesis has followed the guided principles by being honest, for example, when the pilot-test was conducted, feedback was taken seriously and incorporated into the second version of the survey questions. Furthermore, this thesis has refrained from making false statements. This thesis has also ensured that scientific methods are employed while conducting data-analysis. Moreover, when contact was made between with the multinationals, the researcher was honest about the goals of this thesis, what it set out to research, what was needed from the organisation and what they would receive in turn for cooperation. Furthermore, non-scientific arguments were not used in this thesis. Finally, this thesis has considered the fact that the researcher does not operate in isolation and that the legitimate interest of human test subjects is considered. For example, one organisation would have liked the survey not to be private, however, this thesis has refrained from doing so.

4. Results

4.1. Model Fit Statistics

The first step of the analysis begins with obtaining the results from the questionnaire from Qualtrics. In total, 219 responses were recorded. These responses were exported to Excel for further analysis. In excel, the data was subject to the eye test first. For example, some respondents only filled in the first four questions. These were deleted from the data set. Next, the standard deviation was calculated for each response. This thesis uses .25 as a threshold for deletion as it entails that there is too little variance in the respondent's answers (Hair *et al.*, 2019). In total, 14 responses were subjected having a standard deviation lower than .25. These responses were deleted for the data set and it was noted that often they did not manage to complete at least 50% of the questionnaire. 199 responses remained that are subject to further analysis.

Next, this thesis controlled for kurtosis and skewness. Skewness and kurtosis are indicators of departures from normality in data (Hair *et al.*, 2019). In Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM), the assumption of normality is often made, and violation of this assumption can affect the validity and reliability of model results. This thesis uses a threshold of +/- 2.0 as a threshold for SEM-CFA (Kline, 2016). There was no indicator that surpassed this threshold entailing that skewness and kurtosis are not an issue for the analysis.

Following the analysis of kurtosis and skewness, the data set was subject to a missing data analysis. There was missing data present in the data set which was resolved using the linear interpolation technique in SPSS. Linear interpolation is a method used to estimate an unknown value within a range of known values by assuming a linear relationship between the known data points (Press *et al.*, 2007). After the linear interpolation had been carried out, the data set was subject to a second missing data analysis and no (new) missing data was found. Table 3 presents the demographic characteristics.

<i>Variables</i>		<i>Number (%)</i>	<i>Mean</i>
<i>Gender</i>	Male	56.3	n/a
	Female	43.2	n/a
	Prefer not to say	.5	n/a

<i>Age</i>	20s	37.7	n/a
	30s	35,7	n/a
	40s	15	n/a
	50s	11.6	n/a
<i>Position</i>	Senior Manager	15.6	n/a
	Manager	28.1	n/a
	Staff	54.3	n/a
<i>Firm Size (average)</i>			77,690

Table 3. Demographics

Confirmatory Factor Analysis (CFA) was computed using AMOS to test the measurement models. Some error terms with M.I. Par Change > 10 were allowed to correlate in order to improve the model fit. As part of CFA, factor loadings were assessed for each item, a total of 21 items (EP_11, EP_5, EA_7, EP_10, EA_6, EA_5, EP_12, EP_7, CC_8, EA_4, EA_8, CC_7, EP_4, CC_10, CC_4, EP_3, OC_4, CC_6, EA_2, EP_8, CC_3) were deleted due to low factor loadings (<.50). The model-fit measures were used to assess the model's overall goodness of fit (CMIN/df, TLI, CFI, SRMR and RMSEA). A good fitting model is accepted if the value of CMIN/df is <2, the Tucker and Lewis (1973) index (TLI); the Confirmatory fit index (CFI) (Bentler, 1990) > .90 (Hair *et al.*, 2010). In addition, an adequate-fitting model was accepted if the AMOS computed value of the standardized root mean square residual (SRMR) is between .05 and .08 and the root mean square error approximation (RMSEA) is between .05 and .08 (Hair *et al.*, 2010). And all values were within their respective common acceptance levels. The five-factor model (Organisational Culture, CSR Capability, Employee Perception of CSR, Employee Attachment and Organisational Performance) yielded a good fit. CMIN/df = 1,876, TLI = 0,901, CFI = 0,900, SRMR = 0,0550, RMSEA = 0,067. The results are presented in Table 4 below:

<i>Fit Indices</i>	<i>Recommended Value</i>	<i>Source(s)</i>	<i>Obtained Value</i>
<i>CMIN/df</i>	<2	Ullman, (2001)	1,876
<i>TLI</i>	>.90	Bentler, (1990)	.901

<i>CFI</i>	>.90	Bentler, (1990)	.900
<i>SRMR</i>	<.08	Hu & Bentler, (1998)	.0550
<i>RMSEA</i>	<.08	Hu & Bentler, (1998)	.067

Table 4. Model Fit

4.2. Measurement Model Statistics

Construct Reliability was assessed using Cronbach's Alpha and Composite Reliability. Cronbach's Alpha for each construct in the thesis was found over the required limit of .70 (Nunnally and Bernstein, 1994). The construct reliability will be assessed using SPSS Statistics. The results revealed that the Organisational Culture with three items ($\alpha=0.709$), CSR Capability with six items ($\alpha=0.799$), Employee Perception CSR with six items ($\alpha=0.764$), Employee Attachment with three items ($\alpha=0.702$), and finally, Organisational Performance ($\alpha=0.812$). The Reliability results are summarized in the table 5 below:

<i>Latent Variable</i>	<i># items</i>	<i>Cronbach Alpha (α)</i>
<i>Employee Perception</i>	3	.709
<i>CSR</i>		
<i>Organisational Culture</i>	6	.799
<i>CSR Capability</i>	6	.764
<i>Employee Attachment</i>	3	.702
<i>Organisational Performance</i>	4	.812

Table 5. Construct Reliability

To calculate the composite reliability, the standardized regression weights are put in Excel in which the following formula is used $CR = \frac{(\sum\lambda)^2}{(\sum\lambda)^2 + (\sum\varepsilon)}$. The following results Composite reliabilities ranged from .69 to .82, close to or above the .70 benchmark (Hair *et al.*, 2010). Hence, construct reliability was established for each construct in the study. The results are presented in Table 6 below:

<i>Latent Variable</i>	<i>Composite Reliability</i>	<i>Judgement</i>
<i>Employee Perception</i>	0.779	Good
<i>CSR</i>		
<i>Organisational Culture</i>	0.686	Satisfactory
<i>CSR Capability</i>	0.791	Good
<i>Employee Attachment</i>	0.69	Satisfactory
<i>Organisational Performance</i>	0.816	Very Good

Table 6. Construct Reliability

Convergent Validity of scale items was estimated using Average Variance extracted (Fornell & Larcker, 1981). The average variance-extracted values were close to or above the threshold value of .50 (Fornell & Larcker, 1981). Variables that did not surpass the .50 benchmark (Employee Perception CSR & CSR Capability) had AVE values of above >.40 and had Composite Reliability scores of >.7 which entails that the scales used for the present study have the required convergent validity (Hair *et al.*, 2017). To calculate the AVE, the following formula is used: $VE = \frac{\sum_{i=1}^n \lambda_i^2}{n}$. The following results are presented in Table 7 below:

<i>Latent Variable</i>	<i>AVE</i>	<i>Judgement</i>
<i>Employee Perception</i>	0,47	Acceptable
<i>CSR</i>		
<i>Organisational Culture</i>	0,51	Good
<i>CSR Capability</i>	0,48	Acceptable
<i>Employee Attachment</i>	0,50	Good
<i>Organisational Performance</i>	0,52	Good

Table 7. Convergent Validity

Discriminant Validity in the thesis was assessed using Heterotrait-Monotrait (HTMT) Ratio. All ratios were less than the required limit of .85 (Henseler *et al.*, 2015). Hence discriminant validity was established. This thesis makes use of the Heterotrait-

Monotrait ratio (HTMT) in order to assess whether the model encompasses discriminant validity. In order to assess this. The implied correlations for the model are copied into excel. For each specific latent variable, the Monotrait Correlations are calculated. The correlations between these latent variables are also calculated which gives the Heterotrait Correlations. In order to calculate both, the average correlation of items belonging to the group are calculated. When both Mono- and Heterotrait correlations are calculated the HTMT Ratio can be calculated. The following formula is used:

$$HTMT = \frac{HT_{a-b}}{\sqrt{MT_a * MT_b}}$$

The results of discriminant validity are presented in the table 8 below:

HTMT	OP	EA	CC	OC	EP
OP					
EA	0,82				
CC	0,69	0,75			
OC	0,75	0,59	0,81		
EP	0,83	0,84	0,84	0,75	

Table 8. Discriminant Validity

4.3. Structural Model Assessment

A SEM model generated through AMOS was used to test the relationships. A good fitting model is accepted if the value of CMIN/df is <5, the Tucker and Lewis (1973) index (TLI); the Confirmatory fit index (CFI) (Bentler, 1990) > .90 (Hair *et al.*, 2010). In addition, an adequate-fitting model was accepted if the AMOS computed value of the standardized root mean square residual (SRMR) is between .05 and .08 and the root mean square error approximation (RMSEA) is between .05 and .08 (Hair *et al.*, 2019). The fit indices for the model show in Table x fell within the acceptable range CMIN/df = 1,850, TLI=.905, CFI=.901, SRMR= 0.0559, and RMSEA= .066. The following results are presented in Table 9 below:

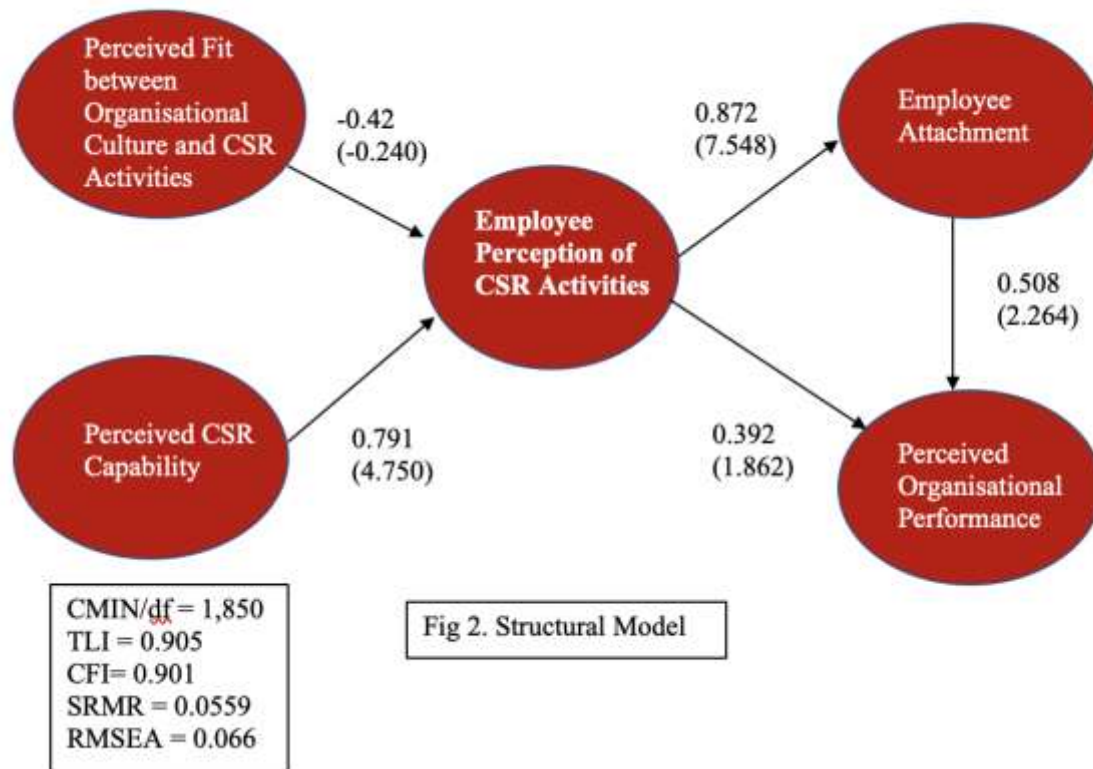
Fit Indices	Recommended Value	Source(s)	Obtained Value
CMIN/df	<2	Ullman, (2001)	1,850
TLI	>.90	Bentler, (1990)	.905

<i>CFI</i>	>.90	Bentler, (1990)	.901
<i>SRMR</i>	<.08	Hu & Bentler, (1998)	.0559
<i>RMSEA</i>	<.08	Hu & Bentler, (1998)	.066

Table 9. Structural Model Fit

The squared multiple correlation was .84 for Employee Perception CSR, thus shows that 84% variance in Employee Perception CSR is accounted by Organisational Culture and CSR Capability. The squared multiple correlation was .74 for Employee Attachment, thus showing that 74% variance in Employee Attachment is accounted by Employee Perception of CSR. Finally, the squared multiple correlation was .71 for Organisational Performance, thus showing that 71% of the variance in Organisational Performance is accounted by Employee Perception CSR and Employee Attachment.

This thesis assessed the impact of Perceived Fit between Organisational Culture and CSR activities and CSR Capability on Employee Perception of CSR Activities, which in turn, impacts Employee Attachment and Perceived Organisational Performance. The impact of Perceived Fit between Organisational Culture and CSR Activities on Employee Perception of CSR Activities was negative and not significant ($b=-0.42$, $t=-0.240$, $p=0.810$), not supporting H1. The impact of Perceived CSR Capability on Employee Perception of CSR Activities was positive and significant ($b=0.791$, $t=4.750$, $p<0.001$), supporting H2. The impact of Employee Perception of CSR Activities on Employee Attachment was positive and significant ($b=0.872$, $t=7.548$, $p<0.001$), Supporting H3. The effect of Employee Perception of CSR Activities on Perceived Organisational Performance was positive but not significant ($b=0.392$, $t=1.862$, $p=0.063$), not supporting H4. Finally, the impact of Employee Attachment on Perceived Organisational Performance was positive and significant ($b=0.508$, $t=2.264$, $p<.05$). The results are presented in figure 2.



4.4. Common Method Bias

Common method bias (CMB) is the inflation (or deflation) of true correlation among observable variables in the thesis (Podsakoff *et al*, 2003). Research has shown that because respondents are replying to survey questions about independent and dependent variables at the same time, the covariation can be artificially inflated, which leads to biased parameter estimates. Because this thesis has gathered all data from a single source (survey), it is prone to CMB. This thesis will use Harman's Single Factor Test.

Harman's single factor test is a statistical technique used to detect the presence of CMB in data (Podsakoff *et al.*, 2003). The test involves running a factor analysis on all of the items in a study and examining the variance accounted for by a single factor. If the majority of the variance is accounted for by this single factor, then it suggests the presence of CMB.

First all constructs are deleted except for the construct Employee Perception CSR. Next, all items are linked to the construct and the model is run. In order to determine whether CMB is present in the model, it should present a good fit. The results are presented in Table 10 below:

<i>Fit Indices</i>	<i>Recommended Value</i>	<i>Source(s)</i>	<i>Obtained Value</i>
<i>CMIN/df</i>	<2	Ullman, (2001)	2,612
<i>TLI</i>	>.90	Bentler, (1990)	.781
<i>CFI</i>	>.90	Bentler, (1990)	.802
<i>SRMR</i>	<.08	Hu & Bentler, (1998)	.0687
<i>RMSEA</i>	<.08	Hu & Bentler, (1998)	.090

Table 10. Model Fit (Harman's single factor test)

Although CMIN/df and SRMR show acceptable values, TLI, CFI and RMSEA indicate that the model does not have a good fit. Therefore, the model seems not prone to significant levels of CMB.

5. Discussion

This thesis has contributed to the IB literature by suggesting several important theoretical implications. First, it has shown that the antecedent perceived CSR capability positively influences employee perception of CSR activities. In turn, employee perception of CSR activities positively influences employee attachment which positively influences perceived organisational performance. Although the direct link between employee perception of CSR activities and perceived organisational performance was not significant, it seems that organisational performance is mediated through employee attachment. This sheds new light on the relationship between employee perception of CSR activities and perceived organisational performance.

Second, this study contributes by advancing the understanding of the employee perspectives regarding CSR activities. Previous empirical research has often taken the customer perception as a focal point. Therefore, little empirical work exists on the relationship between employee perception of CSR activities and how it influences employee attachment and perceived organisational performance. This thesis has specifically investigated those links by conducting a survey at 9 Dutch MNEs targeting employees.

Third, this thesis has demonstrated that the previous work on the subject of employee perception of CSR activities, also holds true for MNEs. Previous empirical work (e.g. Lee *et al.*, 2011; Kim & Park, 2011; Asfar, 2019; Gond *et al.*, 2017) all used national based firms in their analyses. This entails that theories of antecedents and consequences of employee perception of CSR activities are also relevant for MNEs, which often employ employees from different nationalities. It seems that employees from different nationalities all regard CSR in the same way, however, this leaves room for future research to investigate.

This thesis also offers important implications for managers. First, CSR is being investigated through the lens of employees which are internal stakeholders. The key takeaway for managers is to understand the importance of the perception of CSR activities by employees as these influence their attachment to the organisation and the organisation's success. Organisations should thus be transparent and communicative about their CSR activities. The challenge herein lies in actively involve employees with the CSR activities, taking them from unawareness to active involvement.

This thesis encompasses several limitations that need to be considered. First, this thesis does not include several control variables that could have been important in the analysis. For example, this thesis opted to merge all results in which no distinction between organisations were made. Organisational context could be a factor that influences the relationships between the constructs. Future research could address this problem by introducing a control variable (e.g. organisational culture). Moreover, this thesis only uses self-reported answers for organisational performance and employee attachment. While it gives an insight how employees feel about these issues, future research could broaden the scope to introduce other stakeholders as they are also likely to influence these two constructs.

Second, there is a plausible possibility that staff members are unsure about the firm's financial situation. The survey asked questions regarding sales, profit, market share and return on investment. While some employees might have an idea how the organisation is performing, it is likely that some simply guessed their answer. Although this might limit the generalisability of this thesis, it offers an opportunity for future research to address this issue.

Third, this thesis used only employees as a source for the survey. Future research could include other stakeholders such as the local community, shareholders, or any other person that is influenced by the organisation. This would give a more comprehensive review of what CSR does to the wider community. Moreover, it solves the problem of CMB. Although this thesis conducted a CMB test which determined that there was no CMB present.

Fourth, when this thesis handed out the questionnaires, an anonymous link was used as most organisations wanted to distribute the survey themselves because of anonymity. While this method was anonymous and fast, the researcher could not control over the spread and has no idea who eventually filled in the questionnaire. Therefore, randomness could not be guaranteed which is something future research could delve into by spreading the questionnaire themselves.

Fifth, although 199 useful responses were generated. SEM-CFA usually needs at least 200 responses in order to conduct a meaningful analysis. While this thesis barely missed this threshold, larger response rates often makes the analysis more robust (e.g. Hair *et al.*, 2019), thus future research should look at generating larger response rates.

6. Conclusion

This thesis investigated the antecedents and consequences of employee perception of CSR activities. Hypothesis 1 stated that perceived fit between organisational culture and organisational CSR activities positively affects employee perception of CSR activities. However, after performing the analysis, a negative relationship was found which was not significant. This implies that the perceived fit between organisational culture and organisational CSR activities, as perceived by the employee, does influence employee perception of CSR activities, however it influences it negatively and is not significant, therefore, prone to chance.

Hypothesis 2 stated that perceived CSR capability positively affects employee perception of CSR activities. The relationship was found to be positive and significant. This implies that an organisation's CSR capability (e.g. how it manages to form and shape CSR activities) has a positive influence on the perception of employees on CSR activities. Thus, if employees are positive about their organisation's CSR capabilities, employees generally feel more positive about the general CSR activities of the organisation. Especially since hypothesis 1 was negative and non-significant, it is a significant determinant of employee perception of CSR activities as it has an explained variance of 79%.

Hypothesis 3 stated that employee perception of CSR activities positively affects employee attachment within MNEs. The relationship was found to be positive and significant. This implies that employees who have a favourable perception of CSR activities within their organisation, are also more likely to be attached to that organisation. They feel more bonded and connected to their organisation and seem to be more passionate about it.

Hypothesis 4 stated that employee perception of CSR activities positively affects perceived organisational performance within MNEs. The relationship was found to be positive, however, it was deemed non-significant. This entails that employees who have a more favourable perception of CSR activities within their organisation, are more likely to think that their organisation is also financially performing better than their competitors. Because of the non-significance of the relationship, not enough evidence is provided to conclude that there is a meaningful relationship between the two constructs (Hair *et al.*, 2019).

Hypothesis 5 stated that employee attachment positively affects perceived organisational performance within MNEs. The relationship was found to be positive and significant. This entails that through a more favourable perception of CSR activities, employees who feel attached to their organisation also think that their organisation is financially performing better than their competitors.

Overall, three of the five proposed hypotheses are positive and significant while one (H1) was deemed negative and non-significant, and on (H4) was deemed positive and non-significant. The research question this thesis proposed: *Do the antecedents (Perceived Fit between Organisational Culture and CSR Activities; Perceived CSR Capability) positively influence employees' perception of CSR and do these perceptions positively influence the consequences (Employee Attachment; Perceived Organisational Performance)?* It can be concluded that perceived CSR capability is an important antecedent of employee perception of CSR activities, while employee attachment is an important consequence of employee perception of CSR activities. Perceived organisational performance also seems to be an important consequence of employee perception of CSR activities, however, the relationship only becomes significant through the link with employee attachment.

Appendix A. Questionnaire Items

General

Organisation

(insert answer)

Position

Staff

Manager

Senior Manager

Other

Age

(insert answer)

Gender

Male

Female

Other

Perceived fit between corporate culture and CSR activities (Cable & deRue, 2002)

Our organisation's CSR activities are congruent with our organisational culture.

Our organisation's CSR activities are similar with our organisational culture.

Our organisation's CSR activities reflect our organisational culture.

Our organisation's CSR activities are relevant for our corporate culture.

Corporate Capability (Vorhies & Morgan, 2003)

Plan

Our organisation attempts to understand our stakeholder's needs.

Our organisation serves our stakeholder's demands.

Our organisation considers our stakeholder's requirements.

Our organisation utilises our stakeholder's information.

Do

Our organisation performs CSR activities.

Our organisation's CEO reinforces CSR.

Our organisation has the ability to manage CSR activities.

Our organisation has a CSR department.

See

Our organisation has a system to evaluate CSR activity performance.

Our organisation shares the evaluation results of CSR activities by means of an official report.

Our organisation possesses an evaluation process for evaluating CSR activity performance.

Our organisation publishes the performance of CSR activities.

Employee perception of CSR activities (Lichtenstein *et al.*, 2004; Maignan & Ferrell, 2001; Montgomery & Stone, 2009)

Philanthropic CSR activities

Our organisation contributes to solving societal problems.

Our organisation contributes adequately to local communities.

Our organisation plays a role in society that goes beyond the mere generation of profits.

Our organisation allocates a part of their resources to philanthropic activities.

Our organisation encourages its employees to participate in volunteer work.

Our organisation has a strong sense of corporate social responsibility.

Ethical CSR activities

Our organisation organises ethics training programs for its employees.

Our employees are required to provide a complete and accurate information to all customers.

Our organisation emphasises the importance of its social responsibilities to its employees.

Our organisation is recognised as a trustworthy organisation.

Our organisation has a comprehensive code of conduct.

Environmental CSR activities

Our organisation has an environmentally related mission.

Our organisation attempts to offer environmentally friendly products.

Our organisation makes an all-out effort to maintain and preserve the environment.

Employee attachment (Thomson *et al.*, 2005)

Affectionate

Loved

Friendly

Peaceful

Passionate

Delighted

Captivated

Connected

Bonded

Perceived corporate performance (Menon *et al.*, 1996; Moorman, 1995)

Our organisation has a competitive advantage in sales growth.

Our organisation has a competitive advantage in profit growth.

Our organisation has a competitive advantage in market share.

Our organisation has a competitive advantage in return on investment.

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