LINKING ENTREPRENEURIAL ORIENTATION AND INTERNAL CORPORATE SOCIAL RESPONSIBILITY TO EMPLOYEES’ INTENTION TO LEAVE IN SMALL MEDIUM SIZED ENTERPRISES: THE CASE OF MALAYSIA

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LINKING ENTREPRENEURIAL ORIENTATION AND INTERNAL CORPORATE SOCIAL RESPONSIBILITY TO EMPLOYEES’ INTENTION TO LEAVE IN SMALL MEDIUM SIZED ENTERPRISES: THE CASE OF MALAYSIA

By

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ABSTRACT

LINKING ENTREPRENEURIAL ORIENTATION AND INTERNAL CORPORATE SOCIAL RESPONSIBILITY TO EMPLOYEES’ INTENTION TO LEAVE IN SMALL MEDIUM SIZED ENTERPRISES: THE CASE OF MALAYSIA

Low Mei Peng

Over last decade, entrepreneurial issues have received much attention due to the phenomenon’s focus on new firm creation and its’ momentous contribution toward the national economy. In Europe, entrepreneurship is claimed as the catalyst of technological, social and economic output. Small and medium sized firms with entrepreneurial orientation potentially represent the most vibrant actors of the European transition economies. In Asia-Pacific Economic Cooperation (APEC) economies, Small Medium Sized Enterprises (SMEs) share of gross domestic product (GDP) range from 20% to 50%, while SMEs contribution to Malaysia’s GDP was recorded at 33.1% in 2015 and expected to further increase to 41.0% by 2020. Often, SMEs are business entities with small number of personnel. Entrepreneurial competencies and employees are the critical factors for survival and sustainability. Social responsibility is gaining popularity in the 21st century due to its’ influence in business sustainability. This opens an avenue to study the role of entrepreneurial orientation (EO) and social responsibility in SMEs. Internal Corporate Social Responsibility (CSR) is regarded as organisation’s social responsibility towards employees at workplace. This thesis aims to study the impact of EO and internal CSR practices on employee intention to leave which is important to SMEs’ sustainability. The findings reveal that EO has an impact on internal CSR
implementation. Internal CSR practices significantly reduce employees’ turnover intention through enhanced organisational commitment. This positive impact was attributed to the mediation effect of job satisfaction. The findings also add value to current knowledge that perceived role of ethics and social responsibility has a positive impact on EO. However, the moderation effect from perceived ease of movement was not significant. Nevertheless, the result shed light on the role of EO in internal decision strategy particularly strategic human resource management. The findings also provide insights on the perception of ethics and social responsibility in internal strategy as well as decision making process.
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This thesis entitled “LINKING ENTREPRENEURIAL ORIENTATION AND INTERNAL CORPORATE SOCIAL RESPONSIBILITY TO EMPLOYEES’ INTENTION TO LEAVE IN SMALL MEDIUM SIZED ENTERPRISES: THE CASE OF MALAYSIA” was prepared by LOW MEI PENG and submitted as partial fulfilment of the requirements for the degree of Doctor of Philosophy in Faculty of Accountancy and Management at Universiti Tunku Abdul Rahman.

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I understand that University will upload softcopy of my thesis in pdf format into UTAR Institutional Repository, which may be made accessible to UTAR community and public.

Yours truly,

SIGNED

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DECLARATION

I hereby declare that the dissertation is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UTAR or other institutions.

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7 February 2017

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<td>heterotrait-monotrait ratio</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPMA</td>
<td>Importance Performance Matrix Analysis</td>
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<td>IPSR</td>
<td>Institute of Postgraduate Studies and Research</td>
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<td>IV</td>
<td>Independent Variable</td>
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<td>LFPR</td>
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<td>MIER</td>
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<td>NGOs</td>
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<td>NSDC</td>
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<td>OECD</td>
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<td>OLS</td>
<td>Ordinary least squares</td>
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<td>Personal Data Protection Act 2010</td>
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<td>PEM</td>
<td>Perceived ease of movement</td>
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<td>PLS</td>
<td>Partial Least Squares</td>
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<td>PRESOR</td>
<td>Perceived roles of ethics and social responsibility</td>
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<td>SBA</td>
<td>Small Business Administration</td>
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<td>South East Asia</td>
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<td>SMEs</td>
<td>Small Medium Sized Enterprises</td>
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<td>VAF</td>
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<td>variance inflation factor</td>
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<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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<td>WEO</td>
<td>World Economic Outlook</td>
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PUBLICATION

Book Chapter

Journal articles

Contributions to conference proceedings
CHAPTER 1

INTRODUCTION

1.1 Background of Research

In the last decades, entrepreneurial issues have received much attention due to the phenomenon’s focus on new firm creation and its significant contribution towards national economic (Emőke–Szidónia, 2015). In the Europe 2020 Strategy, entrepreneurship is claimed as catalyst of technological, social and economic output. Emőke–Szidónia (2015) added on that small and medium sized firms with entrepreneurial orientation are potentially represent the most dynamic actors of the European transition economies. Meanwhile, in Asia-Pacific Economic Cooperation (APEC) economies, Small Medium-Sized Enterprises (SMEs) share of gross domestic product (GDP) are ranging from 20% to 50%. In Malaysia, SMEs are gaining a foothold in the national economy. Data compiled by the Department of Statistics revealed that SMEs are contributing approximately 33.1% of Malaysia’s GDP in 2015 (Department of Statistics, Malaysia & SME Corp., 2015). The Star (2016, April 25) reported that SMEs are expected to contribute up to 41% of Malaysia’s GDP by 2020 specifically through e-commerce. Hence, Malaysian Government is putting emphasis in SMEs given their prominent contribution to the country’s GDP.

While the contributions of SMEs to economic growth and development are widely acknowledged, Ahmad and Seet (2009) highlighted approximately
about 60% of SMEs in Malaysia fail and closed down within the first five years of operation. Ong, Ismail and Yeap (2010) reported five major fundamental problems in Malaysian SMEs are the quality of SMEs owner/manager; problems with government assistance programs; slow adoption of modern technology, lack of competitiveness among the SMEs and the weak definition of SMEs. This shown that SMEs are facing many predicaments in various aspects such as incompetent or inexperienced owner/manager, insufficient government supports, weak control system, inadequate capitals and ill-defined business concept. These obstacles impede their long term survival and development. Edelman, Brush and Manolova (2002) explained that the critical resource in SMEs are probably held by individual entrepreneurs that are reflected in their knowledge, skills, abilities, experiences and education. While Ahmad and Seet (2009) attributed business failure to ineffective behaviours and competencies of founder-owners in ventures. Entrepreneurs being the key decision makers have high influence on the formation business strategy. Entrepreneurs are also responsible to set the roadmap of the firms to move towards the enterprises goals. In this regard, entrepreneurial orientation as defined by Lumpkin and Dess (1996), the strategy-making practices of businesses has a role to play in the determination of enterprises survival.

A survey conducted by World Bank Productivity and Investment Climate (2012) revealed that there are six factors which determine the performance of Malaysian SMEs, namely Innovation and technology adoption, Human capital development, Access to financing, Market access, Legal and regulatory environment; and Infrastructure. Human capital refers to the skill, knowledge
and experiences owned by employees and organisation (Lepak & Snell, 2002). Bontis and Fitz-Enz (2002) stated that the precursor to human capital development depends on overall employee sentiment which is defined as inter-relationship between employee motivation, satisfaction and commitment. However, employee sentiment is rarely achieved as organisations are frequently encounter with the issue of employee turnover. Hence, employee turnover has always been a concern to human resource managers. Retaining talented employees will enable organisations to enjoy better return of investment such as increased productivity (Gering & Conner, 2002; Bontis & Fitz-Enz, 2002). Despite many theoretical frameworks such as Herzberg's motivation theory attempting to explain this issue (Udechukwu, 2009), turnover intention rate remains an important issue to manage within any organisation.

While the interest of Corporate Social Responsibility (CSR) in large corporations surged in the 1990s, international CSR scholars and practitioners have expanded their focus in the last decade to address the role of SMEs in the involvement of CSR issues. CSR is gaining its importance due to its relevance to business survival and sustainable development. The evolution of CSR has expanded its’ focus from shareholders to stakeholders (Low, 2015). Employees are the main stakeholders in any organisations. Most recent research by Mory, Wirtz and Göttel (2016) and past research (e.g., Mory, Werther & Chandler, 2006; Verdeyen & Buggenhout, 2004) labelled CSR activities that relates to employee as internal CSR. Turker (2009a) defined internal CSR as the social responsibility of organisations that are directly related to the physical and psychological working environment of its employees. In view of the predicament
encountered by SMEs and the development of CSR, it creates a research opportunity to investigate the linkages of entrepreneurial orientation and internal CSR on SMEs employee turnover. Against this backdrop, investigating the impact of entrepreneurial orientation in the internal strategy of enterprises, i.e., internal CSR practices on employee turnover intention is deemed timely.

1.2 Research Problem

In the beginning of year 2015, Malaysian Institute of Economic Research (MIER) reported that Malaysia’s economy is performing well despite the adverse external shocks in the last quarter of 2014. The rationale of such performance was attributed to the implementation of the Economic Transformation Program (ETP) and the contribution of SMEs in Malaysia’s GDP as well as their number and increasing share in employment. Accordingly, SMEs play an inevitable role in the Malaysian economy. Strong SMEs’ growth is capable to strengthen the resilience of the country economy. However, SMEs are also exposed to many challenges which, among others, include the high employee turnover. Past research indicated that there was a serious employee turnover rate in the South East Asian (SEA) region particularly Malaysia and Singapore, whereby employee turnover rate was exceeding 20% and had adversely impacted SMEs growth and development. According to Batra and Tan (2003), World Bank in 2003 identified the labour turnover in developing countries’ SMEs were ranging from 3% to 27% of total workers employed. It was surprised to uncover that Malaysia's SMEs are one of the highest numbers of turnover, with 19% for small enterprises and 22% for medium-sized enterprises (Long, Thean, Ismail & Jusoh, 2012).
High employee turnover posits threat to organisations regardless of its size and industry (Armstrong, 2009). It hamper organisations progress in meeting predetermined objectives and goals due to organisation resources are diverted to search, select, train and replace the leavers. Therefore, a strategic human resource management practices is crucial to retain the talented employees. A sound human resource management practice from the management integrates multiple dimensions of employees such as staffing, retention, development is called for, in order to serve as a competitive advantage across every organisation.

From the perspective of resource-based view (Wernerfelt, 1984; Barney, 1991), human resources management practices meet the criteria for sustained competitive advantage in terms of rare, valuable, inimitable, and non-substitutable. This is consistent with Shen and Benson’s (2014) findings that, it is important for organisations to develop and execute social responsible human resource management policies and practices, which a critical source of organisational competitive advantage. The directions of an organisation are heavily depending on the organisation’s leader. It is explained by Edmondson (1996) that leadership and behaviours exhibited by senior management are important determinant in leveraging organisation human capital. In the SMEs context, entrepreneurial orientation (EO) is defined as a strategy and entrepreneurial activity development that manifested in firm-level entrepreneurship phenomenon through decision, processes and practices by Lumpkin and Dess (1996). EO is therefore relevant to examine human resource management practices implemented in the enterprise. Adding on, Godos-Díez,
Fernández-Gago, and Martínez-Campillo (2011) mentioned that a manager’s profile is a background factor that will form behaviour but it may not be a direct effect, rather affected by the perceptions of the expected consequences of that behaviours. As such, the perception of ethics and social responsibility would have some effect on managers’ ethical intention (Singhapakdi, Gopinath, Marta, & Carter, 2008; Marta, Singhapakdi, Attia, & Vitell, 2004; Singhapakdi, 1999). It is also closely related to CSR practices implemented in firms due to their distinguished position within the organisation. Therefore, perception of ethics and social responsibility is also examined in present research.

Many organisations focus on business strategy for growth, but few think about the characteristics of strategic human resource management practices required to realize their business strategy for the growth objective. According to Young and Thyil (2009)’s research on the resource – based firms, CSR practices were reported to be able to attract and retain employees. These CSR practices include providing employees with good and safe working conditions, competitive terms and conditions of employment, promoting employees’ training and development, creating equal opportunity for skills and talents developing, and encouraging employee involvement in the planning of their career path. These CSR practices are labeled as internal CSR which concerning the internal stakeholders, namely the employees. The existing evidence inspires the inquiry on the implementation of internal CSR practices in the SMEs as a mean to curb employee turnover in order to achieve SMEs sustainability and growth.
1.3 **Research Questions and Research Objectives**

Against the background and discussion set forth, two main research questions are formulated for this research as follow:

1. Does Entrepreneurial Orientation (EO) affect the implementation of internal Corporate Social Responsibility (CSR) practices in SMEs?; and
2. Do internal CSR practices reduce employees’ turnover intention?

These research questions are further breakdown into six detailed sub-questions as follows:

1. Does EO affect internal CSR practices in SMEs?
2. Do internal CSR practices increase employees’ organisational commitment?
3. Does organisational commitment reduce employees’ turnover intention?
4. Does perceived roles of ethics and social responsibility mediate the relationship between EO and internal CSR practices?
5. Does job satisfaction mediate the relationship between internal CSR practices and organisational commitment?
6. Does SME employees’ perceived ease of movement moderate the relationship between employees’ organisational commitment and turnover intention?

Hence, the primary objective of this research is to identify the influence of entrepreneurial orientation on the implementation of internal CSR practices.
and which in turn, reduces employee turnover intention. If entrepreneurial orientation does affect the implementation of internal CSR, the present research also intend to uncover which dimension of EO facilitates the most in the implementation of internal CSR. In other words, the present research aims to analyse and link the relationship between entrepreneurial orientation and internal CSR practices; as well as employees’ attitude and behaviour (i.e., organisational commitment and job satisfaction) with its ultimate outcome on employees’ turnover intention. The specific objectives of this research are:

1. To analyse the impact of entrepreneurial orientation on the implementation of internal CSR practices.
2. To assess the relationship between internal CSR practices and employees’ organisational commitment.
3. To inference the impact of employees’ organisational commitment on employees’ turnover intention.
4. To investigate the possibility of perceived role of ethics and social responsibility as the mediator between entrepreneurial orientation and the implementation of internal CSR practices.
5. To examine the mediating effect of job satisfaction between internal CSR practices and organisational commitment.
6. To investigate the moderating effect of perceived ease of movement between organisational commitment and employees’ turnover intention.

1.4 The Scope of Research

Numerous studies (Sharma & Bhagwat, 2006; Bunker & Macgregor, 2000) had examined the distinguishable characteristics between SMEs and large
businesses. These studies found that SMEs tend to have a small management team usually one or two individuals and strongly influenced by the owner’s idiosyncrasies, yet have little control over their own environment (Drakopoulou-Dodd, Jack, & Anderson, 2002). In the context of Malaysia, Gan, Saleh, and Abessi (2013) pointed out that high proportion of organisations are family-owned companies. Rachagan and Satkunasingam (2009) added that in Malaysia about 72% of SMEs are family owned which is a reflection of the situation in many emerging economies. In this regard, the decision-making process in many SMEs is still with the owners of the enterprise. Family-controlled enterprise possess top-down management characteristics. Another interesting fact of Malaysian SMEs is the dominant of micro enterprise in almost all the sectors. Micro enterprise is defined as an establishment with less than 5 employees, or less than RM 250,000 of the sales turnover for all sectors, namely agriculture, mining and quarrying, construction, services and manufacturing. Micro enterprises constitute 77% of the total SMEs in Malaysia (Economic Census: Profile of SMEs, 2011). Therefore, SMEs in Malaysia have flat and less complex organisational structure.

Based on the research background, research problems and the organisational structure of Malaysian SMEs, the unit of analysis is the full-time employees in SMEs. The current research focuses on employees’ perceptions of EO in their enterprises and implementation of internal CSR that affect their attitude and behaviours (i.e., organisational commitment and job satisfaction), which ultimate affects their turnover intention. Employee turnover is the behaviour of interest in many disciplines and is subject to analysis and discussion
at many levels of discourse. The approach adopted in this research is psychological and rests on the belief that turnover is an individual choice behaviour, particularly the employees. The data is gathered at individual level through the full-time employees of SMEs in Malaysia. The detailed definition of employee in the present research is exhibited in Section 1.6.4. Thus, the present research focus is SMEs in Malaysia and the primary unit of analysis is individual employee. The area of investigation is employees’ perception.

1.5 Proposed Methodology

The present research aims to investigate the effects involved in employees’ inferences concerning internal CSR practices that are based on Entrepreneurial Orientation (EO), and how their attitude and behaviour are manifested. This research is determined to establish the relationships between EO and the implementation of internal CSR practices on employees’ attitude and behaviour in Malaysian SMEs. This is achieved by a quantitative method through the self-administered questionnaire survey among the SMEs full-time employees in Malaysia.

Primary and secondary research are undertaken to achieve the objectives of the research. Data collected for the research will be analysed using Partial Least Square Structural Equation Modeling (PLS-SEM) to explore the relationships among the constructs and the proposed mediating and moderating effects of the perceived roles of ethics and social responsibility, job satisfaction and also the perceived ease of movement. PLS-SEM employed in present research follows Anderson and Gerbing’s (1988) two-step procedure adopted by
Hair, Hult, Ringle and Sarstedt (2014), which involves estimating the measurement model prior to estimating the proposed structural model.

The primary research involves four aspects: identifying the appropriate research paradigm; identifying the population; collecting data from the sample; and analysing the data collected. The targeted respondents for the research are the full-time employees in SMEs. They are selected based on the present research objectives. Eisenberger, Fasolo, and Davis–LaMastro (1990) stated that employees are the individuals in an organisation who form the general belief regarding the extent of the organisation values which directly and indirectly care for their well-being. As such, the respondents of the self-administered questionnaire survey are the employees who answered based on their personal perceptions towards the organisations practices and how the practices impact them. Each facet of the aspects are explained in the subsequent sections and chapters.

Secondary research came from thorough literature search and review that was carried out in order to establish the background of research and past relevant research conducted in this field. A body of in-depth literature studies and reviews of scholarly journals was done to formulate the research framework and the most appropriate and suitable measurement of constructs adopted to operationalise the research.

A positivist research paradigm is employed in this research. The positivistic paradigm is also known as the quantitative, objectivist, scientific,
experimentalist or traditionalist research paradigm (Han, 2006; Collis & Hussey 2003). Usually, positivists use a deductive reasoning process, searching for relationships, and their research is considered to be accurate and reliable, through validity and reliability (Berg, 2001). With the research problems and research objectives presented earlier, the positivistic approach is the most appropriate paradigm to gauge the perceptions of the employees, being the respondents of this research on internal CSR practices on their attitudes and behaviour towards their turnover intention.

1.6 Definition of Terms

This research focuses on the entrepreneurial orientation and implementation of internal CSR practices on employees’ attitudes and behaviour in the Malaysian SMEs context. Clear and precise definitions of these terms are essential to facilitate the conduct of this research.

1.6.1 Small and Medium Sized Enterprises (SMEs)

Despite the significant contribution by SMEs in various parts of the world, there is no universe definition of SMEs and its definition varies across the globe. In Malaysia, SMEs are defined based on two criteria, which are annual sales turnover and the number of full-time employees of a business. SMEs refer to enterprises with sales turnover of less than RM25 million or full-time employees of less than 150 workers for the manufacturing and manufacturing-related services sector, while for the services and the other sectors, SMEs are those enterprises with sales turnover of less than RM5 million or less than 50 workers.
A business that fulfils either one of the criteria is deemed an SME. The classification of the size of SMEs, i.e., micro, small and medium is then determined by different thresholds of the criteria (see Chapter 2, Table 2.3). SME businesses can be any legally structured entity registered either under the Registration of Businesses Act 1956 (Act 197) or Companies Act (Act 125). The detailed definition and category of SMEs are exhibited in Chapter 2, Section 2.2.

Given the above definition of SMEs and bearing in mind the nature of this research, the criteria that is adopted for the purpose of this research is the number of full-time employees. Hence, SMEs are considered as business which employs less than 5 but not more than 200 in the manufacturing and manufacturing related sector, and not more than 75 in the service and other sectors.

1.6.2 Entrepreneurs

As this research is set in the SMEs context, an understanding of these few related terms; entrepreneur, entrepreneurship and entrepreneurial orientation are needed. Some researchers defined an entrepreneur as an individual who establishes a new organisation. However, this definition does not include entrepreneurship within the existing organisations. Shane and Venkataraman (2000) defined the area of entrepreneurship as the scholarly analysis of how, by whom, and with what effect opportunities to create future goods and services are discovered, evaluated and exploited. Cauthorn (1989) defined entrepreneur using attributes such as risk-taking, pro-activeness and innovativeness which are also the three main dimensions of entrepreneurial orientation (Lumpkin & Dess, 2001).
By adopting the definitions of Cauthorn (1989) and Shane and Venkataraman (2000) as a base, entrepreneurship is a process by which an individual, either on their own or within the existing organisation pursues new opportunities in an innovative, risk-taking and proactive manner. Consequently, entrepreneurial orientation is defined as organisational-level entrepreneurship.

1.6.3 Entrepreneurial Orientation

Present research adopted Lumpkin and Dess’ (1996) definition of entrepreneurial orientation (EO), which states that EO is the decision-making styles, processes and means that determine a firm's entrepreneurial activities. Accordingly, EO has also been construed as a form of strategic orientation of the enterprise (Wiklund & Shepherd, 2003, 2005). In this context, EO relates to how SMEs owner/manager make strategic plans and decisions in term of enterprises human capital strategy, i.e., internal CSR practices. Therefore, the change agent of entrepreneurial orientation is the organisation, which in this case are the SMEs owner/manager.

1.6.4 Employees

The current research defines an employee as an individual working for a particular firm, and CSR activities are being reciprocated in that employees either as individuals, groups or representatives of their firms which discharge social responsibility duties, and the employees are insider observe such actions. Since employees are the insiders of the firm, they often strive for
identification with their firm and therefore, they are different from the general public, i.e., the outsiders, who are observers of the firm and does not belong to its functional central. As such, employees most likely to react negatively when noticing any unjust organisational practices because the action indicates mismatch between their values with the firm and threatens their psychological needs. Employees may also respond with dissonance and make cognitive adjustments to mitigate their original evaluation and demonise the organisation’s rivals. Furthermore, the present research defines employees as non-owner and non-senior management level. It is because these group of employees are unlikely to be involved in developing and implementing CSR policy, and the internalisation of corporate culture. As such, they tend to be defensive of it, as compared to management level team and more likely to evaluate and respond to the organisation’s CSR activities objectively. Hence, this definition of employee is taken as the start of the inquiry of the present research in order to explore the nature of the internal CSR practices evaluation and reaction among employees towards turnover intention.

1.6.5 Corporate Social Responsibility (CSR) and Internal CSR

CSR is being described as corporate behaviours that wish to positively influence stakeholders and surpass its economic interest. CSR is cross-disciplinary in nature (Lockett, Moon, Visser, 2006). CSR is potentially related to employee management (Brammer, Millington & Rayton, 2007), organisational behaviour and human resource management (Aguilera, Rupp, Williams & Ganapathi, 2007; Rupp, Gananpathy, Aguilera & Williams, 2006). Lately, there has been increasing interest on stakeholders, particularly the
employees, through the field of organisational behaviour and human resource management (Aguinis & Glavas, 2013). Different terminology are used in the past research on employee-centred CSR, such as contracting and public stakeholders (Charkham, 1994); voluntary and involuntary stakeholders (Clarkson, 1994); secondary stakeholders (Freeman, 1999; Clarkson, 1995); primary social, secondary social, primary non-social, and secondary non-social stakeholders (Wheeler & Sillanpaa, 1997); external and internal stakeholders (Verdeyen & Buggenhout, 2004) and; internal, external, and societal stakeholders (Werther & Chandler, 2006). It is noted that the variation of terms used are accordance to the situations of which the stakeholders are involved. Despite the variation of terms, employee–centred CSR encompasses social responsibility practices for employees in the areas of their safety, health and well-being, work-family relationship, training and participation in the business, and equality of opportunities (Vives, 2006). Hence, the term Internal CSR is deemed suitable for present research and therefore, it is adopted in present research.

Internal CSR practices refer to CSR practices which are directly related to both physical and psychological working environments of employees (Turker, 2009a). It is intended for the health and well-being of employees, work-family relationship, training and participation in the business, and also equality of opportunities (Vives, 2006).
1.6.6 Organisational Commitment

Organisational commitment represents the psychological attachment of employees for their organisations. Allen and Meyer (1996) defined organisational commitment as a psychological link between the employee and their organisations that makes it unlikely that the employee will voluntarily leave the organisation. There are three types of organisational commitment and affective commitment is adopted in present research. Affective commitment is regarded as emotional commitment. It is expressed by noting that employees stay at their job because they want to stay. Affective commitment is relevant in the present research as internal CSR practices encourage discretionary behaviours that will result in positive outcomes (Brammer, Millington, & Rayton, 2007).

1.6.7 Job Satisfaction

Job satisfaction is one of major interest in the field of organisational behaviour. Job satisfaction is a pleasurable or positive emotional state subsequent from the appraisal of one’s job. Brayfield and Rothe (1951) highlighted that job satisfaction could be implied from the individual's attitude toward his or her work. Brayfield and Rothe (1951) five items measure for job satisfaction which is most commonly used with high reliability and validity are adapted in present research.

1.6.8 Turnover Intention

Turnover intention is described as employee’s personal estimated probability that he or she has a deliberate intent to leave the organisation
permanently in near future. Turnover intention refers to employee’s propensity to leave the organisation. Turnover is categorised as voluntary turnover and involuntary turnover. Voluntary turnover happens when the employee leaves their organisations voluntarily while when employee is being forced to leave is regarded as involuntary turnover. Typically, voluntary turnover is the most common, most costly and damaging to an organisation, and often most avoidable (Price, 1977). Present research employs the definition of voluntary turnover in view of the possibility of EO in implementing internal CSR practices to reduce employee turnover intention.

1.6.9 Perceived Roles of Ethics and Social Responsibility (PRESOR)

The perception of ethics and social responsibility shall not be forgone in the discussion of CSR as it provides insight of the holistic view of CSR. Several articles (e.g., Singhapakdi et al., 2008; Marta, Singhapakdi, Attia, & Vitell, 2004; Singhapakdi, 1999) pointed out that the perception of ethics and social responsibility have significant influence on managers’ ethical intention. This is due to their distinguished position within the organisation (Henriques & Sadorsky, 1999; Kassinis & Panayiotou, 2006). Explicitly, managers’ behaviour tend to be more ethical and reflect greater social responsibility if ethics and social responsibility are considered by these decision makers as something vital to organisational effectiveness (Singhapakdi, Karande, Rao, & Vitell, 2001). Therefore, perceived roles of ethics and social responsibility possibly will mediate the relationship between entrepreneurial orientation and internal CSR practices. Singhapakdi, et. al. (2001)’s definition of perceived roles of ethics and social responsibility is adopted in present research.
1.6.10 Perceived Ease of Movement

Many researchers (Mobley, 1982; Mowday, Steers, & Porter, 1979; Steers, 1977) observed turnover intention as the last step in the decision-making process before an employee actually leaves his or her organisation. Bothma (2011) contended that leaving a job may not always be an alternative for an individual. The decision to leave is influenced by many personal and contextual factors such as employability and labour market conditions. An employee’s turnover intention is dependent on perceived chances and the ease of finding another job (especially in tough economic conditions), the role of mobility cognitions, as well as personal differences in search behaviour. Possibility of another employment opportunities therefore influence actual labour turnover behaviour (Agarwal, Ferratt, & De, 2007; Allen & Meyer, 1996). Mobley (1982) explained that an important antecedent of turnover is the perception of the existence of alternative jobs. For present research, Mobley’s (1982) approach of perceived ease of movement is adopted.

1.7 Significance of Research

The present research contributes to the previous research is a number of ways. In the past research, EO was often used to link to firm performance (e.g., Wiklund, 2006; Wiklund, & Shepherd, 2003; Lumpkin & Dess, 2001; Covin & Slevin, 1991); growth (Anderson, & Eshima, 2013; Moreno, & Casillas, 2008) and market orientation (Keh, Nguyen, & Ng, 2007; Sciascia, Naldi & Hunter, 2006). There is scant research that link EO to internal management practices
such as human resource management. This research expands the scope of prior research on EO by examining its relationship with internal CSR practices. Internal CSR practices is classified as strategic human resource management that concern on an enterprise decision-making styles, processes and means that inform a firm's activities (Lumpkin & Dess, 1996).

Secondly, the present research expands CSR perspectives to include its impact on employees through internal CSR practices. Most of the research on CSR in Asia focused on CSR’s impact on firm’s overall financial performance (Armstrong & Green, 2013; Roshima, Hj. Zainuddin, & Haron, 2009; Ramasamy & Ting, 2004; Rashid, Sambasivan, & Johari, 2003) whilst relatively few research is conducted to study the impact of CSR on employees’ work attitudes (Turker, 2009b, Aguilera, Ruth, Rupp, William & Ganapathi, 2007, Lee & Bruvold, 2003). Thus far, little studies had attempted to investigate the micro-level outcomes of CSR and not to mentioned on the known about effects of CSR on employees other than its benefits in attraction and employee retention (Bhattacharya, Sen, & Korschun, 2009; Collier & Esteban, 2007). This is congruent with current literature review from Mory, Wirtz, and Göttel, (2016) and Al-bdour, Nasruddin, and Lin (2010) which highlighted that the focus of CSR construct has been primarily linked to the external dimension. Öberseder, Schlegelmilch and Murphy (2013) pointed out that employee has been recognised as one of the most important CSR domain recently. CSR could offers an alternative lens to view employees’ turnover over intention through the impact of internal CSR practices. In fact, without the comprehension of
employees related CSR, a conclusive supposition regarding the utility of CSR would not be complete.

The third significance of present research comes from expanding CSR focus to include smaller organisations such as SMEs. In the past, extensive CSR research was conducted on larger organisations and multinational corporations (MNCs) (Zhao, Tan, & Park, 2013; Pimpa, Fry, & Gekara, 2012; Wilkinson & Balmer, 1996). CSR research on smaller organisations such SMEs is relative scare. In addition, SMEs in Malaysia have become increasingly important in the national economy, hence, it is relevant to investigate CSR in SMEs.

Fourthly, the present research uses PLS-SEM to analyse data, which accounts for formative nature of a construct that involves hierarchical component model. Additionally, this research is few limited research attempted to use PLS-SEM in the field of organisational behaviour.

In the practitioner standpoint, this research adds value by attempt to bridge the gap between theory and practice on EO and internal CSR practices in employees’ turnover intention. Concurrent with the prior research, present research findings help to convey messages to SMEs owner/ manager regarding the crucial role of internal CSR practices in reducing employees’ turnover intention. Further, this research identifies the importance of EO in implementing internal CSR practices. These findings will allow organisations particularly SMEs, to consider the implementation of internal CSR practices in their strategic human resource management.
1.8 Organisation of this Research

This thesis is organised into six chapters. Chapter 1 serves as an introduction of the research that provides an overview of the research background, research problems, questions and objectives. A brief description of the proposed research methodology, along with the definition of terms used in this research are provided as well. The organisation of this thesis is also found in Chapter 1 before the expected chapter conclusion.

Chapter 2 offers literature reviews which cover both the contextual background of the research, i.e., Small and Medium Sized Enterprises (SMEs), and relevant theoretical literatures for this research. Chapter 2 also exhausting the literature in relation to the constructs adopted for the present research before positing the proposed research model. Each construct used in the present research is explained in detail in Chapter 2. Research hypotheses are presented in Chapter 2 and the chapter ends with the chapter conclusion.

Chapter 3 discusses the Research Methodology of this research. The research paradigm, research design and research methodology adopted in this thesis are explained in detail within this chapter. Chapter 3 also covers the steps and procedures adopted in data collection and data analysis with justification of the decision made.

Chapter 4 and Chapter 5 report the empirical results obtained from the research. Chapter 4 presents the descriptive analysis of the present research
while Chapter 5 provides the influential statistical analysis that includes the measurement model and structural model evaluation with both lower-order reflective and formative measures as well as higher-order formative measures. The results of the reflective measurement model are assessed using the criteria of the internal consistency (composite reliability), indicator reliability, convergent validity (average variance extracted) and discriminant validity. The formative model assessment focuses on the convergent validity, collinearity among indicators and the significance and relevance of outer weights. The structural model is subjected to evaluations that encompass the collinearity assessment, path coefficient, coefficient of determinant, effect size and predictive relevance. Mediation and moderation are followed after the structural model evaluation. Chapter 5 concludes with the Importance-Performance Matrix Analysis (IPMA) before the chapter conclusion is derived.

Chapter 6 discusses the findings from the previous chapter. The interpretation of the entire analysis is presented in this chapter. This chapter concludes by presenting the contributions and limitation of the present research. This chapter ends with the direction for future research.

1.9 Chapter Conclusion

The current chapter outlines the entire thesis procedures and report with the detailed chapters and sections therein.
Figure 1.1: Organisation of this thesis
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Hart (2005) explained that literature review is the selection of accessible documents on the respective area, which contain information, data, ideas and written evidence from a particular standpoint to meet specific aims or express certain views on the nature of the area and how it is to be investigated, and the effective assessment of these documents in relation to the research being proposed.

This chapter is divided into ten main sections. The first section is this short section providing an introduction followed by the second and third sections discuss the contextual background of the research by outlining the Small Medium Sized Enterprises (SMEs) context and its underpinning theory. Entrepreneurial orientation being the highlight of present research is discussed in this subsection. The fourth section brings out Corporate Social Responsibility (CSR) concept and the evolution of CSR. The perceived role of ethics and social responsibility is also found under this section. The fifth section discusses the literatures concerning CSR and employees. The corresponding theories in relation to CSR and employees are mentioned in section sixth of this chapter. The seventh section considers Internal CSR practices and its impact on employees. Employees’ attitudes and behaviours are explored therein. A summary of meta-analysis from past CSR studies in relation to employee is
available in this section. The detailed discussion of respective literatures are
followed by the proposed research model in the eighth section. In regard to the
research model, independent, mediating, moderating and dependent variables
are presented in the ninth section. Section tenth exhibits the research hypotheses
formulated based on the discussion of past in-depth literature review. This
chapter ends with a chapter conclusion.

2.2 Conceptualising Small and Medium Sized Enterprises (SMEs)

SMEs contribute significantly to the economies in terms of employment
generation and economic development in both developed and developing
nations. Okongwu (2001) pointed out that SMEs were acknowledged by
governments and development experts as the engine of economic growth.
Globally, approximately 90% of business worldwide is made up of SMEs which
account for between 50% to 60% of employment and more than 50% of gross
domestic product (GDP) (Inyang, 2013). SMEs contribution in Malaysia is
analogue to the global SMEs contributions. This is evidence from the GDP
growth contributed by SMEs in Malaysia had significantly outpaced the overall
GDP growth since 2008 as per data compiled by the Department of Statistics,
Malaysia. This significance fact call for the understanding of SMEs. The
definition of SMEs varies across countries. The following sections provide the
definition of SMEs in various parts of the world and followed by the importance
as well as the challenges faced by SMEs.

In United Kingdom (UK), SME is defined based on the purpose of
accounting requirement. In UK, according to Section 382 and 465 of the
Companies Act 2006, SME is a small company which has a turnover of not more than £6.5 million, a balance sheet total of not more than £3.26 million and not more than 50 employees. Followed by small company, a medium-sized company has a turnover of not more than £25.9 million, a balance sheet total of not more than £12.9 million and not more than 250 employees.

Meanwhile, European Unions’ (EU) definition of SMEs is comparable to UK definition, except that EU definition includes a category named micro. EU defines SMEs based on Euro values which after converted into pound sterling (£) as below:

Table 2.1: Definition of SMEs in EU.

<table>
<thead>
<tr>
<th>Category</th>
<th>Headcount</th>
<th>Turnover</th>
<th>Balance Sheet Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>&lt; 250</td>
<td>£ 41 Million</td>
<td>£ 35.2 Million</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>£ 8.2 Million</td>
<td>£ 8.2 Million</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>£ 1.7 Million</td>
<td>£ 1.7 Million</td>
</tr>
</tbody>
</table>

Source: European Commission

Moving to the United State (U.S.), the definition of SMEs reflects the relative nature of the “small” and “medium” size classifications, which could apply differently to firms in the manufacturing, agricultural, and service sectors. In recognition of these differences, the U.S. Government uses the number of employees and annual firm revenue as basic classification criteria. Nevertheless, in the case of U.S., there are few government institutions involve in classifying SMEs such as the U.S. Department of Commerce (USDC), the U.S. Small Business Administration (SBA), and the U.S. Department of Agriculture (USDA) in defining SMEs. Below is the summary of the definition used:
Table 2.2: Definition of SMEs in US.

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing and non-exporting services firms&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Exporting services firms&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Farms</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>&lt; 500</td>
<td>&lt; 500</td>
<td>&lt; 500&lt;sup&gt;d&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>Not applicable</td>
<td>≤ $7 million</td>
<td>≤ $25 million</td>
<td>&lt; $250,000</td>
</tr>
<tr>
<td>Defining institution</td>
<td>SBA Advocacy&lt;sup&gt;c&lt;/sup&gt;</td>
<td>SBA / SBA / SBA Advocacy&lt;sup&gt;f&lt;/sup&gt;</td>
<td>USDA</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>U.S. Census</td>
<td>ORBIS</td>
<td>ORBIS</td>
<td>USDA</td>
</tr>
</tbody>
</table>

<sup>a</sup> Includes exporting and nonexporting manufacturing firms and nonexporting services firms
<sup>b</sup> Selected on the basis of size and export potential, and includes wholesale trade services; professional, scientific, and technical services; and finance and insurance services.
<sup>c</sup> Computer services was the only sector in this category
<sup>d</sup> This threshold was imposed by Commission staff to partially harmonize definitions across sectors; it was not imposed by the defining institution.
<sup>e</sup> SBA Advocacy from Census data
<sup>f</sup> Revenue parameters established by SBA; employee number established by SBA Advocacy for research purposes.

Source: United States International Trade Commission

Based on Table 2.2, the definition used for SMEs by SBA’s Office of Advocacy (SBA Advocacy) is the most straightforward, as it includes all enterprises with fewer than 500 employees. Therefore, U.S. Census employs this definition to delineate its data by firm size across all sectors of the U.S. economy which include both manufacturing and service enterprises. In the meantime, SBA uses annual revenue parameters to classify SMEs in different service subsectors, but these parameters vary depending on the value of the services being performed. While the majority of SME service subsectors fall in the US$7 million and below annual revenue threshold, a small number of others, those in computer services have higher revenue although their small number of employees, and accordingly are defined by the United States International Trade Commission using a higher parameter, such as US$25 million. In term of
agriculture, USDA also uses annual revenue to differentiate farms by size, but it does not use a “medium” category; it defines as “small” only those farms that earn less than $250,000 in annual revenue, and considers all others “large.” To synchronise these definitions, SBA Advocacy’s “fewer than 500 employees” definition of SMEs across all sectors, as that accounts for the broad majority (i.e., approximately 99%) of firms in the data used by the United States International Trade Commission is usually adopted.

Shifting to Asia, Singapore uses similar definition criteria, i.e., sales turnover and number of employees. According to Singapore Ministry of Trade and Industry, SME is defined as an enterprise with an annual sales turnover of under S$100 million, or number of employees less than 200 workers. The classification of SMEs in Singapore is simple and there is no category such as micro, small and medium as in the category found in EU, UK and U.S. definition.

Back home to Malaysia, SME business can be a legal structured entity that registered either under the Registration of Businesses Act 1956 (Act 197) or Companies Act 1965(Act 125). Due to numerous developments in the Malaysia economy since 2005 such as price inflation, economy structural changes and business trend changes, National SME Development Council (NSDC) had endorsed a new SME definition in 2013. The new definition is based on sectors, sales turnover and number of full-time employees. For manufacturing sector, SMEs are enterprises with sales turnover not exceeding RM50 million or full-time employees not exceeding 200 workers. As for services and other sectors, SMEs are enterprises with sales turnover not exceeding RM20 million or full-
time employees not exceeding 75 workers. Accordingly, a business is classified as an SME if it meets either one of the two specified qualifying criteria, namely sales turnover or full-time employees, whichever is lower. Table 2.3 provides the detailed definition of SMEs in Malaysia.

Table 2.3: Detailed SMEs definition in Malaysia by size of operation

<table>
<thead>
<tr>
<th>Category</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>Sales turnover</td>
<td>Sales turnover not</td>
<td>RM15 mil to not</td>
</tr>
<tr>
<td></td>
<td></td>
<td>exceeding RM300,000</td>
<td>exceeding RM50 mil</td>
</tr>
<tr>
<td></td>
<td>Number of full-time</td>
<td>From 5 to less than 75</td>
<td>From 75 to not</td>
</tr>
<tr>
<td></td>
<td>employee</td>
<td></td>
<td>exceeding 200</td>
</tr>
<tr>
<td>Service and Other</td>
<td>Sales turnover</td>
<td>full-time employees</td>
<td>RM3 mil to not</td>
</tr>
<tr>
<td>sectors</td>
<td></td>
<td>not exceeding 5</td>
<td>exceeding RM20 mil</td>
</tr>
<tr>
<td></td>
<td>Number of full-time</td>
<td>From 5 to less than 30</td>
<td>From 30 to not</td>
</tr>
<tr>
<td></td>
<td>employee</td>
<td></td>
<td>exceeding 75</td>
</tr>
</tbody>
</table>

Source: Circular on New Definition of Small Medium Sized Enterprises (SMEs) by Bank Negara Malaysia (BNM)

The above discussion shows that the definition of SMEs across countries are similar but not identical. The similarities arise from the criteria for classification such as annual sales turnover (turnover in U.K. criteria) and number of employees (headcount in U.K. criteria). As present research focuses on SMEs in Malaysia, the Malaysia definition of SMEs as per Table 2.3 is adopted for this thesis.
2.2.1 The Importance of SMEs

Globally, SMEs are recognised for their main role in promoting economic development and growth for sustainable development. SMEs make up to more than 90% of businesses worldwide and contribute significantly towards employment and Gross Domestic Product (GDP) in various countries (Vives, 2006). As a point of comparison with Organisations for Economic Co-operation and Development (OECD), in 2007, SMEs account for over 95% of OECD enterprises and represent about 60% to 70% of employment (Chew & Chew, 2008). The importance of SMEs in selected countries/regions in terms of employment and GDP is shown in Table 2.4.

Table 2.4: Importance of SMEs in terms of employment and contribution to GDP of respective Countries

<table>
<thead>
<tr>
<th>Countries/ Regions</th>
<th>Employment (%)</th>
<th>GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA and EU Countries</td>
<td>60</td>
<td>40-60</td>
</tr>
<tr>
<td>Asian Tigers/Countries</td>
<td>70-90</td>
<td>40</td>
</tr>
<tr>
<td>Malaysia</td>
<td>65</td>
<td>43.5</td>
</tr>
<tr>
<td>Latin America</td>
<td>40-60</td>
<td>30-50</td>
</tr>
<tr>
<td>High Income Countries</td>
<td>65</td>
<td>55</td>
</tr>
<tr>
<td>Middle Income Countries</td>
<td>95</td>
<td>70</td>
</tr>
<tr>
<td>Low Income Countries</td>
<td>70</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: Fida (2008)

A recent study conducted in Malaysia (2009) revealed that SMEs accounted for 99.2% of the three main economic sectors, namely services, manufacturing and agriculture. Malaysian economy is mainly based on SMEs. SMEs constitute 99.2% of total business establishments in Malaysia or totalling 548,267 enterprises (Department of Statistics, Malaysia). Report by SME Corporation Malaysia (SMECorp) publicised in 2013 that SME growth
exceeded the overall GDP growth of the country by 4.7% with higher SME growth reflected across all major economic sectors. In the same year, SME contribution to GDP increased to 33.1% as compared to 29.4% in 2005 as shown in Table 2.5 and Figure 2.1 which are extracted from SMECorp report.

Table 2.5 SME GDP share by Key Economic Activity (constant 2005 prices)

<table>
<thead>
<tr>
<th></th>
<th>2005 (% share)</th>
<th>2013 (% share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>29.4</td>
<td>33.1</td>
</tr>
<tr>
<td>Construction</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Service</td>
<td>17.0</td>
<td>20.6</td>
</tr>
<tr>
<td>Mining &amp;Quarry</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>3.4</td>
<td>3.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8.1</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Source: Department of Statistics, Malaysia

![Graph showing GDP of SMEs and Large Enterprises](image)

Figure 2.1: GDP of SMEs and Large Enterprises and their Percentage Share to GDP (constant 2005 prices)

Besides of the significant contribution to GDP, SMEs also provide employment opportunity to the people. According to report by SMECorp, the
total employment in both SMEs and large firms increased in 2013 as shown in Figure 2.2. The growth for SME employment was recorded at 6.3% which is higher than the employment growth of large firms of 5.4%. Due to the resilient growth in SME employment in 2013, the share of SME employment to total employment increased from 57.1% in 2010 to 57.5% in 2013 as shown in Figure 2.3.
The Malaysia Government had taken many moves such as establishing various agencies, polices and departments to strengthen the growth and development of SMEs. The commitments of the Government is observed through the launch of SME Master Plan by Malaysia Prime Minister, Dato’ Sri Najib Tun Haji Abdul Razak. The SME Masterplan is envision to create globally competitive SMEs that will enhance national wealth creation and social well-being of the nation through four strategic goals; i.e., Increase business formation; Expand the number of high growth and innovative firms; Raise labour productivity of SMEs; and Intensify formalization to stimulate growth and fair competition.

Based on the above discussion, SMEs are inevitably represent a large and important part of Malaysia’s economy and act a trajectory in economic growth and development. It is self-explanatory through its contributions to GDP and employment generation. Therefore, the sustainability of SMEs is fundamentally crucial. Despite the importance of SMEs as stated above, SMEs also encounter many predicaments on its route to continuously contribute to national GDP and employment. The challenges faced by SMEs is discussed in the subsequent section.

2.2.2 Challenges Faced by SMEs

While the contributions of SMEs to economic growth and development are widely acknowledged, SMEs still face many obstacles that impede their long term survival and development.
Studies revealed that the significant numbers of new SMEs close down within the first five years of their operations (Zimmerer, Searborough & Wilson, 2008) and this is an indication of inability of these firms to adapt to the dynamic and highly competitive business environment of the new economy. For example, in Malaysia the estimated failure rate of SMEs is approximately 60% within the first five years of operation (Ahmad & Seet, 2009). This reflects that SMEs in Malaysia are in the critical stage and face serious obstacles to stay as competitive enterprises. In the blueprint of the SME Masterplan, an analysis of findings from the World Bank Productivity and Investment Climate Surveys (2012) uncovered that there are six factors which influence the performance of Malaysian SMEs. These six factors are Innovation and technology adoption; Human capital development; Access to financing; Market access; Legal and regulatory environment; and Infrastructure. Presently, this research aims to look into one aspect of the listed factors, i.e., the human capital development. Bontis and Fitz-Enz (2002) stated that the antecedent to human capital development rests with overall employee sentiment which is defined as inter-relationship between employee motivation, satisfaction and commitment. This research undertakes to analyse the role of internal CSR practices as a strategic human resource practices to unravel the issue of human capital development to act as a competitive advantage to SMEs.

Meanwhile, on enterprise level, most of the SMEs are family-owned business. This also impacts the formal human resource practices in the enterprises. Family firms are different from non-family firms. Generally, family firms pay a lower wages (Bassanini, Breda, Caroli, & Rebérioux, 2013;
Carrasco-Hernandez & SánchezMarín, 2007) but compensate their employees by offering a more stable work environment where dismissals and downsizing are unlikely to happen in comparison with non-family firms (Bassanini et al., 2013). However, due to the relationship of family owning firm overlapping with business and family values such as family tradition, family decision-making, family firms are often regarded as an complicated organisation with high tendency of conflict (Ensley & Pearson, 2005; Beehr, Drexler, & Faulkner, 1997). Hence the unique relationship between family and firm creates a volatile situation with respect to functionality and tasks such as employee selection, compensation, appraisal and personal development (Astrachan & Kolenko, 1994). These have resulted in difficulties to attract and retain highly qualified employees, especially fresh graduates. With this nature of SMEs, it will be of interest to find out how internal CSR practices impact employee’s attitude and behaviour. As employees are often the key elements in a successful organisation, failure to attract and retaining qualified employees will hence hinder organisation performance, particularly the continuous survival of SMEs.

2.2.3 Entrepreneurs Orientation

Following from previous sections that the present research focuses on SMEs and acknowledging both importance and challenges faced by SMEs, this section tries to capture the understanding of entrepreneur, entrepreneurship and entrepreneurial orientation.

According to Shane and Venkataraman (2000), to date, the definition of entrepreneur is merely defined in terms of who the entrepreneur is and what he
An entrepreneur also means a person who establishes a new organisation. This definition is not concrete as it does not consider the variation in the quality of opportunities that differentiate individual identity. Consequently, empirical studies were conducted, but it is inadequate to establish traits that differentiate entrepreneurs from other members of society as these traits disorient the influence of opportunities and individuals (Venkataraman, 1997). This leads to the effort to understand entrepreneurship. Fayolle (2007) pointed out that many scholars argued that entrepreneurship may include, but does not require the creation of new organisation as in the general understanding of entrepreneur. Shane and Venkataraman (2000) added on that entrepreneurship is a process by which individual, either by their own or within an existing organisation pursue new opportunities in an innovative, risk-taking and proactive manner. Therefore, entrepreneurial orientation is defined as organisational level entrepreneurship (Lee, Lee, & Pennings, 2001), which means, the change agent is the organisation and not the individual.

Based on the seminal work of Lumpkin and Dess (1996), Entrepreneurial Orientation (EO) is defined as the decision-making styles, processes and means that determine a firm's entrepreneurial undertakings. It has also been regarded as a mean of strategic orientation (Wiklund & Shepherd, 2005). Referring to previous strategy making process and entrepreneurship research, EO measurement scales have been developed and widely used, and their relationships with other variables have been thoroughly examined. Thereon, EO represents an area of entrepreneurship research where a collective amount of knowledge is emerging. The importance of entrepreneurial orientation to the
performance and survival of firms has been recognised in the entrepreneurship literature (Wiklund & Shepherd, 2005; Lumpkin & Dess, 2001; Zahra & Garvis, 2000; Wiklund, 1999; Zahra & Covin, 1995). The empirical evidences from Li, Huang and Tsai (2009), Wiklund (1999) and Zahra and Covin (1995) showed there is positive influence of entrepreneurial orientation on firm performance over the span of time. Firms with entrepreneurial orientation have the capabilities to discover and exploit new market opportunities (Wiklund & Shepherd, 2005; Lee, Lee, & Pennings, 2001), and they can counter challenges to prosper and flourish in a competitive and turbulent environment (Shane & Venkataraman, 2000; Lumpkin & Dess, 1996).

Majority of the empirical research undertaken thus far has examined the relationship between EO and firm performance, despite the EO is defined as the decision-making styles, processes and methods that inform a firm's entrepreneurial undertakings. Therefore, it is worthwhile to expand the investigation on the internal decision-making of human resource management practices in the enterprises. EO is selected in the present study for two main reasons. Firstly, the present research focuses on SMEs, hence, it is relevant to understand how EO affect the implementation of strategy, i.e., internal CSR practices as a strategic human resource practise. Secondly, the construct of EO contributes to the firm-level entrepreneurship literatures in four aspects. The first aspect views the construct of EO as a mean for a firm. In this case, a SME need to be entrepreneurial at the most fundamental level, i.e., firm level (Lumpkin, 2012). In fact, EO was initially proposed as a construct that theoretically captures those factors that are either requisite (Miller, 1983) or relevant (Lumpkin &
Dess, 1996) to labelling a firm as entrepreneurial in the past research. Significantly, the construct of EO positions entrepreneurship as an attribute of firms and not as an isolated act that may or may not occur within firms. This aspect is an important point of departure from prior theorising. With the theoretical acceptance of the EO construct, the second aspect notes that entrepreneurship is regarded as an overall strategic posture. Particularly, evolutionary theorists and strategic management scholars recognize the importance of an entrepreneurial strategic posture to the sustainment of firm survival (e.g., Nelson & Winter, 1982). In an era of technology advancement and often shorten product life cycles, the business landscapes and industry boundaries are continuously evolving, EO is recognised as a useful construct for the purposes of understanding why and how some firms are able to frequently renew themselves via new growth trajectories while others are not (Morris, Kuratko, & Covin, 2011). The third contribution of EO is filling up an important gap in the literature on firm-level entrepreneurship that EO presence as a continuous variable represented by one or more dimensions on which all firms can be manoeuvred. The continuous nature of EO’s dimension allows researchers to theorise about the level(s) of entrepreneurship manifested by a firm. In this case, it helps to understand the implementation of internal CSR practices in SMEs. This is important because the specific acts of entrepreneurship observed in practice can vary significantly from firm to another, making meaningful comparisons of entrepreneurship levels across firms possible. Therefore, the existence of the EO construct provides research a common set of metrics through which overall entrepreneurship levels might be examined. Lastly, EO is a valuable construct within the scholarly research on
firm-level entrepreneurship because EO occupies a conceptual space that is
discrete from that of other entrepreneurial phenomena. As discussed, EO is not
simply another label for a firm’s entrepreneurial culture or climate. EO is a
construct that represented by behaviours that are shared by any firm which
exhibiting entrepreneurship. Upon understanding of terms such as entrepreneur,
entrepreneurship and Entrepreneurial Orientation (EO) with the justification
discussed above, the dimensions of EO is further explained in subsequent
section.

Lumpkin and Dess (1996) illustrated on extensive research to characterize
EO as the product of five dimensions namely risk-taking, innovativeness,
proactiveness, competitive aggressiveness, and autonomy. Many research
endeavors were carried out thereon, in order to prove that EO carries some
weights in terms of business performance. A number of studies have reported
positive associations (e.g., Li, Huang, & Tsai, 2009; Wiklund & Shepherd, 2003,
Today's business environment is constantly described as complex and turbulent
(Stacey, 2016). In order to compete under such conditions, SMEs should perfect
their entrepreneurial capabilities, especially for the young emerging SMEs with
scarce resource endowments, to understand which of the five EO dimensions are
most valuable to secure improving performance at their potentially vulnerable
stage of development. Moreover, CSR has evolved into the core of any business
entities regardless of size and stage of development. It is believed that all five
dimensions are beneficial in the strategy making but it is equally acceptable that
only a sub-set of dimensions are more impactful. Presently, this research adopted
EO construct from the analysis of Lumpkin and Dess (1996) framework, which uses a summative approach to examine EO, and renders individual uniqueness irrelevant. In addition, Stam and Elfring (2008) explained that an EO could serve as a contributory factor in facilitating a firm’s capacity to recognise innovative opportunities that potentially comes with large financial returns, premium market segments, and attain first mover advantages. This is particularly important to current research as it is concerned over the implementation of internal CSR practices as human resource practice. Hence, this research also seeks to add value to the understanding of EO by identifying which is/ are the dimension(s) of Lumpkin and Dess (1996) EO framework is/ are valuable to firms in the implementation of internal CSR practices.

With reference to Lumpkin and Dess (1996) definition of EO, it is categorised as risk-taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy, each of which can vary individually. Risk-taking reflects an acceptance of uncertainty and risk inherent in unique activity and is normally characterized by resource commitment to uncertain outcomes and activities. Innovativeness conveys a bias toward embracing and supporting creativity and experimentation, technological leadership, novelty and Research and Development (R&D) in the development of products, services and processes. Proactiveness relates to a forward-looking perspective where organisations actively seek to anticipate opportunities to develop and introduce new products to obtain first-mover advantages and form the direction of the environment as opposed to reacting to such changes. A firm can produce a competitive advantage by anticipating changes in future demand (Lumpkin &
Dess 1996), or even condition the environment by being an active observer of environmental pressures. Competitive aggressiveness indicates the intensity with which a firm chooses to compete and efforts to surpass competitors reflecting a bias toward out-maneuvering and out doing rivals. Autonomy describes the authority and independence given to an individual or team within the firm to develop business concepts and visions and carry them through to completion. However, it is still vague how these five dimensions individually link to business strategy and business performance. As the current study investigates internal CSR practices used as a human resource strategy in SMEs, EO is relevant as one of the antecedents of internal CSR implementation. It is believed that all or at least a combination of dimensions exhibit some relationship with this human resource strategy since there have been wide range research indicating a positive relationship between EO and firm performance (e.g., Wiklund & Shepherd, 2005; Wiklund, 1999; Zahra & Covin, 1995). It is coincides with an emerging body of research that reported positive associations between firm-level measures of HRM systems and organisational performance (MacDuffie, 1995; Huselid & Becker, 1994; Ichniowski, Shaw, & Prennushi, 1994).

Summary of Measurement Scale is attached in Appendix E. It shows the recent research on EO captures the five dimensions as discussed above, i.e., autonomy, competitive aggressiveness, innovativeness, proactiveness, and risk taking, as the construct to measure EO. Particularly, in Covin and Wales (2012)’s work, EO with five dimensions are formative measurement models which employ explanatory combinations of indicators as the foundation for creating
(for measurement purposes) the latent construct (Fornell & Bookstein, 1982). Therefore, the researcher is adopting this approach in the present research to measure EO and its relationship with internal CSR practices.

2.3 Theory Underpinning SMEs and Entrepreneurial Orientation

According to Kelliher, and Reinl (2009); and Cassell, Nadin, Gray and Clegg (2002), smaller organisation such as SMEs often encounter challenges such as limited competitive influence and limited financial access leading to growth obstruction. This indicates that organisational setting is closely relate to resource abundances or resource poverty. Despite the uniqueness of resource issue in SMEs, SMEs worldwide manage to gain a foothold in the national economy. The significant contribution of SMEs is associated with entrepreneurial orientation (Kraus, Rigtering, Hughes, & Hosman, 2012).

According to Newbert (2007) and Barney (1991), among other theories in explaining differences in firm performance, Resource-based View (RBV) is the most accepted theories. RBV understands firm-specific resources and capabilities as the fundamental sources of competitive advantage and superior performance. Hunt and Morgan (1996) and; Hunt (1995) also agreed that entrepreneurial orientation is considered as an organisational resource. Such resource can distinguish a firm from other rivals and result in economic dynamism and wealth creation in the competitive process (Ireland, Hitt, & Sirmon, 2003; Shane & Venkataraman, 2000; Hunt & Morgan, 1996).
The discussion shows that SMEs has been conventionally face with the issue of efficacy owing to its size, which lead to potential lack of resource yet conflicting evidence show that SMEs managed to gain a foothold in many countries economy. As such, present research employs Resource-based View of the firm to scrutinise the unique characteristics of SMEs that empower them to develop and organise its organisational capabilities to handle the turbulent business environment. Accordingly, the following section develops discussions based on Resource-based View of SMEs to link with internal CSR practices.

2.3.1 Resource Based View (RBV)

The Resource Based View (Barney, 1991) complements the discussion of SMEs, which suggests that firms with unique, valuable, and inimitable resources tend to transfer those resources to a competitive advantage, so as to pursue greater competitiveness and profitability. These resources can be seen as bundles of tangible and intangible assets that consist of a firm’s management skills, its organisational processes and routines, and the information and knowledge it controls. Barney, Wright and Ketchen (2001) added that resource-based view of the firm is possibly the most influential framework to understand strategic management in SMEs.

Alvarez and Busenitz (2001) argued that the RBV can theoretically form and extend current research on entrepreneurship. They suggested that it is through the entrepreneurial process of cognition, discovery, understanding market opportunities, and synchronised knowledge that inputs, the organisation resource convert into heterogeneous outputs. Alvarez and Busenitz (2001)
explained that RBV attributes specific importance to the role of heuristics-based logic that enable entrepreneurs to quickly learn about and assimilate the implications of new changes for particular discoveries. Kor, Mahoney, and Michael (2007) added that the incongruity of firm performance among enterprises is suggested to have a direct impact of the heterogeneity of entrepreneurial beliefs and the heterogeneity of other resources and capabilities of firms, as well as the distinctive use of these resources and capabilities. Entrepreneurial opportunities arise when certain entrepreneurs have insights into the value of resources that others do not have. It could be the entrepreneurs’ talents and capability, as well as the firm unique resources. Entrepreneurial opportunities arise when certain entrepreneurs have insights into the value of resources that others do not have. Entrepreneurial alertness, knowledge, and ability to coordinate resources are regarded as resources in their own unique way. Causal ambiguity is then, seen as the core value of entrepreneurship because the entrepreneur’s expanding knowledge base and absorptive capacity through their experience and learning curves. These are the keys to achieve a sustainable competitive advantage. From the stand point of the firm, the entrepreneur realises a crucial role in recognizing the value and opportunities presented by specialised knowledge through exploring and exploiting organisation resource to create a unique yet difficult to imitate resource. This explanation fits into present research on possibility to turn internal CSR practices into SMEs sustainable competitive advantage through strategic human resource practice.

Patel and Conklin (2012) highlighted that the foundational of Resource-based View is that the firm is comprised of a bundle of resources. Such resources
include internal assets such as human resources which are vulnerable, rare, costly to imitate, and a good organisational fit. The combined qualities of the unique resource bundle are ultimately a source of firm’s competitive advantage (Barney & Wright, 1998; Barney, 1991). Resource-based View has contributed significantly in the fast-growing area of strategic human resource management (Wright, Dunford & Snell, 2001). The emphasis on employees as strategically important to a firm’s success has contributed to the correlation and convergence of strategy and human resource management issues. There has been considerable debate whether human resource practices can provide sustainable competitive advantage. Human resource management practices alone is imitable and, if human resource systems and routines of the firms develop over a span of time, it could be unique to the firm and contribute to the creation of specific human capital skills. In fact, employee behaviour also forms an independent component of strategic human resource practice that affects sustainable competitive advantage. Wiklund and Shepherd (2005) findings suggested that firm resources play a role on firm performance and that entrepreneurial orientation enhances this relationship.

Resource-based View primary principle is that, an organisation is an entity with inter-related internal resources that offers competitive advantage. The RBV explains how internal resources can lead to proactive changes in the organisation. The organisation is obliged to develop its internal resources to generate a competitive advantage. In line with Branco and Rodrigues (2006) findings, Resource-based View is beneficial to understand the motive of firms engage in CSR activities. CSR is observed to provide a string of internal and
external benefits. Investing in socially responsible activities may have internal benefits by aiding a firm to develop new resources and capabilities which are related namely to know-how and corporate culture. In fact, investments in social responsibility activities has important consequences on the creation or depletion of fundamental intangible resources, namely those concerning the employees.

Therefore, with SMEs set as the context of present research, Resource-Based View maybe used to shed light on the explanation on how the entrepreneur, through entrepreneurial orientation, adopting internal CSR practices work as a source of competitive advantage, to attract, develop, motivate and retain employees.

2.4 Conceptualising Corporate Social Responsibility (CSR)

The concept of CSR can be traced back to the 1950s. CSR has then undergo a vast development and evolution. Despite its development, there is no common definition CSR. Generally, the concept of CSR is to generate and maximize profits for their shareholders while discharging the social obligations in their course of actions. The following section provides an overview of CSR evolution.

2.4.1 The Evolution of CSR

The origin of CSR can be traced back to the developed countries that reflect the concerns of shareholders in high-income countries. In this context, the principal paradigm in any corporate management is to maximize shareholder
According to Friedman (1970), there is one and only responsibility of business that is to use its resources and engage in activities to increase its profit. However, the neoclassical economists (Henderson, 2004; Zajac & Westphal, 2004) claimed that efforts on social responsibility diverts business from its pursuit of profitability which ultimately benefits society as a whole. In contrast to Friedman (1970), a scholarly authority in management, Drucker (1997) provided another perspective on the linkage between management actions and social impact. In discussion of business’ purpose and objectives, Drucker (2001) suggested that the concept of profit maximization is meaningless and may actually cause harm to society by stating that profit is not the explanation, cause, or rationale of business behaviour and business decisions, but rather the trial of their validity. Profitability is a required outcome to ensure the business continues to achieve its primary purposes of marketing, innovation and sustainability, instead of a goal. These discussions started to question the role of business in society. Businesses are one of the many social agents and those social agents must assume responsibilities related to their impact on society while pursuing their primary financial objectives. Subsequently, parties started to understand and describe the relations between business and society.

In the 1950s, Bowen (1953) primarily described corporate social responsibility as a self-regulation mean for business to informally monitor their own behaviours without depending on the governments’ coercive authority. In the early of 1960s, Davis (1960) defined CSR as actions that business persons take or decisions they make for reasons other than their economic or technical
benefits. McGuire (1963) distinguished social responsibility which was the early concept of CSR from ethical, economic, technical, and legal obligations. Davis (1973) supported McGuire’s view of social responsibility 10 years later by defining CSR as the organisations’ responsibilities for issues beyond their economic, ethical, and legal obligations. These authors’ definition of CSR had excluded the economic component. During the period of 1960s to mid of 1970s, CSR marked its significant development by asserting a consensus that businesses and their executives shall be socially responsible (Mahon & McGowan, 1991; Buchholz, 1991). Thereon, Friedman (1970) started to question whether companies should take responsible for social issues. However, during that time, no consensus was derived on CSR terminology in both academic and business practices. Although the literature base of CSR had developed significantly over the last 60 years (Aguilera, et al, 2007; Godfrey & Hatch, 2007), an unambiguous and universe agreeable definition of CSR by business practitioners and academics was still unavailable in the late 1970s (Preston, 1975; Votaw & Sethi, 1969). For example, an academic review of literature by Carroll (1999) shows that there are over 25 different conceptual definitions for CSR. One significant development was that the subject of CSR had moved from certain philanthropic and philosophical concerns in the 1960s to the specific societal issues of an organisation’s social responsibility obligation.

During the 1960s and 1970s, consumer and environmental advocacy groups concentrated on product and consumer safety influenced CSR activities. In the 1980s, organisational efforts were given attention to establish internal functions, such as public affairs and community relations in order to address
public perceptions of unethical corporate behaviours. Since the mid-1990s, it was then accelerated by changes in the business prospect including the shift to service and knowledge intensive industries and new employment deal anticipations. As such, there had been renewed corporate interest in incorporating CSR in business strategy (Maxfield, 2008; Porter & Kramer, 2006; Greenfield, 2005). It is noted that management emphasis on CSR activities reflect the specific business needs of a particular period of time (Waddock, 2008). Epstein (1989) labelled these as a continuous corporate business practices; and CSR reflects usual business activities. Adding on, CSR emphasises corporate activities and highlights certain social issues to stakeholders of an organisation (Buono & Nichols, 1990; Freeman, 1984).

Chronologically, study by Kakabadse, Rozuel, and Lee (2005) pointed out that since the 1950s, CSR has advanced successively through several radical evolutions (See Figure 2.4). Some early important CSR publications (e.g., Bowen, 1953) disclosed scholarly standoff of CSR as a results of inconsistent interpretations of CSR. In the 1980s, some theatrical changes were observed in CSR evolution. During this period of time, stakeholders’ tactical responses toward social matters were recognised and actively discussed. Consequently, theoretical models of corporate social performance started to be acknowledged and were further elaborated (Wood, 1991; Ullmann, 1985; Wartick & Cochran, 1985). A profound CSR definition began during the theoretical development of CSR. Thereon, CSR became a wider concept and more terminology was being employed.
The progressive development of CSR was motivated by a few vital elements (Lantos, 2002; Lunt, 2001). Societal obligations and ethical matters began to be a public concern. As a result, increasing market pressure arose from numerous stakeholders such as customers and employees. These stakeholders exert some form of market inclinations to business organisations. This phenomena indicates the importance of public’s role in emphasizing social responsibility and ethical behaviour of organisations. Regulatory pressure in the forms of business principles and procedures are compelling all sizes of organisations to conform. The principles include requirements like ethical practices, health and safety standards, and minimum wages and working hours (Davies, 2003). Additionally, the introduction of internet and multimedia technologies had offered means for various stakeholders such as consumers and
pressure groups to discriminate organisations’ activities for unethical practices. This has forced organisations behave more ethically and more socially responsible. Therefore, organisations which are seen to be “socially responsible” can enhanced their image reputation and improve organisation performance. This positive chain effect explains the necessary commitment from organisations on CSR in establishing a competitive advantage for higher profitability.

2.4.2 Defining CSR

In the past 40 years, academics have contested the definition of corporate social responsibility (CSR) as well as the paradigm that form CSR dimensions (e.g. Carroll, 1999; Brown & Dacin, 1997; Clarkson, 1995; Carroll, 1979; Bowen, 1953). Van Marrewijk (2003) explained that defining CSR is not an easy task as it means something, yet not always the same meaning to everybody. Despite the difficulty in defining CSR, many management disciplines did recognised that CSR fits into their objectives. Therefore, various CSR definitions have been adopted respectively by different groups according to each of their specific interests and objectives.

In order to derive a commonly accepted CSR definition, the numerous variation of definitions are listed in Appendix B. These definitions were compiled from thorough literature review. It was noted that most of the definitions are referring to the works of Carroll (1999), Kakabadse, et al., (2005) and Dahlsrud (2008). The exhaustive list of CSR descriptions shows that definitions are ranging from vastly theoretical to highly practical in business setting. The evolution of CSR definitions are also developed from a diversity of
themes such as social responsibility, business ethics, corporate citizenship, sustainable development, triple-bottom line, corporate governance and corporate philanthropy. For example, Carroll (1979) produced four dimensions of CSR, namely economic, legal, ethical and discretionary (or philanthropic), while Dahlsrud (2008) constructed five CSR dimensions comprise of environmental, social, economic, stakeholder and voluntariness. The discussions show that CSR definition is heavily dependent on the extent to which an organisation considers it major role in society as well as the culture in the society. Freeman and Hasnaoui (2010) attempted to examine the meaning of CSR from the perspective of four nations; United Kingdom, France, United States and Canada. However, their discussion unable to present a clear concept of CSR due to the different ethnicity and cultural values of the researchers. Nevertheless, it is fair to conclude that CSR is a multi-disciplinary concept and it is defined according to the context to which it is employed.

As argued by McWilliam, Siegel, and Wright (2006), there is no strong consensus on CSR definition, the present research adopted the definition of CSR offered by the World Business Council for Sustainable Development (2003). The World Business Council for Sustainable Development (2003) defines Corporate Social Responsibility (CSR) as the continuing commitment by business to behave ethically and contribute to the economic development while improving the quality of life at workplace and their families as well as the local community and society at large. This definition is adopted in present research for two reasons. Firstly, this definition is general yet it covers the dimensions and perspectives which highlighted by Carroll (1979) and Dahlrud (2008). Secondly,
this definition allows the researcher to fit into the context of the present research without any restriction in term of cultural context. This definition also displays two dimensions of CSR, namely internal in the aspect of quality of life of the workplace, which is the employees and external in the area of local community as well as society. The World Business Council for Sustainable Development’s definition is appropriate for this research as it considers CSR as a business imperative instead of an ethical or moral imperative (Velasquez, 2006; Culpan & Trussel, 2005; Greenfield, 2005), which meets the objective of this current research, which is to look into internal CSR practise as a human resource strategic tool rather than ethical imperative. Furthermore, it widely references the main stakeholders to be addressed within the research; the workforce, which implies an employee focus approach.

2.4.3 Perceived Role of Ethics and Social Responsibility (PRESOR)

Organisations which claimed to have adopted CSR orientation is comparable to have institutionalised ethics explicitly and/ or implicitly incorporated ethics into its decision making process. To date, the debates of CSR are predominantly at the organisational level and there is limited fundamental questioning of the role of the individual in promoting ethical and social actions (Lee, 2008; Post, Preston, & Sachs, 2002). The management’s role is critically important in all CSR related activities (Pedersen, 2010; Swanson, 2008). Therefore, in the present research, EO being the strategic decision made by the entrepreneurs is proposed to be related to the implementation of internal CSR practices. According to Godos-Díez, Fernández-Gago, and Martínez-Campillo (2011), a manager’s profile is a background factor that will form the behaviour
even though the relation may not be straightforward relation, instead affected by
the perceptions of the expected consequences of that behaviours. This potential
consequences of a behaviour is called the behavioural belief (Ajzen & Fishbein,
1977). If the perceived benefits of performing certain behaviour outweigh its
perceived drawbacks, managers are possibly produce a favourable attitude
towards the behaviour in concern and consequently put it into practice.

A number of articles pertaining to the perception of ethics and social
responsibility have highlighted its influence on managers’ ethical intention
(Demirtas, & Akdogan, 2015; Singhapakdi et al., 2008; Marta, Singhapakdi,
Attia, & Vitell, 2004; Singhapakdi, 1999). This perception is also closely link to
the CSR practices executed in firms due to their distinguished position in the
organisation (Kassinis & Panayiotou, 2006; Henriques & Sadorsky, 1999).
Specifically, managers’ behaviour will be more ethical and exhibit greater social
responsibility if ethics and social responsibility are considered by these decision
makers as something vital to organisational effectiveness (Marta, Singhapakdi,
& Kraft, 2008; Singhapakdi, et al., 2001). Therefore, if an entrepreneur is in the
opinion that social responsibility is important and behaves ethically, it will be
reflected through entrepreneurial orientation. Entrepreneurs will tend to involve
in social activities and encourage CSR practices to achieve organisational
success. In this regard, the chance of implementing internal CSR practices in the
enterprise is higher.

Regardless of one's position, an appreciation of the role of ethics and social
responsibility as components of business decisions affecting organisational
effectiveness is essential (Marta, et al, 2008; Singhapakdi, Vitell, Rallapalli, & Kraft, 1996). Thus, may it be the entrepreneur or the employees, all of them have a role to play in organisational effectiveness. This lead to the development of measurement to capture the appreciation of the role of ethics and social responsibility. The instrument of Perceived Role of Ethics and Social Responsibility (PRESOR) was originally developed in the United States by Singhapakdi, et al (1996) to meet the need for a valid and reliable scale to measure managers' and employees’ perceptions of the role of ethics and social responsibility in achieving organisational effectiveness. The instrument consists of items selected to reflect different dimensions of ethics and social responsibility within an organisation and the importance of ethics and social responsibility relative to conventional criterion measures of organisational effectiveness. This measure is adopted in the present research to gauge the appreciation of the role of ethics and social responsibility in the implementation of internal CSR practice by the employees. The detailed measurement scale employed in shown in Appendix E.

2.5 Corporate Social Responsibility (CSR) and Employees

Majority of the past scholarly studies on CSR and sustainability focused on the macro level of analysis (Aguinis & Glavas, 2012; Devinney, 2009; Siegel, 2009) and these research placed emphasis on institutional levels, such as addressing regulatory elements, normative and cultural-cognitive elements formed by external stakeholders (Scott, 1995). Despite the wide dissemination of CSR and its cross-disciplinary nature (Lockett, Moon, Visser, 2006), potential relevance for employee management (Brammer, Millington & Rayton, 2007),
organisational behaviour and human resource management researchers have under-investigated CSR (Aguilera, Rupp, Williams & Ganapathi, 2007; Rupp, Ganapathy, Aguilera & Williams, 2006). Consequently, there is an emerging interest in business practices and academic research to enhance the comprehensive understanding of the micro-level of CSR (Morgeson, Aguinis, Waldman, & Siegel, 2013).

More recently, growing attention is directed to the internal stakeholders, specifically the employee, through the field of organisational behaviour and human resource management (Aguinis & Glavas, 2013). Meta-analyses endorse that CSR is defined as the context-specific organisational actions and policies that consider stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance (Aguinis & Glavas, 2012), in which contributes to a firm’s competitive advantage for creating “shared value” (Porter & Kramer, 2011) by influencing stakeholders’ behaviours (Barnett, 2007; Bosse, Phillips, & Harrison, 2009). In the workplace, CSR perceptions is claimed to be positively related to employees’ commitment to and identification with the organisation (Vlachos, Panagopoulos, & Rapp, 2014; Jones, 2010), organisational attractiveness for potential employees (Jones, Willness, & Madey, 2014, Rupp, Shao, Thornton, & Skarlicki, 2013), organisational citizenship behaviours (Jones, et. al, 2014; Rupp, et al, 2013), and in-role job performance and extra role CSR performance (Vlachos, et. al., 2014).

Lee, Lee and Li (2012) explained that employees are the important stakeholders of every organisation as they determine the quality of the product
and/or service as well as their well-being is closely related to their job performance. Even though some CSR studies are adopted in organisational behaviour perspective (Albinger & Freeman, 2000; Greening & Turban, 2000), but these studies only considered the impact of CSR on prospective employees to enhance corporate attractiveness. It is noted that there is limited studies on the incumbent employees. Based on limited empirical studies that examining the internal impact of CSR, they tend to emphasize on the dimensions of organisational commitment (Brammer, et al, 2007; Paterson, 2004; Maignan & Ferrell, 2001). As CSR is multidimensional in nature (Husted, 2000; Wood, 1991), it can also influence a broader range of organisational attitudes and behaviour other than organisational commitment. To this point, there is absence of concrete theoretical consolidation and synthesis on the influence of CSR towards employees’ attitudes and behaviour which is then ultimately affect the sustainability of the organisation.

Employee is regularly a central feature of stakeholder theory and CSR research and practice. Barnett (2007) viewed CSR as a form of corporate investment which dual orientation in nature, i.e., to make improvement of social welfare and stakeholder relations. Stakeholder relations offer explanation of how employees being the stakeholder, could impact the implementation of CSR policies. The stakeholder relation begins with employees being the agents for social change when they exert pressure on corporations to discharge their social responsibility (Aguilera, et al, 2007). Subsequently, the environmental policy demonstrates that employees’ support is essential for the effectiveness of CSR programs and policies (Ramus & Steger, 2000). Thereon, employees as a
stakeholder party observe, perceive, assess, judge and respond to CSR actions and programs (Rupp, et al, 2006; Rowley & Berman, 2000). From the theoretical standpoint, employees being the stakeholders, is construed as an independent variable that explain the evolution of CSR (Aguilera, et al, 2007) and as a dependent variable that is affected by CSR (Peterson, 2004; Maignan & Ferrell, 2001).

Employees as a unit of analysis have not been receiving much attention in past CSR research (Auilera, et al, 2007; Rupp, et al, 2006). Majority of past CSR and human resource management research focussed on the relationships between leadership and corporate social behaviour (Swanson, 2008; Waldman, Siegle & Javidan, 2006). Although there are also some corporate social performance models that clearly included employees as a level of analysis (e.g. Wood, 1991), yet few studies have examined the influence of CSR on employees’ attitudes and behaviours. Appendix C provides a summary on past CSR research in relation to employees. It was noted that most of the past studies were focused on the external aspect of CSR. These studies investigated the influence of CSR on prospective employees by exploring Social Identity Theory. These studies showed how the reputation of socially responsible organisations influence the corporate attractiveness for prospective employees (Albinger & Freeman, 2000; Greening & Turban, 2000). Past research also revealed that by augmenting corporate image and reputation, CSR can be a magnet for prospective employees. In fact, Riordan, Gatewood and Bill’s (1997) research found that employees’ perception of corporate image can positively influence job satisfaction, and reduce turnover and turnover intentions with external corporate
image used as a proxy for social performance. However, all these research say little about CSR influence on incumbent employees. Despite that there are a handful of researchers (e.g., Treviño, Weaver & Reynolds, 2006; Schneider, Oppenheimer, Zollo & Huy, 2004) attempted micro-level approach which took individuals as the unit of analysis, but these research also did not explicitly refer to employees’ socially responsible behaviour. It is obvious that previous research on socially responsible behaviour explains the presence of knowledge gap on CSR’s influence on current employees (Russo & Perrini, 2010; Swaen & Maignan, 2003). These past research shown dearth established research at the micro-level in examining the CSR practices on current employees and not to mention its’ influence on employees’ attitudes and behaviour. More recently, Shen and Benson (2014) employed the term “social responsible human resource management” to gauge its impact on incumbent employees’ task performance. Subsequently, Mory, Wirtz, and Göttel, (2016) studied the factors of internal corporate social responsibility by adapting scale developed by Turker (2009a) in the context of pharmaceutical companies.

In view of little established CSR research in relation to incumbent employee other than Mory, et al (2016) study, the researcher attempts to fill up the existing knowledge gap on the influence of CSR practice towards current employees. In the following section, theories underpinning CSR and employees are being explored to establish the theoretical background for present research.
2.6 Theories Underpinning CSR and Employees

With reference to past CSR studies in relation to employees as shown in Appendix C, several theoretical frameworks have been used to examine CSR pertaining to employees. In line with the evolution of CSR, Stakeholder Theory has emerged as the leading paradigm in CSR discussion. According to Stakeholder Theory, Freeman (1984) asserted that firms have relationships with many constituent groups which have an interest in the undertakings and outcomes of a firm (Margolis & Walsh, 2003; Donaldson & Preston, 1995). These stakeholders could affect and be affected by the actions of the firm. As such, balancing the needs of the multiple stakeholders in the undertakings and outcomes of a firm is essential. These groups of stakeholders include but not limited to employees, customers, suppliers, environmentalists, the community as a whole, and owners/shareholders. Owing to the vital role of employees in organisation overall performance, employees are the most important stakeholders among others. Besides, Stakeholder Theory perspective on the morality of CSR indicates that managers should recognize and work for the interests of a broader set of constituent groups especially the employees (Aguinis, 2011; Jones, Felps & Bigley, 2007). Hence, Stakeholder Theory marks as an important theory that should not be omitted in the CSR and employees’ discussion.

The dimension of CSR that emphasised on employees which is the core of the research can also be explained through Social Exchange Theory. According to the motivational processes of Social Exchange Theory and the norm of
reciprocity (Blau, 1964; Homans, 1961), it explains the inter relations among human resource practices, trust-in-management and employee commitment (Wayne, Shore & Liden, 1997, Settoon, Bennett & Liden, 1996, Eisenberger, Fasolo & Davis–LaMastro, 1990). CSR practises in an organisation that focuses on the well-being of employees will create trust in the employee toward the organisation and in turn results in high employee commitment. A well-established stream of research rooted in Social Exchange Theory shown that employees’ commitment to the organisation are drawn from their perceptions of the employers’ commitment to and support of them (Wayne, et al., 1997, Hutchison & Garstka, 1996; Settoon, et al., 1996, Shore & Tetrick, 1991; Shore & Wayne, 1993; Eisenberger, et al., 1990). The research suggested that employees interpret organisational actions such as human resource practices (Wayne, Shore, & Liden, 1997, Settoon, et al., 1996) and management trustworthiness (Settoon, et al., 1996, Eisenberger, et al., 1990) as indicative of the personified organisation’s commitment to them. They reciprocate their perceptions accordingly in their own commitment to the organisation, which is then affecting the organisation sustainability. Therefore, Social Exchange Theory is examined in present research as it attempts to investigate the potential manifestation of internal CSR practices on employees.

2.6.1 Stakeholder Theory

The term stakeholder has gained increased popularity together with the development of CSR. Organisations have always had stakeholders of one kind or another such as investors, shareholders, employees, customers and local community or society that is affected by and have influence on the organisation.
In 1984, Freeman defined stakeholder as any person or organisation affected by or with the power to influence an organisation's decision and actions. Freeman’s Stakeholder Theory proclaims that managers must fulfil the interest of a variety of constituents (e.g., employees, customers, suppliers, local community organisations) who can influence firm outcomes. This view highlights that it is insufficient for managers to focus exclusively on the needs of shareholders, or the owners of the corporation. Accordingly, other parties such as employees, customers, suppliers, NGOs and the community in general are interested in organisations’ activities and not merely the shareholders. As opposed to the classical view, the stakeholders’ view asserts that organisations should not just consider its own welfare but its stakeholders. In 1998, Freeman improved his definition of stakeholders as groups and individuals who benefit from or are harmed by and whose rights are disrupted or respected by, corporate actions (Freeman, 1998). This development aligns with the evaluation of CSR and created a linkage between CSR practices and employees, who are the stakeholders of the organisations.

Stakeholder Theory was expanded by Donaldson and Preston (1995) who emphasized the moral and ethical dimensions of CSR, as well as the business case for engaging in social responsibility activities. This reconfirms Freeman (1984) statement that an effective stakeholder management is essential to the survival and prosperity of the organisation. Stakeholder Theory is used as a basis to analyse those groups to whom the firm should be responsible (Moir, 2001), particularly employees in this research. Stakeholder Theory also suggests that the needs of shareholders cannot be met without satisfying to some degree the
needs of other stakeholders. As such, organisation must turn their attention to considerations beyond direct profit maximization (Jamali, 2008). This explains that shareholders shall work hand in hand with stakeholders. Instead of primarily focusing on economic measures of performance, a stakeholder-based performance measure owner/ manager’s predicaments and the value of their organisations to create value from the perspective of the stakeholders who are also involved in creating it. According to stakeholder view (Barnett 2007; Freeman 1984), the relationship between the stakeholder and organisation are posited by the strength as how the organisation influences stakeholders’ attitudes and behaviours (Bhattacharya, Korschun, & Sen, 2009). The stakeholders are likely form stable relationships with an organisation, if organisation provides them with benefits that fulfil their needs (Bhattacharya, et al. 2009). Accordingly, CSR initiatives should influence stakeholders’ attitudes by providing them with tangible and intangible remunerations which encourage them to create strong and long lasting relationships with an organisation (Bhattacharya, et al. 2009).

In view of the discussion above, Stakeholder Theory is used to explain the vital role of employees to achieve the organisation ultimate goal of survival and sustainability in present research. In addition, Stakeholder Theory is an important element of research in the field of CSR with an inherent acceptance that all businesses have stakeholders, and that managing them properly could reduce risk and improve overall organisations’ social responsibility.
2.6.2 Social Exchange Theory

In the previous discussion, it pointed out that Stakeholder Theory is closely related to Social Exchange Theory in light of organisations activities involving the employees through the norm of reciprocity.

Social Exchange Theory (Blau, 1964; Homans, 1961) initially explained the motivation behind the attitudes and behaviours exchanged between individuals. Blau (1964) defined a social exchange relationship as involving unstipulated obligations in which there are favours that produce diffuse future obligations, and yet not precisely defined, and the nature of the return is not bargainable but must be left to the discretion of the one who makes it, and this case, what the parties exchange is ambiguous. Aselage and Eisenberger (2003) suggested that the exchanged resources can be abstract, for instance financial or socio-emotional such as care, respect, and loyalty. It is the later resources that tend to create feelings of personal obligations, gratitude, and trust (Blau, 1964).

Subsequently, Eisenberger, Huntington, Hutchison, and Sowa (1986) expanded the theory of social exchange by proposing and establishing that the norm of reciprocity. The norm of reciprocity explains aspects of the relationship between the organisation and its employees (Gouldner, 1960). An exchange starts with one party giving a benefit to another, i.e., it could start from the benefit given by the employer and in the mean of reciprocity, the employee is contributing well to the organisation and the reciprocity will be spirally repeating itself. If the recipient reciprocates, and subsequently a series
of beneficial exchanges happens, feelings of mutual obligation between the parties are created (Coyle-Shapiro & Shore, 2007). A wider concept of reciprocity encompasses a feeling of an obligation to repay favourable treatment. In this context, Aselage and Eisenberger (2003) described employees’ obligation feeling as a prescriptive belief regarding whether one should care about the organisation’s well-being and should assist the organisation to achieve its goals. They noted that employees form general perceptions about the intentions and attitudes of the organisation toward them based on policies and procedures enacted by individuals and agents of the organisation, attributing human-like attributes to their employer on the basis of the treatment they receive (Levinson, 1965). Aselage and Eisenberger (2003) further explained that, the exchange, or reciprocation, in social relationships becomes stronger when both partners are willing to provide resources valuable to the other. Employees valued beneficial treatment while, employers seek dedication and loyalty (Coyle-Shapiro & Shore, 2007). Question may arise on which of the two parties should initiate the move. Research would suggest that organisations are the initiators. Positive actions directed at employees by the organisation are argued to contribute to the establishment of high-quality exchange relationships (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001; Wayne, Shore, & Liden, 1997; Settoon, et al., 1996). Empirical evidence supports this sequential order of reciprocation. Employees being the stakeholders, may develop a sense of obligation through Social Exchange Theory to involve in productive or non-productive work behaviours, rewarding or reprimanding CSR practices, particularly those acts directed to them and work conditions. In particular,
these exchanges have been used to explain the positive consequences that ensue when employees react to perceived organisational support in many ways through human resource practices, such as flexi working hours. In this way, employees see themselves as having a relationship with their employer, i.e., the norm of reciprocity that is correspond to the relationships individuals build with each other.

Acknowledging this propensity to personify the organisation, Social Exchange Theory is applied to the relationship between the personified organisation and its employees. Notably, it is anticipated that potential positive and beneficial actions directed at employees by the organisation and/or its representatives contribute to the establishment of high-quality exchange relationships. In the present research context, it is projected there is reciprocity effect between organisations and employees through internal CSR practices. As such, it creates an onus for employees to reciprocate in positive and beneficial ways (Settoon, Bennett & Liden, 1996). These actions are likely to revise dynamics between organisations and the employees. It will also create a need for employees to reciprocate positive corporate social behaviour in to their working environment which in turn enhance their work performance and productivity (Molm & Cook, 1995; Blau, 1964; Gouldner, 1960). It is also congruent to Organ (1988) findings that social exchange is direct relevance to those discretionary actions and extra role behaviours which include employee CSR activities (Deckop, Cirka, & Anderson, 2003).
Social Exchange Theory explains the norm of reciprocity which describes motivations behind employees’ attitudes and behaviour that contains a series of encounters, which are interdependent and contingent on the actions of the other partner in the social relationship that create obligations in return (Cropanzano & Mitchell, 2005; Blau, 1964). The reciprocity norm between the actions of an organisation towards employees could significantly influence the various aspects of organisation performance when stakeholders display the kinds of organisation-favoring outcomes which have been documented in the extant literature. In the present research, reciprocity is observed between the enterprise and employees through the implementation of internal CSR practices. In turn, employees exhibit positive attitudes and behaviours through increased job satisfaction and enhanced organisational commitment that reduced turnover intention.

2.7 Internal CSR Practices and Its Impact on Employees

Previous sections have started the scene with the contextual setting, i.e., SMEs and also the theoretical background of present research. This section provides an overview of Internal CSR practices and its impacts on employees.

According to Freeman (1984), stakeholders of a firm include those affect or are affected by the organisation’s goals. The literature provides various classifications in order to systematize the concept. Some of the most commonly used classifications are primary and secondary stakeholders (Clarkson, 1995; Freeman, 1984); external and internal stakeholders (Verdeyen & Buggenhout, 2004); contracting and public stakeholders (Charkham, 1994); voluntary and
involuntary stakeholders (Clarkson, 1994); internal, external, and societal stakeholders (Werther & Chandler, 2006); internal, external, societal and environmental stakeholder (Lozano, 2015); primary social, secondary social, primary non-social, and secondary non-social stakeholders (Wheeler & Sillanpaa, 1997). Meanwhile, Lozano and Prandi (2005) labelled CSR on employees as human rights. According to Lozano and Prandi (2005), there are rising numbers of organisations relating human rights to in their CSR strategy and under taking human right as a resource for CSR measure and evaluation.

Despite the various labels, it is clear that CSR practices consists of two dimensions, explicitly internal practices and external practices. Internal CSR practices refer to any CSR practices which are directly concerning both the physical and psychological working environment of employees (Turker, 2009a). Internal CSR practices entail aspect in relation to employees particularly health and well-being, work-family relationship, training and involvement in the business and equality of opportunities (Vives, 2006). Meanwhile, external CSR refers to corporate socially responsibility activities directed to the external stakeholders, such as customers, local community, business partners and suppliers, public authorities and NGOs representing local communities, and also environment involving environmental protection, philanthropic and volunteerism (European Commission, 2001). In fact, most past studies and literatures relate external CSR to community involvement and environment protection, as a result less attention is being focused on internal CSR (Cornelius, Todres, Janjuha-Jivraj, Woods, & Wallace, 2008). Hence, there is absence of
clear internal CSR concept and definition among researchers and in the academic arena.

The core reason for CSR to receive continuous attention is due to its’ concern for the well-being of all stakeholders in the organisation. Recently, CSR is being acknowledged in the area of human resources (Fuentes-García, Núñez-Tabales, & Veroz-Herradón, 2008). Simultaneously, Low (2015) highlighted that CSR had undergo evolution by expanding its focus to stakeholders. CSR practices in regard to social responsibility practices for employees cover areas such as employee’s safety, health and well-being, work-family relationship, training and involvement in the business and; equal opportunities (Vives, 2006). Therefore, the term Internal CSR is deemed relevant in this research as it is distinguish from the full-fledged research on external CSR. As opposed to internal CSR, external CSR has been widely researched. Internal CSR practices are CSR practices that directly related to both the physical and psychological working environment of employees (Turker, 2009a). The following section provides a brief development of internal CSR practices by some worldwide authorities, bodies and Bursa Malaysia.

In 2001, a Green Paper was issued by the European Commission to promote a European framework for CSR. One of the agenda under the Green Paper was to encourage organisations to adopt the "triple bottom-line" approach and focus on social and environmental issues besides of economic goals. The paper also focus on the materializations of CSR by way of responsible and nondiscriminatory practices as well as information transparency in an
organisation with life-long training for the employees. Coincidentally, an International Standard named ISO 2600 was launched in relations to this development. The objective of the standard is to provide a practical guidance in identifying and engaging with stakeholders, fulfilling social responsibility (SR), and improving the report and statement credibility regarding social responsibility for the benefit of all organisations. In regard to internal CSR, ISO 26000 offers a useful guideline for organisations to observe and recognize human rights, employment relationships, work conditions, social protection, social discussion, health and safety at work as well as human development. ISO 26000 (2006) offers priority to job creation, along with wages and other compensation paid for work performed due to the importance of an organisation’s both economic and social impact. This observation awakes the public and researchers on the importance of employees from the internal practice.

On a wider range, internal CSR is mentioned in Dow Jones Sustainability World Indexes Guide. Dow Jones Sustainability World Indexes Guide (DJSIs) emphasize on corporate governance, risk and crisis management, codes of conduct /compliance /bribery and corruption, human capital development, and talent attraction besides retention. Human capital development is highlighted as part of CSR activities. Another monitoring body, i.e., Corporate Social Accountability Management has launched Social Accountability 8000 (SA8000) in 1999. During that time, the principles of international human rights norms as stated in International Labor Organisation (ILO) conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of
Human Rights were already rooted in SA8000. SA8000 assesses the organisation performance in eight main areas: child labor, forced labor, discrimination, health and safety, free association and collective bargaining, disciplinary practices, working hours and compensation. Global Report Initiative (GRI) in 2000 also provides six indicators for organisations internal CSR, such as employment, labor/management relations, occupational health and safety, diversity and equal opportunity as well as training and education. These global standard measures mark the importance of human rights and human capital development in CSR activities.

As there are numerous worldwide bodies involve in CSR, the call for the implementation of CSR continued to receive attention in Europe. European SMEs’ Good Practice (2005) launched an appeal for Mainstreaming Corporate CSR to encourage SMEs to solicit CSR as an attempt to enhance their firm competitiveness. This shows that the effort to promote and practice CSR is not only the agenda for large corporations, but also SMEs. One of the projects funded by this program is ‘CSR and Competitiveness: European SMEs good practice’. This program emphasized the analysis of the vital linkage between SMEs competitiveness and their corresponding CSR activities. The review uncover that European SMEs’ good practice underlines nine components of internal CSR namely; working conditions such as health and safety at work, work-life balance, job satisfaction, equality and diversity, staff development and training such as career planning, communication/ information of employees, involvement in organisation decisions, fair remuneration and financial support for employees. This make is very relevant to study the implementation and
practices of internal CSR in SMEs. The rising importance of internal CSR is also notable in many academic researches such as Brammer, Millington, and Rayton (2007); Vives (2006); Welford (2005); Longo, Mura, and Bonoli (2005) and Spiller (2000). These internal CSR related studies have led to an increased interest in business concern. The core concern of internal CSR are workers’ health and well-being, workers training and involvement in business, equality of opportunities, work-family relationship of workers, and some corporate governance practices pertaining the independent audits, internal control of corruption practices (Vives, 2006). However, these are not observed in the Asian countries until early 2000s.

Bursa Malaysia (2006) in similar context, has developed a CSR Framework for listed companies. Even though this framework functions on a voluntary basis, it enable companies to better understand and implement CSR into their businesses, and also to encourage companies to publish their CSR reports. The four dimensions highlighted in the CSR Framework are marketplace, workplace, environment and community. In order to enhance the understanding and encourage the participation of companies in internal CSR, Bursa Malaysia further select eight key dimensions for this purpose. There are employee involvement, workplace diversity, gender issues, quality of life, labor rights, human rights, health and safety; and human capital development. With reference to past research and findings on internal CSR descriptions (Refer to Appendix D), present study adopted Turker (2009a, 2009b) definition of internal CSR.
According to Turker (2009a), internal CSR activities are activities directly relate to the employees’ physical and psychological working environment. Present research adopted only six dimensions of internal CSR practices, namely employee involvement in voluntarily activities, career opportunity, employees’ needs and wants, family and work life balance, organisational justice and equality, training and education. These dimension was carefully selected based on many reasons. Firstly, past academic research used various number of internal CSR dimensions, for example, Spiller (2000) used ten dimensions while others employed nine dimensions such as in Papasolomou-Doukakis, Krambia-Kapardis, and Katsioloudes (2005), Turker (2009a, 2009b) measured internal CSR with eight dimensions, Welford (2005), Castka, Balzarova, and Bamber (2004); and Kok, VanDer, McKenna and Brown (2001) used six dimensions. Vives (2006) and Longo, Mura, and Bonoli (2005) used four dimensions but Brammer, Millington, and Rayton (2007) used two dimensions only. Current research selected only six dimensions as these six dimensions are the fundamental dimensions commonly used in past studies. Secondly, the analyses of all the internal CSR dimensions and their measurements in previous studies shown incidence of overlapping among some of the dimensions. One example of overlaps is the dimension of work-life balance. This dimension was labelled as worker’s well-being, satisfaction and quality of work (Longo, Mura, & Bonoli, 2005), satisfying work (Spiller, 2005), work-family relationship (Vives, 2006), assisting employees to achieve a balance between their personal and professional lives (Lindgreen, Swaen, & Johnston, 2009) and quality of life (Bursa Malaysia, 2006). These overlaps between independent variables are repetitive and may cause some problems in the data analysis specifically in factor
analysis and multiple regression analysis. These overlaps between the independent variables may cause high correlation (and multicollinearity) between them, which will further aggravate the issue of shared variance among independent variables. Hair, Black, Babin, Anderson, and Tatham (2006) explained that the issue of multicollinearity could damper the results of the multivariate analysis such as non-significance of certain variables and negative standardized coefficient. Thirdly, past studies (e.g., HSBC, 2008; Scotia Bank, 2008; Bank of China, 2008; Bank of America, 2005) conducted in financial industry, i.e., a heavily regulated industry, revealed that these six dimensions are the most commonly used measured in CSR disclosure presented in annual reports. Fourthly, Bursa Malaysia (2006) studies concerning CSR has eight key dimensions for internal CSR, namely employee involvement, workplace diversity, gender issues, human capital development, quality of life, labour rights, human rights, safety and health, which has some overlapping. The six internal CSR dimensions selected for investigation in present research have been utilized by these past researchers to study employee related CSR practices. For these listed reasons, these six dimensions are deemed suitable to investigate the influence of internal CSR practices towards employees.

2.7.1 Organisational Commitment

Many literatures reveal that specific employees’ attitudes and behaviour such as organisational commitment and job satisfaction are of major interest in the field of organisational behaviour and human resource management. Despite being a heavily researched area, organisational commitment and job satisfaction are still continuously given attention to. In contemporary management,
employees’ attitudes are likely to get more complicated than it had been specified previously.

Organisational commitment is construed as the psychological attachment an individual feel for the organisation (O’Reilly & Chatman, 1986) and often referred to as a person’s affective reaction to characteristics of the organisation he/ she attached to (Cook & Wall, 1980). Commitment will encourage discretionary behaviours that will result in positive goal outcomes and hence reinforce employee commitment to the organisation. Past studies also revealed that an organisation’s CSR practices would actually have a significant positive influence on its employees’ organisational commitment (Brammer, Millington, & Rayton, 2007).

Among others, the most widely used model in the studies of organisation commitment is the three-component model developed by Allen Meyer (1996). Allen and Meyer (1996) stated that organisational commitment is a psychology cognition between the employee and his or her organisation that impact their likelihood to voluntarily stay or leave the organisation. In an organisation context, there are three commonly recognized types of organisational commitment. Affective commitment is an emotional commitment, i.e., employees stay at their job because they want to stay. In continuance commitment, employees stay at an organisation because it would cost them more to leave it, which means employees stay because they must stay. In normative commitment, employees remain a part their organisation, which is accordance to one’s belief that he or she should continue to stay with the organisation because
of personal norms or social pressure. Normative commitment is also interpreted as when an employee switching job frequently, it may be seen as negative by a recruiter and potential employer.

Allen and Meyer (1990) mentioned that although these three approaches of organisational commitment is commonly link between the employee and organisation that decreases the likelihood of turnover, it is clear that the nature of that link differs. Employees with strong affective commitment remain because they want to, those with strong continuance commitment because they need to, and those with strong normative commitment because they feel they ought to stay. In view of that, an employee who has strong emotional attachment to the organisation, which is displayed through high level of affective commitment will stay. Employees with strong continuance commitment will also stay with the organisation out of self-interest. As for normative commitment, it will depend on the prior attitudes and values of employees before joining the organisation and thus it would not be significantly impacted by the organisation nor the human resource practices in the organisation. Previous research suggests that the effect of normative commitment may be constrained to certain circumstances and may not be as explicit as that of affective or continuance commitment specifically in a situation involving business relationship (Fu, Bolander & Jones, 2009; Tett & Meyer, 1993).

The review of literature provides a sufficient theoretical understanding to expect a link between internal CSR practices and organisational commitment. The purpose of this research is to gain insights of entrepreneurial orientation on
internal CSR practices in SMEs toward employees’ attitudes and behaviours. This research adopted Allen and Meyer (1990)’s model on organisational commitment by employing one dimension only, i.e., affective commitment. Affective commitment has been construed as crucial determinant of employees’ dedication and loyalty towards the organisation (Ditlev-Simonsen, 2015), which is also significantly related to employees’ absenteeism, and turnover. In this vein, affective commitment matches the objective of present research to gauge the impact of organisational commitment on employees’ attitude through the lens of entrepreneurial orientation and internal CSR practices. Affective commitment is a measureable parameter in assessing employees’ identification with the organisation that facilitate his or her intention to stay or leave the organisation. In fact, it is the organisational variables rather than employee characteristics that predict employees’ organisational commitment, and it is the ‘employee-centred’ organisational factors that accord to the objective of present research. The measurement scales adopted from Allen and Meyer for organisational commitment is appended in Appendix E.

2.7.2 Job Satisfaction

Job satisfaction is a positive emotional state and favourable attitude based on one’s job appraisal. Locke’s (1976) definition of job satisfaction is the widely-used research definition. According to Locke (1976), job satisfaction is positive emotional attitude whereby individual enjoys his or her job experiences. The implication of Locke’s definition is the importance of the linkages among emotion, affection, cognition, and thinking.
Subsequently, Locke and Lathan (1976) gave a thorough definition of job satisfaction as pleasurable and positive emotional attitude resulting from the appraisal of ones’ job or job experience. Job satisfaction is a result of employees’ perception of how well their job provides those elements that are seen to be important. Job satisfaction is an emotional response to a job situation. Therefore, it cannot be seen, it can only be inferred (Luthan, 1998). Nevertheless, in the context of Social Exchange Theory, job satisfaction can be deduced from the reciprocity between employee and their organisation. Social Exchange Theory contends that an employee views conducive working conditions as a ‘gift’ from the organisation and they respond to this ‘gift’ through increased effort, even if there is absence of direct monetary incentive on the effort. In this regard, Organ (1988) mentioned that on job satisfaction is capable in promoting organisational citizenship behaviour. He explained that an employee will work the extra miles and goes beyond the job formal requirements to internalize the organisation’s objective function as his or her own when job satisfaction is achieved. Thus, job satisfaction benefited employees by increasing intrinsic motivation and; organisations by enhanced organisational commitment. Adding on, past research reveals many benefits of keeping employees satisfied with their job, and those benefits among others are low employee absenteeism, high job performance, high employee retention and customer satisfaction (Yurchisin & Park, 2010; Homburg & Stock, 2004; Gordon & Denisi, 1995, Tett & Meyer, 1993). It was observed that the critical role of job satisfaction is also emphasized particularly in the service industry where customer–employee contact is crucial and the interaction quality has a significant impact on the customer's experience and perceptions of the organisation (Leiter, Harvie, & Erizzell, 1998; Kivimaki &
Kalimo, 1994). Hence, many proactive organisations maintain a system that is
designed to increase employees’ job satisfaction and retention. As such, job
satisfaction is one of the variables of interest in the present research.

Brayfield and Rothe (1951) highlighted that job satisfaction could be
inferred from the individual’s attitude toward his or her work. Brayfield and
Rothe (1951) five items measure for job satisfaction which is most commonly
used with high reliability and validity are adopted in present research. The
measurement scales used is found in Appendix E.

2.7.3 Turnover Intention

Griffeth, Peter, and Stefan Gaertner (2000) examined variables that
influence employee turnover and revealed the cost of replacing an employee can
be as high as 200% of his or her salary. This replacement cost are classified into
direct and indirect cost. Some direct costs include recruitment, training, and
development while indirect costs arising from new employees’ unfamiliarity
with the system in place (e.g., making mistakes due to lack of knowledge in the
current system), which prohibits the organisation from achieving operational
efficiency. In consequence, keeping employees’ turnover rate low is one of the
aims of any organisations’ strategic goals not only for the purpose of cost saving
but also from the job performance and quality control perspective.

Turnover is the rotation of workers around the labour market; between
firms, jobs and even occupations; and between the states of employment and
unemployment (Abassi & Hollman, 2000). This workforce activity is divided
into two categories, voluntary and involuntary. Involuntary turnover refers to the dismissal of employees, whereas voluntary turnover occurs when employees resign. Voluntary turnover leads to employees migrating to competing firms and creating more critical situation, since this knowledge can now be used against the organisation. Voluntary turnover is the most common, most costly and most damaging to an organisation, yet it is also the most avoidable (Price, 1977). Voluntary turnover has in fact been exacerbating over the past decade, as recent studies have shown that employees on average switch employers every six years (Kransdorff, 1996).

Turnover intention usually happens before voluntary turnover. Turnover intention is recognised as the cognitive process of thinking of quitting, planning on leaving, and the desire to leave the job; it is the strongest predictor of voluntary turnover (Barak, Nissly, & Levin, 2001; Kiyak, Namazi, & Kahana, 1997; Mobley, Griffeth, Hand, & Meglino, 1979). Mobley (1977) pioneered a comprehensive explanation of the psychological process leading to withdrawal. According to Mobley (1977), individuals first evaluate their existing jobs, and experience satisfaction or dissatisfaction based on their jobs. If dissatisfaction is experienced, then it produces the thoughts about quitting, i.e. the intention to leave.

The present research observes the understanding of voluntary turnover which occurs after turnover intention. Henceforth, employees’ turnover intention is defined as a conscious and purposeful willingness to leave the organisation (Tett & Meyer, 1993). Organisations frequently wanted to avoid this condition
because of high costs involved. However, even though intention to leave does not necessarily mean the actual behaviour, past research reports that turnover intention is the strongest predictor of the turnover behaviour in comparison to other cognitive and affective antecedents such as satisfaction and commitment (Tett & Meyer, 1993).

Past studies have shown that CSR have a positive effect on the retention of employees. It was reported that an employee feels connected to the firm’s CSR activities when an organisation is practising social responsibility. These activities meet the employees’ need for belonging and contributing to society (Rupp, Ganapathi, Aguilera, & Williams, 2006). Current research attempts to add on to the domain of knowledge by exploring the impact of internal CSR towards employees. Researcher expects that when the employees’ well-being are taken care of and their need are fulfilled through the implementation of internal CSR, their turnover intention will reduce substantially. Present research undertakes to study the impact of internal CSR practices on SMEs employees’ turnover intention through the indirect effect from employees’ attitude and behaviour. Since Mobley (1977) pioneered the comprehensive explanation turnover intention, his turnover intention measurement scales are employed in present research as exhibited in Appendix E.

2.7.4 Perceived Ease of Movement

Demirtas and Akdogan (2015) highlighted that there are number of potential mediating and moderating factors between dissatisfaction and actual quitting of an employee. One of the possible influencing factor before the actual
turnover is the labour market. Most will agree that labour market conditions has some impacts on turnover, even though it is not a direct impact. That is, instead of the labour market acts directly through a psychological process as predicated; it may act directly on the behaviour itself. For instance, assuming that an individual intends to leave a job, he or she would only quit when another job is offered. The availability of alternative job will over sight the behaviour in concert with intention. An individual might well intend to leave the organisation the soonest possible when an alternative job is offered, instead of believing that one could find it after leaving the organisation. This explains that when the economy condition is promising and plenty of opportunities in the job market, chances of finding alternative employment is high and turnover is possible. Similarly, Muchinsky and Morrow (1980) debated that during the opening of the Economic Opportunity valve, i.e., alternative means of employment are readily available, the linkages between individual factors and turnover are stronger than the time when the valve is closed. Besides, many past research (e.g., Hulin, Roznowski, & Hachiya, 1985; March & Simon, 1958; Mobley, 1977) shown that the perception of alternative jobs exist is an important antecedent of employees’ turnover. This is also highlighted in both economic and psychological literatures which suggests a main effect of general labour market conditions for turnover. The hypothesized relations between individual factors, such as job satisfaction and general labour market conditions are also available in the psychological literature based on numerous empirical data. Conversely, the role of perceived ease of movement remain ambiguous due to limited study has included measures of perceived role of movement and general labour market conditions.
In fact, there is little doubt on the interaction between general labour market conditions and turnover intention. Various terminology was used in the past research to describe the situations, such as perceived ease of movement, perceived alternative employment (Michaels & Spector, 1982), alternative job opportunities (Gerhart, 1989), perceived state of the labour market (Nauta, Vianen, Heijden, Dam, & Willemsen, 2009). Mobley (1982) clarified that employees’ perceived ease of movement is link to the availability and visibility of jobs in the labour market for which they are qualified. Mobley, Griffeth, Hand, and Meglino, (1979) explained that the issues of alternatives by noting as it is not merely the visibility of alternatives but the attraction of alternatives that are most salient.

World Economic Outlook (WEO) of International Monetary Fund (IMF) (2015) pointed out that the global economy outlook is not very optimistic despite global growth remains moderate in 2015. This is due to the uneven prospects across the main countries and regions. WEO projected that the advanced economies is improving while growth in emerging market and developing economies is forecasted to be lower in year 2015, mainly reflecting weaker prospects for some large emerging market economies and oil-exporting countries. With the status of global economy posited here, it becomes more meaningful to capture this variable in the present research which the ultimate objective is to look into employees’ turnover. Therefore, current research adopted Mobley’s (1982) description for perceived ease of movement as it is consistent with the turnover intention model adopted in earlier section of the research. Indeed, Mobley’s theory was recognised as a contribution in adding
perceived ease of movement and intention to leave variables (withdrawal intention) preceding to turnover. The measurement scale for perceived ease of movement is presented in Appendix E.

2.8 Proposed Research Model

The preceding sections discussed the literatures of entrepreneurial orientation (EO), internal CSR practices, employees’ attitudes and behaviours. The literature reviews point out there is a dearth of research examining EO on the human resource practices and internal CSR practices in SMEs. Spence (2016) added the discussion of corporate social responsibility is getting wider acceptance and relevance in the small firm context. Thus, it is deem timely to examine EO in Malaysian SMEs and how it affects the implementation of internal CSR practices and in turn, impacts employees’ turnover intention in SMEs. The present research aims to provide an integrative model by adopting a number of theories. Resource-Based View is used to explain the possibility of EO and employee as a competitive advantage in the context of SMEs which often challenged by resource poverty. Stakeholder Theory is examined to expound the influence of internal CSR practices on employees, which in turn reciprocate through Social Exchange Theory to enhance employees’ attitude and behaviour that reduce turnover intention. Figure 2.5 shows the conceptual framework of present research.
Adopting Lumpkin and Dess (1996) definition of Entrepreneurial Orientation (EO), it is the decision-making styles, processes and methods that determine a firm's entrepreneurial undertakings. It has also been construed as a form of strategic orientation of the enterprise (Wiklund & Shepherd, 2003, 2005). In this context, EO relates to the orientation adopted by SMEs owner/manager to make strategic plans and decisions in term of enterprises human resource practices. By employing Turker’s (2009a) internal CSR definition, it relates any CSR activities to physical and psychological working environment of employees. These practices include employee involvement in voluntarily activities, career opportunity, employees’ needs and wants, family and work life balance, organisational justice and equality, training and education. Based on a SME’s EO, the owner/manager makes plans and decisions on its human resource practices and the possibility of the presence of internal CSR practices.

The discussion of EO and internal CSR practices are based on the Resource-Based View, due to the uniqueness resource of SMEs posited. Capturing Stakeholder Theory, there are basic CSR issues that all SMEs have a
responsibility for, amongst them are the creation of a respectable working environment where diversity is encouraged, the fair distribution of wealth in a community, and the protection of the environment. This research capitalises on Social Exchange Theory to explain and analyse the reciprocity impact of internal CSR practices which is closely relates to employees’ well-being. The present research undertakes to examine how internal CSR practices affect employees’ attitude and behaviour through their organisational commitment, job satisfaction, along with their turnover intention.

Figure 2.6 specifies each element of the conceptual framework in detail by stating the constructs as well as mediating and moderating variables for the proposed research model. The proposed research model exhibits numerous structural equations with constructs interpreted as exogenous and endogenous latent variables simultaneously in different paths. The proposed hypotheses are inserted in the proposed research model.
Figure 2.6: Proposed research model
Based on literature reviews highlighted in previous section, Lumpkin and Dess (1996) definition of Entrepreneurial Orientation (EO) is categorized as autonomy, competitive aggressiveness, proactiveness, innovativeness and risk-taking, each of which can vary independently. These are translated into five dimensions used to measure EO. EO is a complex multidimensional construct which requires to be operationalized at higher levels of abstraction. This is called the Higher-order models or hierarchical component models (HCM) in PLS-SEM. In the analysis, EO is represented by numerous first-order components that capture separate attributes of EO. The first-order components form the more abstract second-order component of EO. Similar approach was employed by Moreno and Casillas (2008) in their research of the causal model between EO and SMEs Growth. The proposed research model illustrates EO as the exogenous latent variable that serve only as an independent variable to Internal CSR practices in the structural model. In this context, internal CSR practices is the endogenous variable.

Hair, Hult, Ringle and Sarstedt (2016) explained that latent variables serve as both independent and dependent variables, they are called endogenous latent variable. Hence, Internal CSR is the endogenous variable with arrows going into (EO to Internal CSR) and out from it (Internal CSR to OC). Organisational commitment is also an endogenous variable in the research model, with Internal CSR’s arrow pointing into it and its’ arrow coming out pointing to Turnover intention. Turnover intention serves as a dependent variable and is modelled as the respondent’s overall intention to leave the organisation on a single construct layer. Turnover intention is another endogenous variable of the structural model.
Turnover intention is thereby the ultimate outcome of EO, Internal CSR and employees’ attitudes based on employees’ perception as specified in the earlier discussion.

There are two mediators hypothesized in the proposed research model, namely Perceived role of ethics and social responsibility (PRESOR) as well as Job satisfaction. PRESOR is hypothesized to mediate the relationship between EO and internal CSR practices, while Job satisfaction is hypothesized to mediate the relationship between Internal CSR practices and Organisational commitment. The researcher is interested to examine how the employees’ perception toward PRESOR could influence their view on the implementation of Internal CSR in their organisations. As Job satisfaction and Organisational commitment are common researchable variables in organisational behaviour study as discussed in earlier sections, present research is interested to investigate how Job satisfaction will absorb the effect of Internal CSR practices as the exogenous variable on Organisational commitment as the endogenous variable.

The proposed research model also add on with the moderating effect of Perceived ease of movement (PEM) in order to complement the present research with holistic view of employees’ turnover intention. The researcher is keen to investigate the precedence of turnover intention whether PEM has influenced employees’ intention/ decision.

Hence, the present research aim to achieve its research objectives by operationalised the proposed research model to understand the relationships
among EO, Internal CSR practices, Organisational commitment, Turnover intention and capturing the mediating effects of PRESOR and Job satisfaction, together with the moderating effects of PEM in the context of Malaysia SMEs.

2.9 Independent Variables, Dependent Variables, Mediators, and Moderator

Generally, in social science research, there are independent variables and dependent variables. At times, social research also involves mediators and moderators. According to Babbie (2010), independent variable (IV) is a variable to presume to cause or determine a dependent variable (DV), while dependent variable is a variable assumed to depend on or be caused by another, i.e. independent variable. Hair, Black, Babin and Anderson (2010) explained that mediator is a third variable or construct that intervening between two other related constructs. Mediator variable is a variable that describes how the effects will occur by accounting for the relationship between the IV and DV (Baron & Kenny, 1986). Cooper and Schindler (2010) defined moderating variable as second independent variable which assumed to have a significant contributory or contingent effect on the originally stated IV-DV relationship. Moderating effects are evoked by variables whereby the variation influences the strength or the direction of a relationship of an exogenous and an endogenous variable. Table 2.6 provides the summary of constructs used in present research with its’ source and justification.
Table 2.6: Summary of Constructs Detail Adopted in Present Research

<table>
<thead>
<tr>
<th>Construct</th>
<th>Type of Variable</th>
<th>Source</th>
<th>Justification</th>
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<tr>
<td>Entrepreneurial Orientation (EO)</td>
<td>Independent Variable to Internal CSR</td>
<td>Lumpkin and Dess (1996)</td>
<td>It represents the means for a firm (Lumpkin, 2011) and not individual uniqueness. Entrepreneurship is an overall strategic posture, an attribute of firms to the sustainment of firm viability (Nelson &amp; Winter, 1982). In fast paced economy, EO has proven to be a useful construct for the purposes of understanding why and how some firms are able to regularly renew themselves via new growth trajectories while others are not (Morris, Kuratko, &amp; Covin, 2011). EO is firm-level entrepreneurship that exists as a continuous variable represented. Entrepreneurship observed in practice vary from one firm to another, EO makes meaningful comparisons of entrepreneurship levels across firms. EO is specific entrepreneurship act, represented by behaviours shared by any firm that had been theoretical proven (Covin &amp; Lumpkin, 2011).</td>
</tr>
<tr>
<td>Internal CSR practices</td>
<td>Dependent variable of EO; Endogenous variable</td>
<td>Turker (2009a, 2009b)</td>
<td>Past research, such as Spiller (2000) used 10 dimensions while 9 dimensions in Papasolomou-Doukakis, Krambia-Kapardis, and Katsioloudes (2005), Welford (2005), Castka, Balzarova, and Bamber (2004); and Vives (2006) and Longo, Mura, and Bonoli (2005) used 4 dimensions, etc. There are overlaps. These overlaps may</td>
</tr>
</tbody>
</table>
lead to multicollinearity in analysis.

A study from financial industry which is heavily regulated used 6 dimensions in their CSR disclosure reports.

Bursa Malaysia (2006) used 8 dimensions in public listed company.

<table>
<thead>
<tr>
<th>Organisational Commitment (OC)</th>
<th>Dependent Variable to Internal CSR; Endogenous variable</th>
<th>Allen &amp; Meyer (1990)</th>
<th>Most widely used model in the studies of OC in the field of organisational behaviour.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Independent variable to Turnover intention; Exogenous variable</td>
<td>Affective Commitment</td>
<td>The nature of the 3 OC approaches differ from one another. Affective commitment explains that employees stay in an organisation because they want to (Allen &amp; Meyer, 1996).</td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>Dependent Variable to OC; Exogenous variable</td>
<td>Mobley, Griffeth, Hand &amp; Meglino (1979)</td>
<td>A comprehensive model that considers organisational, individual, and economic-labour market determinants of turnover decision process.</td>
</tr>
<tr>
<td>Perceived Role of Ethics and Social Responsibility</td>
<td>Mediator between EO and Internal CSR practices; Exogenous variable</td>
<td>Singhapakdi, Vitell, Rallapalli &amp; Kraft (1996)</td>
<td>A pragmatic construct to assess whether employees and managers perceive that ethics and social responsibility to be vigorous to organisational effectiveness.</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>Mediator between</td>
<td>Brayfield &amp; Rother (1951)</td>
<td>Under the stakeholder view to recognize the importance of CSR to organisational survival and success beyond merely profit.</td>
</tr>
</tbody>
</table>

Most commonly used measure in the studies of organisational behaviour with
2.10 Research Hypotheses

The proposed hypotheses are depicted in proposed research model Figure 2.6. The proposed research model illustrates the relationships between independent, dependent, mediating and moderating variables of the present research. This section considers the operationalisation of the constructs and hypotheses formulation.

Entrepreneurial Orientation (EO) is regarded as the strategic means of enterprises in decision making and process that form the enterprise’s entrepreneurial activities. EO entails of five dimensions, namely autonomy, competitive aggressiveness, innovativeness, proactiveness and risk taking. These five dimensions are integrated in present research. Internal CSR practices are activities that are directly relate to the physical and psychological working
environment of employees. Internal CSR practices are the human resource management practices within the organisation internal strategy in respect of employees. The present research undertakes to comprehend the relationship between EO and the implementation of internal CSR practices in the SMEs. This research proposes the following hypothesis of EO to internal CSR practices:

**Hypothesis 1: There is a positive relationship between EO and internal CSR practices.**

The presence of internal CSR is due to the evolution and extension of CSR which in past focused heavily on the external stakeholder. The development of CSR has brought the focus on internal stakeholder, i.e., employees, as per the description of Stakeholder Theory. Internal CSR practices generally look into the well-being of the employees. Social Exchange Theory clearly explains that there is a norm of reciprocity between organisation and employees (Gouldner, 1960). Series of reciprocation translates to stronger social relationship when employees value beneficial treatment from organisation, while organisation seek dedication and commitment from employees (Coyle-Shapiro & Shore, 2007). Organisational commitment is the feeling of obligation at work that unconsciously compel employees to repay valuable treatment received from organisation (Eisenberger, Armeli, Rexwinkel, Lynch & Rhoades, 2001). In this case, the implementation of internal CSR practices in the organisation is presented as favourable human resource management practices to employees and, in turn, employees are more committed to the organisation. This high commitment is regarded as affective commitment based on Allen and Meyer (1996) definition because employees remain in the organisation due to their own
willingness and want to stay. In fact, Mishra and Suar (2010) explained that human resource practices that cover compensation policy, working environments, and elimination of forced/child labour, construed as firm’s internal CSR practices. Park and Ghauri (2015) added on that firms that able to satisfy employees could increase their job commitment, and improve financial and non-financial performance. Therefore, the following hypothesis is formed:

**Hypothesis 2**: There is a **positive relationship between Internal CSR practices and organisational commitment**.

Past literatures and earlier discussion have pointed out the positive consequences of highly committed and highly satisfied employees, such as low employee absenteeism, enhanced job performance, increased customer satisfaction and high employee retention (Yurchisin & Park, 2010; Homburg & Stock, 2004). The present research aims to examine whether if highly committed employees and/or highly satisfied employees as a result of internal CSR practices could reduce employees’ turnover intention. The organisational commitment measures herein is affective commitment. It is widely acknowledged that employees’ turnover is a norm of any organisation yet it is also a call for concern in the discussion of organisation sustainability. As such, the following hypothesis is developed:

**Hypothesis 3**: There is a **negative relationship between organisational commitment and turnover intention**.

Bursa Malaysia provides four focal area of CSR, which are the environment, marketplace, workplace and community. In order to gain an
integral approach for present research, it will be of interest to understand employees’ perception of the role of ethics and social responsibility. Despite the importance of CSR, employees’ perception of the role of ethics and social responsibility has been scarcely dealt with. Singhapakdi, Vitell, Rallapalli and Kraft (1996) argued that one of the key determinants of organisational effectiveness, as to whether or not an ethical issue in a given situation as well as a determinant of variables such as deontological norms and importance of stakeholders is perceived role of ethics and social responsibility. In this case, the employees’ perception to the importance of role of ethics and social responsibility will intervene with the implementation of internal CSR practices. If the employees perceived the role of ethics and social responsibility is crucial, they will intercede the implementation of internal CSR practices from their owner/ manager and intervene with their work commitment toward the organisations. Therefore, the following hypothesis is formulated:

**Hypothesis 4 : Perceived Role of Ethics and Social Responsibility mediates the relationship between EO and internal CSR practices.**

Job satisfaction is defined as a pleasure or positive emotional state due to the appraisal of one’s job or positive experiences (Locke, 1976). Job satisfaction is also considered as a result of employees’ perception of how well their job provides those things that are seen to be important to them. As such, job satisfaction is an emotional response to a job situation. Social Exchange Theory explains that employees view pleasurable working condition as a ‘gift’ from the organisation and they responds to it by putting in more effort. In this context, internal CSR practices are taken as the gift for the employees which create the
pleasurable emotional state of the employees. Furthermore, Zhu, Yin, Liu, and Lai (2014) demonstrated that lower job satisfaction could damage employee commitment and lead to negative outcomes in firm performance. This lead to the formation of the following hypothesis:

**Hypothesis 5 : Job satisfaction mediates the relationship between internal CSR practices and Organisational commitment.**

All forms of business organisations are subjected to economic fluctuation while all employees are vulnerable to business cycles. In view of economy situation is an inevitable norm, it will be meaningful to capture the labour market condition when investigating employees’ turnover intention. Labour market condition acts directly through a psychological process in employees’ turnover intention. If an employee plans to leave his or her current job, most likely he or she will do so only after an alternative job is found. Therefore, perceived ease of movement could potentially influence the relations between employee’s commitment and turnover intention as a result of internal CSR implementation explained through Social Exchange Theory. As such, this research put forth the following hypothesis:

**Hypothesis 6 : Perceived ease of movement moderates the relationship between Organisational Commitment and Turnover Intention.**

Considering the explanatory and exploratory nature of present research, the above formulated hypotheses are to be tested using Partial Least Squares (PLS). PLS is regarded as the second generation statistical structural equation modeling (SEM) variance-based modeling technique.
2.11 Chapter Conclusion

The primary objective of this chapter was to present the extensive literature reviews in relation to constructs selected in present research that are based on theories, to develop the proposed research model and formulate the respective hypotheses. The contextual background of the research was presented in the early part of this chapter. Several empirical studies supporting these hypotheses were discussed. Respective summaries of definition, evolution of CSR and internal CSR together with the justification of constructs adapted were presented. The subsequent chapter will look into the research design and methodology that are being used to test the formulated hypotheses in order to accomplish the objectives of present research.
CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The earlier chapter studied and synthesized exhaustive list of literatures to make inferences of past studies in relation to current research by proposing a research framework and hypotheses. This chapter proceeds by describing the research philosophy paradigm, justifying the research design and explaining the research methodology employed to answer research questions set forth in Chapter 1 based on in-depth literatures review highlighted in Chapter 2. The last section of this chapter provides an overview of the data analysis process by using Partial Least Squares Structural Equation Modeling (PLS-SEM).

3.2 Research Paradigm and Research Philosophy

Guba and Lincoln (1994) defined paradigm as the elementary belief systems or worldwide view that guides investigations, which aids researchers to reflect their primary assumptions relating to the world and the foundation of knowledge. Research philosophy is a comprehensive concept that details the development of knowledge and the nature of that knowledge. Holden and Lynch (2004) explained that research philosophy is a belief about the way in which data of a phenomenon should be gathered, analysed, interpreted and used. There are two main ways of examining research philosophy namely epistemology and ontology as highlighted by Burrell and Morgan (1979) in their book titled
Sociological Paradigms and Organisational Analysis. Therefore, research paradigm and research philosophy act as a guide and belief system to plan for the research methodology process.

According to Pollock and Cruz (1999), epistemology is a stream of philosophy that studies knowledge whereas Goldman (1999) interpreted epistemology as the theory of knowledge. Epistemology considers what it takes to be acceptable knowledge, i.e., the nature of knowledge and principles and procedures governing that knowledge (Bryman, 2012). It is crucial to delineate the epistemological paradigm of a study because it denotes the philosophical basis of knowledge that the particular research is searching for, and in response to the research questions.

The two dominant epistemological assumptions in social research are positivism and interpretivism (Corbetta, 2003). Positivism indicates the philosophical stance whereby the world is external to a researcher and contain phenomena that allow observations (Corbetta, 2003). From the perspective of a natural scientist, the researcher develops theories in order to explain an observed social reality and thereon produce law-like generalisations (Blaikie, 2007). The objective of this vigorous methodology is to measure various components of a phenomenon to make comparisons in their relative occurrence, and thereby become a subject for replication (Gill & Johnson, 2005). This implies that positivistic approach is an outsider’s point of view (Remenyi, Money, & Swartz, 1998) that looking for generalisations and regularities between components in the social world (Burrell & Morgan, 1979). Meanwhile, proponents of
interpretivism (Blaikie, 2007) contended that social reality is being determined objectively, but it is being socially constructed (Husserl, 1969). As such, the statistical trends uncovered in the positivistic paradigm are deemed incomprehensible on their own. In regard of interpretivism, Corbetta (2003) explained that it concerns of placing people in their own social contexts by understanding the causative relationships via individual interaction and interpretation. Therefore, interpretivism offers researcher with in-depth contextual information of a particular social phenomenon (Myers, 1997) and is related to the distinctiveness of a specific situation by highlighting the significance of qualitative data (Kaplan & Maxwell, 1994). Despite the claim of interpretivism’s ability in providing rich information and in-depth qualitative data, its’ results are frequently being criticised for a lack of reliability, validity and generalisability (Creswell, 2009). This shows that each domain has its own advantages and disadvantages.

Ontology concerns about the nature of reality. The key point is to examine whether the social entities can be construed as objective entities that have a reality external to social actors or whether this reality is built up from the perceptions and actions of social actors between them. The ontological assumption consists of two major perspectives; namely realism and constructivism. Reality is understood from the appropriate use of methods. Critical realists often able to agree with no theory-neutral observation or purely interpretation (Danemark, 2002). Reality is influenced and has an influence on behaviours. A person’s pre-existing ideas and knowledge could influence reality. The observer uses his or her senses and knowledge to observe, describe,
interpret, understand and conform this reality. Eventually, this will allow the observer to act appropriately. Critical realists also believe that a causal efficacy attribute to the reality of an entity. An entity has an impact on behaviour, and capable of making a difference (Fleetwood, 2005). Fleetwood (2005) mentioned that critical realism paradigm is an entity that presence independently of our knowledge (Fleetwood, 2005). On the other hand, constructivists consider theory as a generation of action instead of a formalisation of underlying reality (Mir & Watson, 2001). In this perspective, constructivists contended that reality is being constructed socially (Guba & Lincoln, 1994). Mir and Watson (2001) summarised the key differences between realism and constructivism in five aspects as shown in Table 3.1.

Table 3.1: Comparison of Realism and Constructivism

<table>
<thead>
<tr>
<th>Comparison Criteria</th>
<th>Realism</th>
<th>Constructivism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observed reality description</td>
<td>Partial but immutable</td>
<td>Socially constructed</td>
</tr>
<tr>
<td>Role of manager</td>
<td>Reactor, information processor.</td>
<td>Actor, generator of contexts.</td>
</tr>
<tr>
<td>Nature of strategic choice</td>
<td>Rational, response to contingencies.</td>
<td>Ideological actions of sub-organisational interest groups.</td>
</tr>
<tr>
<td>Identity of organisation</td>
<td>Overt, singular.</td>
<td>Multiple, fragmented.</td>
</tr>
<tr>
<td>Measurement theories</td>
<td>Replication as key to accuracy.</td>
<td>Context is regarded as the key to perspective.</td>
</tr>
</tbody>
</table>

Source: Mir and Watson (2001)

Subsequent to the outlines of epistemology and ontology assumptions, the researcher’s research philosophy for the present research are summarised in Table 3.2.
Table 3.2: Epistemological and Ontology Basis for Present Research

<table>
<thead>
<tr>
<th>Research Philosophy</th>
<th>Application to Present Research</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Principles of Epistemology</strong></td>
<td></td>
</tr>
<tr>
<td>The world is deemed as external to the researcher and it consists of phenomena that allow observations.</td>
<td>The determinants and impacts of internal CSR practices are regarded as observable external realities.</td>
</tr>
<tr>
<td>Looking for regularities and causative relationships between elements of the phenomenon being studied.</td>
<td>This research endeavours to understand the relationships of the antecedents and consequences of internal CSR practices.</td>
</tr>
<tr>
<td>The process of making sense on what is happening can and should involve a search for causation and fundamental laws.</td>
<td>The research is developed based on existing theories as the start-up point to investigate the constructs in SMEs context.</td>
</tr>
<tr>
<td><strong>The Principles of Ontology</strong></td>
<td></td>
</tr>
<tr>
<td>Reality entails social phenomena that can be implied (Danemark, 2002).</td>
<td>Examining internal CSR practices in SMEs relates to the study of cause-effect relationships and trying to understand the phenomenon as a whole.</td>
</tr>
<tr>
<td>Theory has an influence on behaviours and causes a difference (Fleetwood, 2005)</td>
<td>Studying the relevant theories in stakeholder management could provide some inferences on both the employees and SME.</td>
</tr>
<tr>
<td>An entity presence independently from our knowledge (Bhaskar, 1978; Patomaki &amp; Wight, 2000).</td>
<td>Internal CSR practices is argued to represent a possible underlying strategic human resource practice in organisational performance and sustainability even though it has yet to be conceptualized or theoretically known in the studies of organisational behaviour.</td>
</tr>
</tbody>
</table>

Source: Developed for this research

Present research is based on the principles of positivism as illustrated in Table 3.2. Epistemology is the social reality based on how a researcher considers the nature, while ontology is a form of social reality. In current research, internal CSR practices presented as an external reality that presence in a social domain. This social domain composed of different realities, law and offers. The reality covers entrepreneurial orientation (EO), employees’ attitude
and behaviour in the context of Malaysian SMEs. The list of realities are seen as the drivers and consequences of the main phenomena under research, i.e., internal CSR practices. This research endeavours to understand the relationships between the antecedents and consequences of internal CSR practices. In short, the underlying ontological assumption in this research is critical realism.

3.3 Research Design

A research design is a guide used to collect and analyse data and it is regarded as the framework for a study (Churchill, 1999). Creswell (2009) defined research design as the blueprint or proposal to carry out research, which involves the intersection of philosophy, strategies of inquiry and specific methods. In other words, a research design is the plan for achieving study objectives and answering research questions (Cooper & Schindler, 2008). A well-defined research design is crucial as it ensures that the study is relevant to the research problems and questions (Churchill, 1999).

In the early stage of any research, researchers are often required to select the specific research design. According to Churchill (1999) and Malhotra (1996), there are three types of research design. There are classified as exploratory, descriptive and causal. Malhotra (1996) supported his classification by providing a summary of each research design as shown in Table 3.3. Despite the usefulness of the classification, Churchill (1999) argued that the distinctions of the classification of design types are not absolute. It is because each research is unique and certain types of research designs are more suitable as compared to others based on its research unique objectives. This is
further supported by Cooper and Schindler (2011) that there is no simple common classification system defines all the variation for different design dimensions. Generally, exploratory research aims to uncover new ideas and insights, which is flexible in nature and often appear in the front of total research design (Malhotra, 1996). Hanson, Creswell, Clark, Petska, and Creswell (2005) further explained that exploratory research takes place when study variables are not known. As such, researcher is required to refine and test an emerging theory, develop new psychological evaluation instruments based on an initial qualitative analysis, and generalizing qualitative findings to a specific population.

Table 3.3: Basic Research Design Comparison

<table>
<thead>
<tr>
<th></th>
<th>Exploratory</th>
<th>Descriptive</th>
<th>Causal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>To uncover ideas and insights.</td>
<td>To describe market characteristic or functions.</td>
<td>To decide cause and effect relationships.</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Flexible, versatile Frequently the front end of total research design.</td>
<td>Marked by the construction of specific hypotheses. Preplanned and structures design.</td>
<td>Manipulation of one or more independent variables. Control of other mediating variables.</td>
</tr>
<tr>
<td>Methods</td>
<td>Expert surveys Pilot surveys Secondary data Qualitative research</td>
<td>Secondary Surveys Panels Observational &amp; other data</td>
<td>Experiments Survey</td>
</tr>
</tbody>
</table>

Source: Malhotra (1996, pp. 89)

To recap, this research ultimate objectives is to investigate the influence of internal CSR practices in SMEs towards employees’ attitudes and behaviour on their turnover intention. Due to the research setting taking place in SMEs,
entrepreneurial orientation (EO), being the strategic decision making style in an enterprise is included in the research as the antecedent of internal CSR practice. The task in present research, is to explore whether EO will have any influence to the implementation of internal CSR practices, and how it influence employees’ attitudes and behaviour on their turnover intention by providing some explanations through the causal effects. Since the concept of internal CSR practices maybe relative new in smaller organisation setting such as SMEs, the present research also undertake to describe the extent of internal CSR practices in SMEs. Therefore, present research is adopting exploratory, descriptive and causal approach to address the research questions set in Chapter 1. Noted that other researchers (e.g. Cooper & Schindler, 2011) labelled the nature of present research simply as exploratory and explanatory.

Meanwhile, this is a cross-sectional research which the data gathering process was carried out only once at a point of time from sample of population in a faster and less expensive manner (Sekaran, 2010).

Guided by the research paradigm and research philosophy in Section 3.2 and with research design of exploratory and explanatory in nature, quantitative method is employed in present research. This is supported by Golafshani (2003) that researchers who use the logical positivism research paradigm adopt experimental methods and quantitative measures to test hypothetical generalisations and to emphasize the measurement and analysis of causal relationship among variables. Payne and Payne (2004) highlighted that the objective of quantitative methods is to search for consistencies in human lives.
by separating the social world into empirical components termed as variables. These variables are represented by numerical numbers as rate or frequencies, whose associations with each other can be investigated by using statistical techniques, and assessed through researcher-introduced inducements and methodological measurement. In contrast, qualitative studies emphasize on the social domain and the details of reality whereby people is the social actors produce (Corbetta, 2003). Qualitative studies attempt to make sense of people traits based on different aspects of their lives (Silverman, 1993). It is observed that both approaches have values and critics. Coll and Chapman (2000) and Gerhardt (2004) informed that the choice of methodology should be driven by the research questions and objectives rather than any preference for a given methodology. In view of the research questions and objectives outlined in Chapter 1, quantitative method is adopted in present research.

3.4 Research Methodology for Quantitative Analysis

Quantitative analysis approach is deemed suitable for present research based on the research philosophy of positivist paradigm as discussed earlier. Quantitative approach is deductive in nature, whereby deduction begins with an expected pattern that is tested against observations (Babbie, 2010). Present research is governed by deductive approach and quantitative analysis. The following subsections provide the overview and procedures in conducting quantitative analysis by identifying the population, performing the appropriate sampling methods, calculating sample size and power analysis, administering data collection, description of questionnaire design, and operationalisation of variables.
3.4.1 Population

According to Zikmund (2003), a population is any complete group or constitution of people or any collection of items under consideration for a research purpose. A population is also viewed as the total collection of components about which the researcher wishes to make some inferences (Cooper & Schindler, 2008). Department of Statistics, Malaysia reported that SMEs employed about 3.7 million workers in total of 645,136 establishments in 2011. As the present research seek to understand the influence of internal CSR practices through the SMEs employees, hence, the total of 3,669,259 employees in SMEs, Malaysia is regarded as the population.

3.4.2 Sampling Method

In social science research, it is impossible and impractical to include every single unit in the population. Sampling is carried out by selecting some of the elements in a population to enable researcher to draw conclusions about the entire population. Sampling provides a mean of gaining information about the population without the need to examine the population in its entirety. Cooper and Schindler (2008) mentioned that the compelling reasons for sampling are lower costs, greater accuracy of results, and faster speed of data collection.

Broadly, there are two types of sampling methods, i.e., probability and non-probability sampling. Burns and Bush (2002) explained that probability sampling are ones in which all units in the population have a known chance to
be selected into sample. On the other hand, non-probability sampling are cases in which the chances of selecting the unit from the population into samples are unknown. This present research employed non-probability sampling method with multistage sampling approach.

Multistage sampling refers to sampling plans where the sampling is conducted in stages using smaller and smaller sampling units at each stage. Multistage sampling is used when an exhaustive listing of target population cannot be compiled. As such, multistage samples are used primarily for cost or feasibility (practicality) reasons. In a two-stage sampling design, a sample of primary units is selected and then a sample of secondary units is selected within each primary unit. Multistage non-probability sampling method is employed in current research as it is impractical to include all the single units in the population, i.e., a total of 3,669,259 employees in SMEs. Therefore, multistage non-probability sampling method is deemed to be suitable in present research. Table 3.4, Table 3.5 and Table 3.6 show the statistics extracted from the Department of Statistics, Malaysia in regard of Malaysia SMEs establishment and employment to facilitate the sampling procedure for current research.
Table 3.4: Distribution of SMEs (number of establishment) by Sector in State

<table>
<thead>
<tr>
<th>State</th>
<th>Services</th>
<th>Manufacturing</th>
<th>Agriculture</th>
<th>Mining &amp; Quarrying</th>
<th>Construction</th>
<th>Total SMEs establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selangor</td>
<td>110,714</td>
<td>8,314</td>
<td>834</td>
<td>23</td>
<td>6,019</td>
<td>125,904</td>
</tr>
<tr>
<td>WP KL &amp; Putrajaya</td>
<td>78,448</td>
<td>4,201</td>
<td>5</td>
<td>2</td>
<td>2,023</td>
<td>84,679</td>
</tr>
<tr>
<td>Johor</td>
<td>60,618</td>
<td>4,828</td>
<td>994</td>
<td>27</td>
<td>2,407</td>
<td>68,874</td>
</tr>
<tr>
<td>Perak</td>
<td>53,322</td>
<td>3,833</td>
<td>962</td>
<td>84</td>
<td>1,827</td>
<td>60,028</td>
</tr>
<tr>
<td>Sarawak</td>
<td>40,608</td>
<td>1,977</td>
<td>322</td>
<td>19</td>
<td>904</td>
<td>43,830</td>
</tr>
<tr>
<td>Sabah</td>
<td>37,612</td>
<td>1,382</td>
<td>812</td>
<td>24</td>
<td>1,054</td>
<td>40,884</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>36,899</td>
<td>2,619</td>
<td>269</td>
<td>7</td>
<td>1,035</td>
<td>40,824</td>
</tr>
<tr>
<td>Kelantan</td>
<td>35,372</td>
<td>1,814</td>
<td>326</td>
<td>30</td>
<td>281</td>
<td>37,823</td>
</tr>
<tr>
<td>Kedah</td>
<td>33,123</td>
<td>2,809</td>
<td>603</td>
<td>17</td>
<td>540</td>
<td>37,092</td>
</tr>
<tr>
<td>Pahang</td>
<td>26,815</td>
<td>1,305</td>
<td>630</td>
<td>13</td>
<td>699</td>
<td>29,462</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>21,633</td>
<td>1,495</td>
<td>435</td>
<td>11</td>
<td>968</td>
<td>24,542</td>
</tr>
<tr>
<td>Terengganu</td>
<td>19,882</td>
<td>1,782</td>
<td>196</td>
<td>37</td>
<td>617</td>
<td>22,514</td>
</tr>
<tr>
<td>Melaka</td>
<td>19,694</td>
<td>1,107</td>
<td>252</td>
<td>4</td>
<td>618</td>
<td>21,675</td>
</tr>
<tr>
<td>Perlis</td>
<td>4,484</td>
<td>291</td>
<td>63</td>
<td>1</td>
<td>214</td>
<td>5,053</td>
</tr>
<tr>
<td>WP Labuan</td>
<td>1,761</td>
<td>109</td>
<td>5</td>
<td>0</td>
<td>77</td>
<td>1,952</td>
</tr>
<tr>
<td><strong>Total SMEs</strong></td>
<td>580,985</td>
<td>37,861</td>
<td>6,708</td>
<td>299</td>
<td>19,283</td>
<td><strong>645,136</strong></td>
</tr>
</tbody>
</table>

Source: Economic/ SMEs Census, 2011, Department of Statistics, Malaysia

Table 3.4 shows the distribution of SMEs in terms of number of establishment by sector in the 13 states and 2 territories. The Kuala Lumpur territories include Putrajaya. The table shows that Selangor recorded the highest number of SMEs establishment, i.e., 125,904 establishments approximately 19.5% of the total SMEs in Malaysia. Among the SMEs in Selangor, SMEs which are categorised under Services sector has the highest number followed by Manufacturing and Construction. The distribution of SMEs according to sectors by state is also consistent with the total employment provided by SMEs nationwide as illustrated in Table 3.5. It shows that a total of 2,610,373 (71.1%) SMEs full-time employees are working in the Service sector nationwide.
Table 3.5: Total Employment by SMEs according to sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total SMEs establishment</th>
<th>Percentage (%)</th>
<th>Total Employment by SMEs</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>580,985</td>
<td>90.05</td>
<td>2,610,373</td>
<td>71.14</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>37,861</td>
<td>5.87</td>
<td>698,713</td>
<td>19.04</td>
</tr>
<tr>
<td>Agriculture</td>
<td>6,708</td>
<td>1.04</td>
<td>78,777</td>
<td>2.15</td>
</tr>
<tr>
<td>Construction</td>
<td>19,283</td>
<td>2.99</td>
<td>275,631</td>
<td>7.51</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>299</td>
<td>0.05</td>
<td>5,765</td>
<td>0.16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>645,136</strong></td>
<td><strong>100%</strong></td>
<td><strong>3,669,259</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Department of Statistics, Malaysia

Table 3.6 shows there are total 2,425,700 full-time employees in Selangor with 64.2% of them serving the Service sector, followed by Manufacturing, 22.1% and Construction, 10.8%. Mining and quarry is the sector with the least number of employees.

Table 3.6: Number and Percentage (%) of employed persons by sector, Selangor, 2011

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of worker</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>1,556,300</td>
<td>64.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>535,100</td>
<td>22.1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>46,000</td>
<td>1.9</td>
</tr>
<tr>
<td>Construction</td>
<td>263,100</td>
<td>10.8</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>25,200</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,425,700</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Department of Statistics, Malaysia
In view of the nature of statistics shown in above tables, which is large and complex, the present research uses multistage sampling method in order to make inferences from the population. There are two stages involved in present research. According to Jain and Hausman (2006), a two-stage sample usually includes only a subset of second-stage units, therefore, the first-stage is called the subsample and also referred as primary units. Meanwhile, second-stage units are named as secondary units or subunits. The first-stage is the selection of primary sampling units, i.e., groups of contiguous counties/ states (Jensen, 1994; Cochran, 1977), which in the present research is the state of Selangor. The rational of the selection is based on its highest number of SMEs establishments. The second-stage involves the segments within the selected counties/ states (Jensen, 1994; Cochran, 1977), whereby in the present research is the sectors in SMEs categorisation. The two-stage sampling method is illustrated in Figure 3.1.

Based on the secondary units, a quota sampling is performed according to sectors categorisation in SMEs. Quota sampling has some similarities to stratified sampling. In stratified sampling, population is split into non-overlapping groups or strata, and then sample within each strata. Sampling within each stratum can be by simple random sampling or systematic sampling. Meanwhile, quota sampling is meant to set a target number of completed dialogues with specific subgroups of the population of interest. Previous research on internal CSR practices employed stratified sampling method (Al-bdour, Nasruddin, & Lin, 2010), while present research adapted similar sampling method by using quota sampling as a form of non-probability
sampling method. In quota sampling, Battaglia (2008) highlighted that the target size of the subgroups ideally is based on known information about the target population (such as census data). In the present research, the target population, which is the total SMEs full-time employees is obtained from the Department of Statistics, Malaysia. The sampling procedure then proceeds by using a non-random selection mechanism until the desired number of completed responses is attained for each subgroup. Moreover, due to the time and budget constraints, the non-probability sampling method is deemed to be suitable in this instance. However, it is noted that non-probability method may potentially cause a greater scope of selection bias and limited possibility to generalize to the wider population (Tansey, 2007). Judgment sampling is also implemented in this research as the method is used whereby the collection of ‘specialized informed inputs’ on the topic area researched is vital (Sekaran 2003).
Multi-stage Sampling

Stage 1: Selection of primary sampling units; Selangor

Stage 2: Segment within the selected state; Sector categorisation

Quota Sampling: Employment Distribution by sector;

Services, 64.2%
Manufacturing, 22.1%
Agriculture, 1.9%
Construction, 10.8%
Mining and Quarrying, 1.0%

Figure 3.1: Multistage Sampling Method Developed for this research
3.4.3 Sample Size and Power Analysis

Chisnall (1986) pointed out that sample size usually depends on the basic characteristics of the population, the type of information required from the study and the cost involved. According to Hair, Black, Babin, Anderson, and Tatham (2006), the general rule for minimum sample size is to have at least five times as many observations as the number of variables being analysed. They added that the more acceptable sample size would have a 10:1 ratio. Roscoe (1975) suggested a sample size should be higher than 30 and less than 500 for most research. Wahid, Rahbar and Shyan (2011) also supported this rule by stating that a sample size between 30 and 500 at a 5% confidence level is generally adequate for social science research. Hair, et al (2006) also proposed that a sample size of 350 with an alpha level of 0.05 would be considered significant for analysis.

As present research employs PLS-SEM to analyse the data, sample recommendations in PLS-SEM is referred. PLS-SEM is the second generation tools which is fundamentally build on the properties of Ordinary Least Squares (OLS) regression. According Cohen’s (1992) rule of thumb that based on his statistical power analyses for multiple regression models, the measurement models shall have an acceptable quality in terms of outer loadings (i.e., loading should be above the common threshold of 0.70). Table 3.7 shows the minimum sample size requirements necessary to detect minimum $R^2$ values of 0.10, 0.25, 0.50 and 0.75 in any endogenous constructs in the structural model for significance levels of 1%, 5% and 10%, assuming the commonly used level of statistical power of 80% and a specific level of complexity of the PLS path
model which is the maximum number of arrows pointing at a construct in the PLS path model. In present research, the maximum number of independent variables in the measurement and structural models is eight, i.e., the eight indicators of Organisational commitment, therefore, researcher would need 54 observations to achieve a statistical power of 80% for detecting $R^2$ of at least 0.25 with 5% probability of error.

In addition, G*Power 3 (Erdfelder, Faul, & Buchner, 1996) was also referred in the calculation of the sample size for present research. G*Power 3 analysis includes a function of the required power level ($1 - \beta$), the prespecified significance level, and the population effect size to be detected with probability $1 - \beta$. The required sample size based on G*Power 3 analysis for present research is 146 with F test being selected for Linear Multiple Regression statistical test (Effect size, $f^2 = 0.15$, Probability of error, $\alpha = 0.05$, Power level ($1 - \beta$) = 0.8 and number of predictors = 6). According to Hair, Hult, et al (2014), the commonly used power level of 80% is acceptable for social science research and the specific level of complexity of the PLS path model, which is the maximum number of arrows pointing at a construct on the path model.

Nevertheless, researcher should always try to attain the highest cases-per-variable ratio to minimize the situation whereby obtaining factors that are sample-specific with little generalisability (Hair, et al, 2006).
Table 3.7: Sample Size Recommendation in a PLS-SEM for Statistical Power of 80%

| Maximum Number of Arrows Pointing at a Construct | Significance Level | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Minimum $R^2$ | 1% | | | | | | 5% | | | | |
| | 0.10 | 0.25 | 0.50 | 0.75 | 0.10 | 0.25 | 0.50 | 0.75 | 0.10 | 0.25 | 0.50 | 0.75 |
| 2 | 130 | 47 | 19 | 10 | 90 | 33 | 14 | 8 | 72 | 26 | 11 | 7 |
| 3 | 145 | 53 | 22 | 12 | 103 | 37 | 16 | 9 | 83 | 30 | 13 | 8 |
| 4 | 158 | 58 | 24 | 14 | 113 | 41 | 18 | 11 | 92 | 34 | 15 | 9 |
| 5 | 169 | 62 | 26 | 15 | 122 | 45 | 20 | 12 | 99 | 37 | 17 | 10 |
| 6 | 179 | 66 | 28 | 16 | 130 | 48 | 21 | 13 | 106 | 40 | 18 | 12 |
| 7 | 188 | 69 | 30 | 18 | 137 | 51 | 23 | 14 | 112 | 42 | 20 | 13 |
| 8 | 196 | 73 | 32 | 19 | 144 | 54 | 24 | 15 | 118 | 45 | 21 | 14 |
| 9 | 204 | 76 | 34 | 20 | 150 | 56 | 26 | 16 | 124 | 47 | 22 | 15 |
| 10 | 212 | 79 | 35 | 21 | 156 | 59 | 27 | 18 | 129 | 49 | 24 | 16 |

Table 3.8 summarises the targeted secondary units derived from the second-stage of multistage sampling and anticipated final sample sized based on an 80% response rate. The anticipated sample size of 400 were considered likely to be sufficient for most statistical techniques. In the present research, quota sampling is employed and 400 respondents are selected into the sample according to SME sectors categorisation. This is similar to stratified sampling, which are developed on non-overlapping groups and sample a predetermined number of individuals within each group. For current research, a desired sample size is \( n = 400 \) assuming 80% respondent rate. In order to make inference from the population, the distribution of employment sector of the SMEs employees is similar to that in the population.

Based on the data obtained from the Department of Statistics, 64.2% of the SMEs employees’ population are in the Service sector; 22.1% are in the Manufacturing sector, 1.9% are in the Agriculture sector; 10.8% are in Construction and 1.0% in Mining and Quarrying. Therefore, the sample \( n = 257 \) in Services sector, \( n = 89 \) in Manufacturing, \( n = 9 \) in Agriculture, \( n = 44 \) in Construction and \( n = 1 \) in Mining and Quarrying as shown in Table 3.8.
### Table 3.8: Anticipated final sample size based on 80% response rate

<table>
<thead>
<tr>
<th>Sector</th>
<th>Distribution in secondary units (%)</th>
<th>Quota to achieve (no. of respondent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>64.2</td>
<td>257</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>22.1</td>
<td>89</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.9</td>
<td>9</td>
</tr>
<tr>
<td>Construction</td>
<td>10.8</td>
<td>44</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>1.0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>400</strong></td>
</tr>
</tbody>
</table>

Source: Developed for the present research

#### 3.4.4 Unit of Analysis

Unit of analysis is regarded as the main entity type that is being examined and which data are collected (Bailey & Pearson, 1983). Yin (1994) proposed a general guide that is used to determine the unit of analysis by reflecting on how the research questions are defined or identified. The present research questions make clear references to understanding employees’ perception on entrepreneurial orientation in the implementation of internal CSR, on their attitudes and behaviours. For this reason, the unit of analysis in this research is individual level, specifically the employee.

#### 3.4.5 Data Collection

Data was collected through anonymous self-administered questionnaire. Bjarnason (1995) pointed out that self-administered surveys can ensure complete anonymity and it is impossible to trace questionnaires back to individual respondents. In fact, confidentiality is grounded in the researcher's ethical claim of trustworthiness, while anonymity is a functional attribute of the
research design. The anonymity of questionnaire is particularly important in present research to ensure truthful responses. The questionnaires survey was sent to SMEs employees located in the state of Selangor. Based on the quota sampling established in Table 3.8, researcher obtained the list of SMEs listed in SMEs Directory according to sector. Thereon, judgemental sampling, i.e., non-probability sampling technique where the researcher selects units to be sampled accordance to the researcher’s knowledge and professional judgment. The selection was done by researcher making phone calls to the establishments listed in directory based on sectors as per Table 3.8. Upon finding out that the selected establishments in the directory are still in business, researcher informed and explained the intention to conduct survey. For establishments that agreed to participate, the researcher also enquired the targeted respondents’ preference to participate, i.e., researcher hands the copies of questionnaire to respective respondents by hand, by electronic mail which contains link to the questionnaire; or sending questionnaire via mail. Besides of mode of questionnaires, researcher also enquired the targeted respondents’ preferred language in answering the questionnaires. The questionnaires in all modes are available in three languages; English, Bahasa Malaysia and Mandarin. With reference to the SMEs definition that was explained and adopted in this research (Chapter 1, Section 1.6.4 and Chapter 2, Section 2.2), 5 copies of questionnaires are sent to each selected establishments in order to meet the anticipated final sample size and response rate. The next step after the sending of the questionnaire was the follow up step. This step was applicable to questionnaires sent by electronic mail and by post. For questionnaires sent by hand, researcher collected them on the spot, hence no follow up is necessary. The steps used for data collection in present research is
shown in Figure 3.2. The data collection took six months, from 1st December 2014 to 31st May 2015.

3.4.6 Questionnaire Design

According to Cooper and Schindler (2011), questionnaire is the most common data collection instrument in business research. Questionnaire is a
measuring instrument that look like an interview form (Malhotra, 1996). Therefore, a questionnaire is a carefully structured set of questions to obtain information from the respondents. A well-structured questionnaire can warrant comparability of the data, increase accuracy of recording and ease data processing. Questionnaire is the survey instrument employed to collect primary data in present research. It is then used to test the hypothesised relationships shown in Conceptual framework (See Figure 2.5). In order to avoid and minimize error, the questionnaire used in current research follows the procedure suggested by Churchill (1999) as shown in Figure 3.3, but not restricted to the proposed procedures.

With reference to Figure 3.3, Step 1 involves a great amount of effort to review the relevant literatures in order to have an adequate and better understanding of the past research which are relevant to current research. After instituting concrete research objectives for current research, a guide is used to identify the key information required. This step ensures that all data gathered through the research instrument answers the overall research objectives.

Step 2 involves the decision of having structured or unstructured questions. Oppenheim (1996, 2000) called unstructured questions as open-ended questions that are designed without any kind of choice; while structured questions is also called closed-ended questions. Closed-ended questions provides choices and alternative responses to the respondents. Open-ended and closed ended-questions have their own advantages and disadvantages. Structured questions, i.e., closed-ended questions is adopted in current research
as it is more commonly used for a large survey due to its ease of use (Churchill, 1999). Structured questions are generally preferred as it is quicker for respondents to answer and easier for researcher to process the responses when a large number of respondents are involved.

Step 3 looks at the content of the questionnaires, as to whether the respective measures of all constructs highlighted in the research model are inserted. All the questions are cautiously adapted from previous studies to ensure relevant responses are captured to answer the research questions and research objectives. In total, there are seven items adapted to measure the independent, mediating, moderating and dependent variables. Table 3.9 shows the summary of the variables measured in this research.

Table 3.9 : Variables in present research

<table>
<thead>
<tr>
<th>Type of variable</th>
<th>Name of variable</th>
<th>No. of items</th>
<th>Authors (Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>Entrepreneurial Orientation</td>
<td>18</td>
<td>Lumpkin and Dess (1996)</td>
</tr>
<tr>
<td>Independent &amp; Dependent</td>
<td>Internal CSR practices</td>
<td>6</td>
<td>Turker (2009)</td>
</tr>
<tr>
<td>Independent &amp; Dependent</td>
<td>Organisational Commitment (Affective Commitment)</td>
<td>8</td>
<td>Allen &amp; Meyer (1990)</td>
</tr>
<tr>
<td>Dependent</td>
<td>Turnover Intention</td>
<td>4</td>
<td>Mobley, Griffeth, Hand &amp; Meglino (1979)</td>
</tr>
<tr>
<td>Mediator</td>
<td>Job satisfaction</td>
<td>5</td>
<td>Brayfield &amp; Rother (1951)</td>
</tr>
<tr>
<td>Mediator</td>
<td>Perceived Role of Ethics and Social Responsibility</td>
<td>5</td>
<td>Singhapakdi, Vitell, Rallapalli&amp; Kraft, (1996)</td>
</tr>
<tr>
<td>Moderator</td>
<td>Perceived ease of movement</td>
<td>3</td>
<td>Gerhart (1990)</td>
</tr>
</tbody>
</table>

Source: Developed for this research
Figure 3.3: Procedures for developing a questionnaire
Source: Churchill (1999)
Besides of the constructs, the questionnaire also includes demographics information relating to both the respondents and the SMEs in which they are attached to. This section requested information on age group, gender, ethnicity, level of education, position held, and respondent’s year of service with the organisation. Furthermore, information is solicited regarding the organisation itself, such as sector of enterprise, market orientation, and number of full-time employees to facilitate the later analysis.

Step 4 in the procedure of developing questionnaire requires the researcher to decide on the choice of opinion on most matters that can best be reflected in the questionnaire. Generally, Likert scale is used to capture respondents’ opinion on information required in the research. According to Matell and Jacoby (1972), proportion of Likert scale used was independent of the number of scale points, while mean testing time increased and usage of the uncertain category decreased as the number of rating steps go up. Riker (1944) highlighted that some respondents who provide neutral scores on rating scales do not necessarily consider themselves neutral toward the attitude object. Riker (1944) explained that these respondents responded in this way could be due to the coarseness of the instrument employed. As such, a six-point Likert scale is adapted in the present research. Furthermore, in measuring attitude, a respondent responds to an item in a way that reveals the strength or valence of the item in relation to his or her position in regard to the latent attribute that is being measured (Torgerson, 1958), hence an even option is in favour to an uneven option. Therefore, six-point scale is chosen for present research for respondents’ feedback such as 1
for “Strongly disagree”, 2 for “Moderately disagree”, 3 for “Slightly disagree”, 4 for “Slightly agree”, 5 for “Moderately agree” and 6 for “Strongly agree”. In regard of the moderator; Perceived Ease of Movement, the six-point Likert scale is modified to 1 for “Not difficult at all”, 2 for “Not difficult”, 3 for “Slightly difficult”, 4 for “Somewhat difficult”, 5 for “Difficult” and 6 for “Very difficult”. In regard of demographic questions, categorical scale is adopted to capture the responses.

Step 5 highlights the importance of determining wordings used in each question. The guidelines from previous studies (e.g. Oppenheim, 2000; Churchill, 1999; Malhotra, 1996) are to use simple words, elude double-barrelled questions, avoid abbreviations, jargons and technical terms, do not use leading questions, loaded words and overlapped categories. Besides incorporating these guidelines, the questionnaire was also translated to Bahasa Malaysia and Mandarin by professional translators in order to ensure the targeted respondents are able to understand and answer the questionnaire accurately. Pilot test is carried out in this research as it help to gauge respondents’ understanding and their interpretation of phrases.

The physical layout of the questionnaire can has some impacts on the accuracy of the respond from respondents (Mayer & Piper, 1982). The questionnaire layout for present research was set based on guidelines suggested in Fanning (2005) and also modified accordingly after the conduct of pilot test. In addition to the physical questionnaire, the present research also allow respondents to answer the questionnaire via electronic form, GoogleDoc online
software is used to link to the questionnaire. A cover letter stating the objectives of the research is appended together with the questionnaire. Clear and precise instructions are given to ensure that respondents know the steps in accessing and answering the questionnaire. The objective of Step 6 and Step 7 are to ensure the readability of the questionnaire and also to increase response rates, because a questionnaire layout could determine a respondent’s motivation to respond. Despite all the major steps covered until Step 7, Step 8 and 9 are equally important in the questionnaire development. The questionnaire was then revised after an overall re-evaluation of Step 1 to 7. Pre-testing is carried out in Step 9. Pre-testing is a crucial part of questionnaire development. Churchill (1999) recommended that data collection should only begin after sufficient pre-test of the instrument is done. The rationale is that pre-testing initiates the process of reviewing and revising questions. Its objective is to find out whether respondents interpret questions in a consistent manner, as intended by the researcher, and to judge the appropriateness of each included question.

3.4.7 Operationalisation of Variables

Generally, social sciences research involves investigating and measuring some aspect of behaviour that may have multiple meanings and vague. This requires the researcher to define the concepts and constructs in ways that are precise, measurable and concrete with guided research philosophy and through exhaustive past literatures review. Operational definition of constructs are means to establish the rules and procedures the research will use to measure the key variables of the study to provide clear meaning to terms used (Fisher & Foreit, 2002). In other words, an operational definition assigns meaning to a
variable by specifying what is to be measured and how it is to be measured. Cooper and Schindler (2008) cautioned that if this is not done properly, confusion about the meaning of concepts can negatively influence the value of a research study.

According to Babbie and Mouton (2001), questionnaires represent a common and concrete illustration of the operationalisation process and the questions themselves serve as the operationalisation of variables. In present research, the operationalisation of variables in proposed research model (See Figure 2.6) and variables in hypotheses are derived from past literatures as discussed in Chapter 2. Current research used items from existing measures that have proved to be reliable and valid in previous research studies. Nevertheless, some items are modified and adapted according to the context based on rational justifications. This is in line with Farrington’s (2009) view that new scale development is appropriate when studying something that does not have a rich history of previous research. In present research, a minimum of 3 items and maximum of 8 items are used to measure the variables. The operational definition of the independent, mediating, moderating variables and dependent variables used in present research are discussed in the following paragraph. The summary of measurement items used for each variable is shown in Appendix E.

(a) Entrepreneurial Orientation (EO)

In this research, EO refer to the decision-making styles, processes and methods that reflect a firm's entrepreneurial undertakings. It is also construed as a form of strategic orientation (Wiklund & Shepherd, 2003, 2005). There are
five dimensions in EO, namely autonomy, competitive aggressiveness, innovativeness, proactiveness, and risk taking (Lumpkin & Dess, 1996).

Autonomy describes the authority and independence given to an individual or team within the firm to develop business concepts and visions and execute them through to completion. Competitive aggressiveness conveys the intensity with which a firm chooses to compete and efforts to outdo competitors reflecting a bias toward out-maneuvering and out doing rivals. Innovativeness captures an orientation on embracing and supporting creativity and experimentation, technological direction, novelty and Research and Development (R&D) in the development of products, services and processes. Proactiveness relates to a forward-looking perspective where firm actively seek to anticipate opportunities to develop and introduce new products to obtain first-mover advantages and shape the direction of the environment. Risk-taking indicates an acceptance of uncertainty and risk inherent in original activity.

(b) Internal Corporate Social Responsibility (CSR) Practices

Present research refers internal CSR practices as undertakings that are directly link to the employees’ physical and psychological working environment. Present research concentrates on six dimensions of internal CSR, explicitly as employee involvement in voluntarily activities, career opportunity, employees’ needs and wants, family and work life balance, organisational justice and equality, training and education (Turker, 2009a, 2009b).
(c) Perceived Role of Ethics and Social Responsibility (PRESOR)

In present research, PRESOR refers to dimensions of ethics and social responsibility within an organisation and the importance of ethics and social responsibility relative to conventional criterion measures of organisational effectiveness regardless of one’s position in the organisation (Singhapakdi, Vitell, Rallapalli, & Kraft, 1996). These dimensions include organisation social responsibility, business profitability, business effectiveness, survivability of business, employees’ morale and beyond profit making.

(d) Organisational Commitment

Present research refers organisational commitment as emotional and psychological linkages of the employee with his or her organisation affect his or her likelihood to voluntarily leave the organisation (Allen & Meyer, 1999). It is the affective commitment that causes the employees to stay at their present job due to their own desires to do so.

(e) Job Satisfaction

Job satisfaction is defined as a pleasurable or positive emotional state as a result of employee’s job appraisal in present research (Locke, 1976). It is meant to capture whether employee is satisfied or unsatisfied with his or her job in the research.

(f) Turnover Intention

The present research adopts the understanding of voluntary turnover in reference to turnover intention. Therefore, turnover intention in present research
is defined as a conscious and purposive willingness of the employee to leave the organisation (Tett & Meyer, 1993).

(g) Perceived Ease of Movement (PEM)

Current research refers perceived ease of movement as employee’s assessment on the availability and visibility of job offer in the labour market for which they are qualified (Mobley, 1982). If there are plenty of job offers in the labour market, the perceived ease of movement is considered high and vice versa.

3.4.8 Control Variables

A control variable is a variable that is held constant in a research analysis. Failure to isolate the control variables will lead to potential confound in the interpretation of data analysis which could be a threat to internal validity (Brewer, 2000). Therefore, prior to the investigation of the operational research model, effects of demographic variables such as age, gender and year of service with the organisation are set as the control variables for this research. Age, gender and length of service were tested in previous research (e.g., Porter & Steers 1973; Mobley, Horner, & Hollingsworth, 1978; Samad, 2006) and they were found significantly predict turnover intention. The younger employees and male employees tend to have higher turnover intention as compared to older employees and female employees (Porter & Steers 1973). The longer the employee is working with the organisation, the lower the turnover intention (Samad, 2006). Therefore, these three demographic variables are set as the control variables in present research.
3.5 Data Analysis

In view of the present research consist of numerous latent variables and relationships among multiple predictors, Structural Equation Modeling (SEM) is employed as the analytical tool to analyse the quantitative data. SEM allows researchers to concurrently study a series of interrelated relationships between a set of constructs that are represented by several variables, and account for measurement error. The following subsections provide a brief explanation of PLS-SEM, the rationale of its’ use, the models assessment via measurement models and structural models as well as the issues of collinearity.

3.5.1 Structural Equation Modeling Using Partial Least Square (PLS-SEM)

Generally, Structural Equations Modeling (SEM) is under the umbrella of statistical models that undertake to examine and explain the relationships among multiple variables. It examines the structure of interrelationships stated in a series of equations which is similar to a series of multiple regression equations. These equations illustrate all the relationships among the constructs (both dependent and independent variables) involved in the analysis. Constructs are unobservable or latent factors that are represented by multiple analyses. Therefore, SEM is called the second generation techniques that encompassed a covariance-based approach (CB-SEM). By this nature, SEM does not differentiates between dependent and independent variables but distinguishes between the exogenous and endogenous variables. Exogenous variables are variables which are not explained by the postulated model (i.e., act always as
independent variables), while endogenous variables are explained by the relationships contained in the model (Diamantopoulos, 1994).

Partial least squares SEM (PLS-SEM) is an alternative to co-variance SEM (CB-SEM) for estimating theoretically established cause-effect models by using variance-based partial least squares techniques. Partial Least Squares (PLS) is an SEM technique based on an iterative approach that maximizes the explained variance of endogenous constructs (Fornell & Bookstein, 1982). According to Hair, Ringle, and Sarstedt (2011) PLS-SEM operates like a multiple regression analysis. PLS-SEM has propagated recently in a variety of disciplines including marketing (Hair, et al., 2012), strategic management (Hair, et al., 2012), management information systems (Ringle, et al., 2012), operations management (Peng & Lai, 2012), and accounting (Lee, et al., 2011). The main reason for the increased usage of PLS-SEM can be credited to the method’s ability to handle complicated models and problematic issues arising that routinely occur in the social sciences such as unusual data characteristics (e.g. non-normal data) and highly complex models. Present research employs PLS-SEM to perform the statistical analysis. The rationale of the use of PLS-SEM in current research is discussed below.

3.5.2 Rationale for the use of PLS-SEM

Given the popularity of CB-SEM, the use of PLS-SEM requires additional discussion to explain the rationale of the decision (Chin, 2010). According to Hair, Hult, et al (2014), PLS-SEM is not a universal alternative to CB-SEM.
Table 3.10 summarises and highlights the research settings that favour the use of PLS-SEM.

Table 3.10: Research Settings that favours PLS-SEM use

<table>
<thead>
<tr>
<th>Research goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The research goal is to predict one or more key target constructs(s) or to identify the most important antecedents of the target construct(s).</td>
</tr>
<tr>
<td>- The research goal is primarily exploratory in nature (i.e., development of a new or extension of an existing theory).</td>
</tr>
</tbody>
</table>

Model set-up

- The model comprises many constructs (typically more than five), many path relationships and/or many indicators per construct (typically more than six per construct).
- The model includes advanced model elements such as moderator variables or hierarchical component models.
- The model comprises formatively measured constructs.
- The plan is to use latent variable scores in subsequent analyses.

Data characteristics

- The data are non-normal. Non-parametric method.
- Required small sample size yet larger sample size increase the precision (i.e., consistency) of PLS-SEM estimations.


Current research sees the rationale of using PLS-SEM as it meets the research settings outlined in Table 3.10. Current research objective has more than one key target constructs, namely, entrepreneurial orientation, internal CSR practices, organisational commitment, job satisfaction, perceived role of ethics and social responsibility, turnover intention and perceived ease of movement. Therefore, it is also exploratory in nature and set out to investigate the relationships among these constructs. In terms of the model set-up, there are total of four constructs with two mediators and one moderator. Hence, there are number of path relationships present in the model. The measurement models for
constructs adapted in present research are formative-reflective (Type II) for EO as hierarchical component model (HCM) and reflective measures for other constructs. EO is the second-order model or higher-order model that involves hierarchical component model. Hierarchical component model is a higher-order structure (usually second order) that contains several layers of constructs and involves higher level of abstraction. Hierarchical component model involves higher-order components that is related to two or more lower-order components in a reflective or formative way. EO in present research is the hierarchical component model that involves higher-order components. The lower-order components are autonomy, competitive aggressiveness, innovativeness, proactiveness, and risk taking, which are reflective measures that represent the effects of an underlying construct. Meanwhile EO is the higher-order components which is formative measure that the indicators cause the construct. The similar nature is applicable for the construct of internal CSR. Internal CSR is considered as the higher-order component which is formative measure for the indicators of employee’s voluntarily activities, career opportunities, employees’ well-being, family-friendly policy, organisational justice and future education. These rationales make PLS-SEM the analysis tool for present research.

Besides, there are few advantages posited by PLS-SEM. Firstly, PLS-SEM enables flexible handling of higher level model elements that involves mediator variables, moderator variables and nonlinear relationships models (e.g., Becker, Klein, & Wetzels, 2012; Henseler, Fassott, Dijkstra, & Wilson, 2012; Henseler & Chin, 2010) which matches with the nature of present research. In addition, the fast-paced development in SMEs and organisational behaviour related
research becoming more elaborate, it requires more advanced model elements to disseminate these update and development of researches. Thus, it makes PLS-SEM as the obvious choice of analysis. Secondly, PLS-SEM enables researchers to more flexibly specify the relationships between items and constructs, whether measurement is reflective or formative (Hair, Hult, et al., 2014). In fact, PLS-SEM is generally considered the natural approach to hierarchical component model especially involving formative measures as it avoids identification problems that regularly occur when CB-SEM is being applied. Prior PLS-SEM review studies (e.g. Hair, Sarstedt, Pieper, et al., 2012; Hair, Sarstedt, Ringle, et al., 2012) have criticized the careless handling of formative indicators, and researchers should acquaint themselves with the most recent set of evaluation criteria when examining the validity of formatively measured constructs (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). Formative measurement represents instances in which the indicators cause the construct. Specifically with formative measurement, the phenomenon of interest does not occur naturally but is instead “formed” by the presence of underlying measures (Jarvis, MacKenzie, & Podsakoff, 2003). According to Casillas, Moreno, and Barbero (2010), an example of formatively measured construct is entrepreneurial orientation. Although it was highlighted by Bollen (2011), Diamantopoulos, Riefler, and Roth (2008), Bollen and Lennox (1991) that the choice of correct measurement specification has triggered significant debate across a variety of disciplines in recent decades. It is important to note that constructs are not inherently reflective or formative in nature. Instead, the type of measurement depends on the construct conceptualisation, the aim of the research and the role of the construct in the model as proposed by Hair, Hult, et al. (2014). As current research consists
of formative and reflective measures, mediators and moderator, it makes sense to employ PLS-SEM to perform the analysis. Thirdly, PLS-SEM able to determine how well a proposed theoretical model is capable to estimate the covariance matrix for a sample dataset and its ability to explain the variance in the dependent variables when investigating the model.

Based on the nature of current research setting and the advantages of the use of PLS-SEM, it is employed to carry out the quantitative analysis. The following subsection provides the operation of PLS-SEM by going through the evaluation of PLS-SEM results, measurement model assessment and structural model assessment.

### 3.5.3 Evaluation of PLS-SEM Results

The evaluation of PLS-SEM results involves two stages as illustrated in Figure 3.4. Stage 1 evaluates the measurement models with the analysis depending upon whether the model contains reflective measures (Stage 1.1), or formative measures (Stage 1.2) or both. If the measurement model evaluation offers satisfactory results, the researcher proceeds to Stage 2. Stage 2 involves examining the structural model (Hair, Hult, et al., 2014). In short, Stage 1 studies the measurement theory, whereas Stage 2 involves the structural theory, which determining whether the structural relationships are significant and meaningful, and hypotheses testing.
3.5.4 Specifying Constructs for Measurement Model

Before the discussion of the relationships between constructs and measures, and the assessment of measurement model, the understanding of constructs and measures should be established. Generally, measures or indicators are observables items that are quantifiable with scores that are obtained through interview, questionnaire, observation, or other empirical means. These observables items are used to look at constructs, which are abstractions that describe a phenomenon of theoretical interest (Edwards & Bagozzi, 2000). Construct is used to explain an occurrence that is observable or unobservable and they may focus on outcomes, structures and behaviours aspects of a phenomenon being investigated (Petter, Straub & Rai, 2007).
Figure 3.4: PLS-SEM evaluation stages


The distinctions between reflective and formative measures can be seen by comparing their respective measurement models. Reflective measures are
treated as outcomes of constructs. A reflective measurement model is shown in Figure 3.5, in which $\xi$ signifies a latent variable representing the construct of interest and $x_1$, $x_2$, and $x_3$ are reflective measures of the construct. The $\delta_1$, $\delta_2$, and $\delta_3$ are uniqueness associated with the reflective measures and combine item specificity with random measurement error (Bollen, 2014; Long, 1983), and the loadings $\lambda_1$, $\lambda_2$, and $\lambda_3$ capture the magnitude of the effects of $x$ on $x_1$, $x_2$, and $x_3$.

![Figure 3.5: Reflective measure model](image)

A formative measurement model is given in Figure 3.6, where $\eta$ depicts the construct of interest and $x_1$, $x_2$, and $x_3$ are formative measures of the construct. The coefficients $\gamma_1$, $\gamma_2$, and $\gamma_3$ indicate the magnitude of the effects of $x_1$, $x_2$, and $x_3$ on $\eta$, and the residual $\zeta$ is taken to represent aspects of $\eta$ not explained by $x_1$, $x_2$, and $x_3$. Occasionally, the residual term $\zeta$ is excluded from formative measurement models, in which case the latent variable $\eta$ is an exact weighted linear composite of its measures. Figure 3.6 shows that $x_1$, $x_2$, and $x_3$ freely correlate, such that the relationships among formative measures are absorbed by their intercorrelations, not by the paths relating the measures to the construct (MacCallum & Browne, 1993). An example of formative measurement that adapted in present research is entrepreneurial orientation (EO). According to Covin and Wales (2012), EO is the second-order construct which measured by
five dimensions formatively. It employs explanatory combinations of indicators as the fundamental to create (for measurement purposes) the latent construct (Fornell & Bookstein, 1982). Meanwhile, Isa and Reast (2014) pointed out that formative measure is appropriate to capture a multidimensional conceptualisation of internal CSR. Internal CSR is therefore considered as the second-order construct which measured by six dimensions formatively.

Hair, Hult, Ringle and Sarstedt (2014) explained that the decision of whether to measure a construct reflectively or formatively is not explicitly spelt out. Therefore, both theoretical and empirical criteria are essential to design and validate measurement models (Diamantopoulos, 2005; Finn & Kayande, 2005). Hair, Hult, et al (2014) further explained that a purely data driven perspective needs to be supplemented with theoretical consideration in the decision of measurement model.

Meanwhile, Isa and Resat (2014) cautioned the danger of misspecifying formative models as reflective. Misspecification could possibly lead to some detrimental effects in the research field. For examples, the concern of parsimony is avoided; the decomposed model possibly provide different conceptual implications; and this could lead to an atomistic fallacy (Diez-Roux, 2002). On
the other hand, Petter, Straub, and Rai (2007) pointed out that past studies by Jarvis, MacKenzie and Podsakoff (2003) and MacKenzie, Podsakoff and Jarvis (2005) shown evidence that if formative construct was correctly defined, statistically significant paths would be obtained.

In view of the continuous debates on the use of formative and reflective constructs, Hair, Hult, et al (2014) outlined some guidelines for choosing the measurement model mode, as illustrated in Table 3.11. It is used as a guide to determine the nature of constructs used in present research.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Decision</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Causal priority between the indicator and the construct</td>
<td>• From the construct to the indicators: reflective</td>
<td>Diamantopoulos and Winklhofer (2001)</td>
</tr>
<tr>
<td></td>
<td>• From the indicators to the construct: formative</td>
<td></td>
</tr>
<tr>
<td>Is the construct a trait explaining the indicators or rather a combination of the indicators?</td>
<td>• If trait: reflective</td>
<td>Fornell and Bookstein (1982)</td>
</tr>
<tr>
<td></td>
<td>• If combination: formative</td>
<td></td>
</tr>
<tr>
<td>Do the indicators represent consequences or causes of the construct?</td>
<td>• If consequences: reflective</td>
<td>Rossiter (2002)</td>
</tr>
<tr>
<td></td>
<td>• If causes: formative</td>
<td></td>
</tr>
<tr>
<td>Is it necessarily true that if the assessment of the trait changes, all items will change in a similar manner (assuming they are equally coded)?</td>
<td>• If yes: reflective</td>
<td>Chin (1998)</td>
</tr>
<tr>
<td></td>
<td>• If no: formative</td>
<td></td>
</tr>
<tr>
<td>Are the items mutually interchangeable?</td>
<td>• If yes: reflective</td>
<td>Jarvis, MacKenzie and Podsakoff (2003)</td>
</tr>
<tr>
<td></td>
<td>• If no: formative</td>
<td></td>
</tr>
</tbody>
</table>

With reference to the guidelines posited in Table 3.11 and the in-depth literature reviews in Chapter 2, Table 3.13 confirms and summaries that the measurement models adapted for present research.

Table 3.12: Summary of decision for measurement models adapted for present research

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Measurement model</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial orientation</td>
<td>Reflective (LOC)</td>
<td>George and Marino, (2011)</td>
</tr>
<tr>
<td></td>
<td>Formative (HOC)</td>
<td>Covin and Wales (2012)</td>
</tr>
<tr>
<td>Internal CSR</td>
<td>Formative</td>
<td>Isa and Reast (2014) (indicators)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Choi and La (2013)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mowday, Steers, and Porter (2013)</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>Reflective</td>
<td>Roberson (1995)</td>
</tr>
<tr>
<td>Perceived Role of Ethics and Social Responsibility</td>
<td>Reflective</td>
<td>Guidelines by Hair, Hult, Ringle, and Sarstedt (2014)</td>
</tr>
<tr>
<td>Perceived ease of movement</td>
<td>Reflective</td>
<td>Crossley, Bennett, Jex, and Burnfield, (2007).</td>
</tr>
</tbody>
</table>

Source: Developed for present research

After the decision and justification of the measurement models are established, the evaluation of PLS-SEM continues with the measurement model assessment. For present research, all constructs are reflectively measured except
EO is characterised as higher-order component with second order component are measured formatively, while Internal CSR is formatively measured.

3.5.5 Measurement Model Assessment

Reflectively measured constructs are evaluated differently from formatively measured constructs. The following subsections explain the measurement model assessment for reflectively measured constructs and formatively measured constructs respectively.

3.5.5.1 Reflective Measurement Model Assessment

If there are reflectively measured constructs, a researcher begins Stage 1 in Figure 3.4, by examining the indicator loadings. Sarstedt, Ringle, et al., (2014) stated that loadings higher than 0.70 indicate that the construct explains more than 50% of the indicator’s variance. Thereon, researcher continues with the assessment of the constructs’ internal consistency reliability. In PLS-SEM, internal consistency reliability is commonly evaluated using Jo¨reskog’s (1971) composite reliability, $\rho_c$. Higher values denote higher levels of reliability. Meanwhile, values between the range of 0.60 and 0.70 are deemed ‘‘acceptable in exploratory research’’, and values between 0.70 and 0.95 are considered ‘‘satisfactory to good’’ (Hair, Hult, et al., 2014). However, values higher than 0.95 are considered problematic because it means that the items are redundant, and therefore, causes issues such as undesirable response patterns (e.g., straight lining), and inflated correlations among indicators error terms (Drolet & Morrison, 2001). The next step involves examining the convergent validity of the reflective measures. Convergent validity measures evaluate the extent of a
construct converges in its indicators by explaining the items’ variance. Convergent validity is evaluated by the average variance extracted (AVE) for all items associated with each construct. The AVE value is computed as the mean of the squared loadings for all indicators associated with a construct. Generally, an AVE of 0.50 or higher is deemed acceptable, as it indicates that on average, the construct explains over 50% of the variance of its items.

Once the reliability and convergent validity of reflective constructs are successfully established, the next step is to evaluate the discriminant validity of the constructs. Discriminant validity decides the extent to which a construct is empirically different from other constructs in the path model, both in terms of how much does it correlates with other constructs and in terms of how distinctly the indicators represent only this single construct. The most conservative criterion suggested to evaluate discriminant validity is the Fornell and Larcker (1981) criterion. This method compares each construct’s AVE value with the squared interconstruct correlation (a measure of shared variance) of that construct with all other constructs in the structural model. Accordingly, the recommended guideline is that a construct should not display shared variance with any other construct that is higher than its AVE value. This method is employed in the present research. Meanwhile, a less rigorous method to assess discriminant validity is to study the cross loadings. The recommended guideline for this method is that an indicator variable should display a higher loading on its own construct than on any other construct that is/are included in the structural model (Hair, Hult, et al., 2014). If in the event that the loadings of the indicators
are consistently highest on the construct with which they are associated, then the construct displays discriminant validity.

Recent development and criticism pointed out that the Fornell-Larcker (1981) criterion do not reliably notice the lack of discriminant validity in common research situations (Henseler, et al., 2015). They have proposed an alternative approach, based on the multitrait-multimethod matrix, to assess discriminant validity by using the heterotrait-monotrait ratio of correlations. Henseler, et al. (2015) also went on to demonstrate the superior performance of this method by means of a Monte Carlo simulation study. As such, heterotrait-monotrait ratio of correlations (HTMT) is also included in present research to the discriminant validity.

3.5.5.2 Formative Measurement Model Assessment

The measurement model assessment continues with constructs that are formatively measured. According to Sarstedt, Ringle, Smith, Reams and Hair (2014), the evaluation of formatively measured constructs involves the examination of (1) convergent validity, (2) collinearity and (3) statistical significance and the relevance of the indicator weights as illustrated in Figure 3.7.

In Step 1, Hair, Hult, et al. (2014) explained that convergent validity of formatively measured constructs is determined based on the extent to which the formatively measured construct correlates with a reflectively measured (or single-item) construct that has the same meaning as the formatively measured
construct. Hair, Hult, et al. (2014) suggested that the formatively measured construct should explain at least 65% of the variance of the reflectively measured item(s), which is indicated by a path coefficient of approximately 0.80.

![Formative Measurement Models Assessment Procedure](image)

**Figure 3.7:** Formative Measurement Models Assessment Procedure


However, in most cases, a path coefficient of 0.70, (which translates into a shared variance of about 50%) would also be considered acceptable. Accordingly, researchers must plan for the assessment of convergent validity in the research design stage by including a reflectively measured construct or single-item measure of the formatively measured construct in the final questionnaire. Nevertheless, Hair, Hult, et al. (2014) cautioned that one should generally avoid using single item for construct measurement. Single item exhibits significantly lower levels of predictive validity compared to multi-item scales (Diamantopoulos, Sarstedt, Fuchs, Wilczynski, & Kaiser, 2012), which maybe particularly problematic when using a variance-based analysis technique.
such as PLS-SEM. In the context of convergent validity assessment as described above, the aim is to have a measure that summarizes the essence of the construct that the formative indicators purport to measure (Sarstedt, Wilczynski, & Melewar, 2012). Based on the guidelines proposed, the present research employed global measure as redundancy analysis to assess convergent validity of formative measurement models. Chin (1998) explained that redundancy analysis as using the formatively measured construct as an exogenous latent variable predicting an endogenous latent variable operationalised through on or more reflective measure of the same construct. A global single-item measures with generic assessments of the five EO dimensions (autonomy, competitive aggressiveness, innovativeness, proactiveness and risk taking) and the six internal CSR indicators (Employees’ voluntarily activities, Career opportunities, Employee’s well-being, Family friendly policy, Organisational justice and Support of Future education) are then use as a measures of the dependent construct in the redundancy analyses in present research.

In Step 2, variance inflation factor (VIF) is used to assess the level of collinearity among the formative indicators for each item. Generally, high correlations between two formative indicators is referred as collinearity. The term multicollinearity is used when there are more than two indicators. In general, for the ease of use, collinearity is used. In present research the term collinearity is used in the subsequence discussion and the entire thesis. Collinearity issue can be problematic from a methodological and interpretational view point. The researcher run multiple regression of each indicator of the formatively measured construct on all the other measurement items of the same
construct. In the context of PLS-SEM, a VIF value of 5 or lower is considered acceptable (Hair, Ringle & Sarstedt, 2011). The treatment for collinearity is explained in Section 3.5.7.

Step 3 involves examining the significance and relevance of the indicators. PLS-SEM does not make any distributional assumptions regarding the indicators or error terms that would facilitate the instant testing of the weights’ significance based on the normal distribution. Therefore, researcher must run a bootstrapping routine, a resampling technique that draws a large number of subsamples (typically 5000) from the original data (with replacement) and reestimates the model for each subsample. Using these subsamples, the researcher may compute bootstrap standard errors, which enable the computation of $t$ values (and $p$ values) for each indicator weight. Based on the $t$ values, the significance of the weights may be determined to make the following decisions:

- If the weight is statistically significant, the indicator is retained.
- If the weight is non-significant but the indicator’s loading is 0.50 or higher, the indicator is still retained, provided that theory and expert judgement support its inclusion.
- If the weight is non-significant and the loading is low (i.e., below 0.50), the indicator should be deleted from the measurement model.

Sarstedt, Ringle, et al (2014) cautioned that researchers should not simply deleting formative indicators based on statistical outcomes for at least two reasons. First, the weight is a function of the number of indicators used to measure a construct. Therefore, a higher number of indicators implies a lower
average weight. In other words, formative measurement has an inherent limit to the number of indicators able to retain a statistically significant weight. Second, eliminating formative indicators from the model should generally be the exception, as formative measurement theory requires that the measures to fully capture the entire domain of a construct. As such, deleting an indicator may have adverse consequences for the content validity of the measurement model (Hair, Hult, et al., 2014). In terms of relevance, indicator weights are standardized to values between -1 and +1, with weights closer to +1 indicating strong positive relationships and weights closer to -1 representing strong negative relationships.

If the measurement model assessment indicates that the measurement model is satisfactory, the evaluation of PLS-SEM proceeds with structural model assessment and this is discussed in next section.

3.5.6 Structural Model Assessment

Once the measurement model evaluation is completed and satisfied, the structural model assessment kicked in. The objective of structural model assessment is to test the independent relationships among the constructs suggested in the research model. PLS-SEM is different from CB-SEM as PLS-SEM does not have a standard goodness-of-fit statistic (Henseler & Sarstedt, 2013). Instead, PLS-SEM assessment of the model’s quality is based on its ability to predict the endogenous constructs. Figure 3.8 shows a systematic approach to the assessment of structural model results.
The key criteria for assessing the structural model in PLS-SEM are the significance of the path coefficients (Step 2), the level of \( R^2 \) value (Step 3), the \( f^2 \) effect size (Step 4), the predictive relevance \( (Q^2) \) (Step 5). Prior to this assessment, the researcher must test the structural model for potential collinearity between the predictor constructs. The computation of the path coefficients linking the constructs rest on a series of regression analyses. Therefore, the researcher must ascertain that the regression results are not biased by collinearity issues. This step is similar to the formative measurement model assessment, with the difference being that the scores of the exogenous latent variables that serve as input for the VIF assessments.

Figure 3.8: Structural Model Assessment Procedure

In Step 2, the significance and relevance of the structural model relationships (i.e., the path coefficients) which represent the hypothesized relationships among the constructs are assessed. Similar to the assessment of formative indicator weights, the significance assessment builds on bootstrapping standard errors as a basis for calculating $t$ values for the path coefficients. In regard to relevance, path coefficient values are standardized on a range from -1 to +1, with coefficients closer to +1 indicating strong positive relationships and coefficients closer to -1 representing strong negative relationships. The determination of whether the size of the coefficient is meaningful must be interpreted in light of the context of the research.

In Step 3, the most commonly used measure to evaluate the structural model is the coefficient determination ($R^2$ value). In other words, $R^2$ is a measure of the variance explained in each of the endogenous constructs and thus, it is a measure of the model’s predictive accuracy (in terms of in-sample prediction). The $R^2$ ranges from 0 to 1, with higher levels indicting a greater degree of predictive accuracy. As a general rule of thumb, $R^2$ values of 0.75, 0.50 and 0.25 may be considered substantial, moderate and weak, respectively (Hair, et al., 2011; Henseler, et al., 2009). Nevertheless, the researcher should always interpret the $R^2$ in the context of the study at hand by considering $R^2$ values from related studies.

In Step 4, effect size $f^2$ is measured. In addition to assessing the $R^2$ values of all endogenous constructs, the change in the $R^2$ value when a specified exogenous construct is omitted from the model can be used to assess whether
the omitted construct has a substantive impact on the endogenous constructs. This measure is called the $f^2$ effect size. Cohen (1998) proposed that $f^2$ values of 0.02, 0.15 and 0.35 are considered as small, medium and large effects respectively of the exogenous latent variable.

In Step 5, predictive relevance $Q^2$ is assessed. This is another means to assess the model’s predictive relevance is the $Q^2$ which is also called blindfolding. According to Hair, Hult, et al. (2014), blindfolding is an iterative process that repeats until each data point has been omitted and the model reestimated. This blindfolding procedure is only applicable to endogenous constructs that have reflective measurement model specification and endogenous single-item constructs. In present research, the ultimate endogenous construct is Turnover Intention which is reflectively measured, therefore $Q^2$ blindfolding procedure is employed. According to Hair, Hult, et al. (2014), $Q^2$ values larger than zero indicates the path model’s predictive relevance for the particular construct.

Finally, the assessment of structural model relationships should not be restricted to direct effects but, if applicable, also to look into the total effects, which is the sum of the direct effect and the indirect effect between an exogenous and an endogenous construct in the structural model. The consideration of total effects enable researcher to examine an exogenous construct’s influence on a target construct via all mediating constructs and thus provides a richer picture of the relationships in the structural model.
3.5.7 Collinearity and Its’ Treatment

Previous discussion had pointed out the issue of collinearity (multicollinearity denotes relationship between more than two independent variables) that can be a threat to data analysis. The existence of collinearity could be an issue in the multivariate analyses as it could present inaccurate estimates of coefficients and standard errors. The assessment of the effect of each independent variable would be very problematic if a high degree of collinearity is found (Hair, et al, 2006). According to Grewal, Cote, and Baumgartner (2004), collinearity may pose problems in theory testing (Type II errors). SPSS 22.0 for Windows is used to diagnose collinearity in present research through the checking of variance inflation factor (VIF). In the context of PLS-SEM, a tolerance VIF value of 5 and higher indicates a potential collinearity problem (Hair, Ringle, & Sarstedt, 2011).

In the event that the level of collinearity is very high, i.e., a VIF value of 5 or higher, Hair, Hult, Ringle and Sarstedt (2014) suggested one should consider removing one of the corresponding indicators. However, this option is only taken when the remaining indicators are still adequately capture the construct’s content from a theoretical perspective. Other alternatives suggested by Hair, Hult, et al (2014) to treat high collinearity are to construct higher-order constructs and combining the collinear indicators into a single (new) composite indicator such as using their average values, their weighted average value or their factor scores. The present research will follow this stance, if high collinearity is found.
3.6 Pilot Study

According to Low and Ong (2015), the objective to conduct a pilot study is to perform a brief exploratory examination, to have a trial on particular procedures, measurement instruments or even methods of analysis. This is supported by Leedy and Ormrod (2005) that pilot study is highly recommended to determine the viability of a study. Pilot testing usually involves testing a questionnaire on a small sample of respondents formally (Malhotra, 2004; Zikmund, 2003). The objective of pilot testing is to identify any problems with the data collection instrument (Sekaran, 2003). Pilot testing also allows comparison of alternative versions of a questionnaire (Zikmund, 2003). Furthermore, pilot testing is conducted to assess the efficacy of questionnaires and to ensure that the meaning of each question is clear to all respondents, so that each variable can be reliably measured (Newman, 2003; Zikmund, 2003).

Pilot study was implemented in present research with the objective to do a brief exploratory investigation on SMEs employees’ perception of enterprise’ EO and their attitudes and behaviour on the implementation of internal CSR practices towards turnover intention. Pilot testing of questionnaire as specified in Figure 3.3, Step 9 was carried out. The initial measurement model was used to conduct the pilot study on 20 selected SMEs full time employees who work in the state of Selangor. The selected respondents for pilot study were briefed face-to-face individually on the purpose of the research and the pilot study. They were politely asked to complete the pilot questionnaire. Pilot test respondents’ feedback was then incorporated into the final version of the questionnaire, which is also part of the procedures highlighted in Figure 3.3. Pilot test respondents
suggested some minor amendments in terms of sentence structure and choice of words for some questions in both the English and Mandarin version of the questionnaire.

After the pilot study on 20 respondents, the researcher employed PLS-SEM assessment to evaluate the reliability and validity of the construct measures. The key criteria used are indicator reliability, composite reliability and convergent validity. Discriminant validity was also assessed to ensure that reflective constructs are sharing more variance with its own indicators than with other constructs in the path model. The pilot study results reveal all the constructs composite reliability is above 0.7 except turnover intention (TI) which is 0.535. In terms of AVE, all the constructs’ AVE is above 0.5, except (TI) which is 0.494. Meanwhile, Cronbach alpha coefficient (α) to measure the reliability of the questionnaire, all constructs exhibit a value above 0.6, except Turnover intention recorded a value of 0.365. Despite that the construct of Turnover intention is below the acceptable value, the construct was retained for larger sample size in order to make a sound decision of the present research. Meanwhile, discriminant validity which meant to examine the cross loadings show that all indicators in present research are consistently highest on the construct with which they are associated. This shows that the construct exhibits discriminant validity. The pilot study results showed that the proposed research framework is feasible to carry out to the proposed sample. Constructs suggested in present research are reliable and valid.
3.7 Chapter Conclusion

Present chapter elaborates the researcher’s philosophical stance of epistemology by adopting the doctrines of positivism. The underlying ontological assumption of this research is critical realism. The research design adopted is exploratory and explanatory in nature; and quantitative method, by way of questionnaire survey. Multistage sampling method is employed due to complexity of SMEs data. The first stage was the selection of primary unit, followed by secondary unit and subsequently with quota sampling based on the sector categorisation. The sample size was calculated based on an anticipated respond rate of 80% and it was then further breakdown to perform quota sampling. The questionnaire was designed based on in-depth literature review in Chapter 2 with adaptation to fit into current SMEs setting. Feedback from pilot testing of the questionnaire is incorporated in the final version of questionnaire. The responses collected through questionnaires are to be analysed using PLS-SEM based on the relevant justification set forth. Procedures to perform PLS-SEM in terms of measurement assessment and structural assessment are detailed in this chapter, which is to be operationalised to perform the analysis. This chapter concludes with a pilot study, which is crucial to operationalise the present research. The research findings obtained from employing the research methodology detailed in present chapter are presented in Chapter 4 and Chapter 5 as descriptive analysis and inferential analysis respectively.
CHAPTER 4

FINDINGS: PART I

4.1 Introduction

As Chapter Three provides an intense description of the research methodology adopted, this chapter reports the response rate and explains the nonresponse bias after the description of research ethics. It then proceeds with data preparation and verification which includes the treatment of missing data, outliers, data normality and common method variance. The descriptive statistics of respondents according to their profiles are presented in the subsequent sections and followed by the descriptive statistics of the main constructs. The descriptive statistics of the main constructs reported are mean, median, mode, standard deviation, Kurtosis and Skewness. This chapter aims to provide an overview of the samples before proceeding to present the measurement model and structural model assessment in Chapter Five.

4.2 Research Ethics

Research ethics is an important aspect when executing research project. It is particularly vital, if the research project involves human beings, as it is the case of present research. The researcher had obtained approval from the Research Ethics Committee, Institute of Postgraduate Studies and Research (IPSR) of Universiti Tunku Abdul Rahman (UTAR) before the data collection (e.g. questionnaire) process. The researcher had ensured that all research ethics
standards as defined by UTAR were adhered to. During the data collection process, respondents were notified through a cover letter for printed questionnaire sent out by hand and mail. A Personal Data Protection Statement that is in compliance with Personal Data Protection Act 2010 (PDPA) was also appended together with the questionnaire. As for the web based questionnaire, a cover screen preceding the questionnaire was presented. The cover letter in printed questionnaire and cover screen in web based questionnaire highlighted that the participation in present research is strictly voluntarily. All respondents are remain as anonymous and all information gathered is confidential. Neither the respondents nor the companies name are required during the data collection process. All data collected is reported in an aggregated manner and it is solely used for academic research purposes. The questionnaire was vetted and approved by the Research Ethics Committee of IPSR, UTAR. Additionally, details of the research objective and the instructions of how to fill up the questionnaire were given to the respondents before collecting data.

Present research was carried out by adhering to all research ethics requirement set by IPSR, UTAR.

4.3 Response Rate

In social science research, quantitative approach, which acquire information by way of questionnaire is the most common method. Questionnaires can provide insights into individual perceptions and attitudes as well as organisational policies and practices. Moreover, the strengths of questionnaires are laid in assessing organisational concerns, observing trends
and evaluating progress (Kraut, 1996). Therefore, questionnaire are used extensively in organisational research. However, a 100 percent response rate is rarely achieved as it is depended on the willingness of people to respond to these questionnaires (Rogelberg & Stanton, 2007). In fact, as Baruch (2001) noted that the average response rate for questionnaires used as the basis for published academic studies is significantly less than 100 percent. The researcher encountered similar issue in present research.

Current research employed multi-stage sampling method with quota sampling as explained in Section 3.4.2 and Section 3.4.3, and an anticipated final sample size of 80% response rate is calculated with details shown in Table 3.7 (See Chapter 3). Table 4.1 is produced to report the response rate based on quota sampling method performed according to sector categorisation.

Table 4.1: Response Rate based on quota sampling on an anticipated final sample size with 80% response rate

<table>
<thead>
<tr>
<th>Sector</th>
<th>Quota Sampling (%)</th>
<th>Distributed (no. of respondent)</th>
<th>Completed &amp; Returned</th>
<th>Usable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>64.2</td>
<td>321</td>
<td>320</td>
<td>318</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>22.1</td>
<td>110</td>
<td>40</td>
<td>39</td>
</tr>
<tr>
<td>Construction</td>
<td>10.8</td>
<td>54</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.9</td>
<td>10</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>1.0</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>500</strong></td>
<td><strong>395</strong></td>
<td><strong>390</strong></td>
</tr>
</tbody>
</table>

Source: Developed for the present research
Based on an anticipated 80% response rate, 500 copies of questionnaires were sent out by hand, mail and electronic mail which includes a web based questionnaire, from 1st December 2014 until 31st May 2015 to the targeted respondents. Majority of the service sector respondents preferred to answer the questionnaire through electronic mail with web based questionnaire, therefore, responses from service sector was recorded as the highest response rate. Questionnaires for other sectors were mostly sent out by hand and mail.

The response rate of present research was achieved at 79.0% with 395 respondents responded and returned the questionnaires. The final response rate is 1.0% lower than the anticipated response rate of 80.0%.

4.4 Nonresponse Bias

Nonresponse bias refers to the bias that exists when some of the respondents in the frame used for the questionnaire cannot be located or turn down the request of the researcher (Pont, 2007). In other words, nonresponse bias arises when not all people included in the sample are willing or able to complete the questionnaire. Therefore, nonresponse errors exist to the extent that people incorporated in the sample failed to provide usable responses, and are different from those people who do participate when it comes to the characteristics of interest to the study (Lindner, 2002).

However, Groves and Peytcheva (2008) had done an extensive meta-analysis of 59 methodological studies on nonresponse bias and found out that there is no overall significant correlation of response rate and nonresponse bias,
but instead large variations of bias estimates across surveys with similar nonresponse rates. These findings lead to the question of whether a high response rate alone is appropriate to serve as data quality indicator. Nonetheless, since nonresponse bias is the product of the magnitude of the nonresponse rate and of the difference between response and nonresponse, high nonresponse rates at least define the maximum nonresponse bias (Wagner, 2008). Thus, high response rates are still assumed to be one of the best ways of preventing incorrect estimates due to nonresponse biases (Vehovar, 2007). In addition, there is no stable correlation of response rate and nonresponse bias as pointed out by Groves (2006) in his meta-analysis. Accordingly, Fuchs, Bossert, and Stukowski (2013) explained that response rates are still perceived as a key data quality indicator for surveys. High response rates of 70% or higher have been defined as thresholds for high quality surveys in various textbooks (see citations compiled by Groves in his 2006 review article). Present research has achieved a high response rate of 79.0%, which is above the threshold of 70.0% according to Groves (2006).

Meanwhile, Churchill and Iacobucci (2004) suggested three common methods to treat nonresponse bias, explicitly to increase the initial response rate, to reduce the effects of refusal through follow-up, and to extrapolate the collected data. Researchers may employ various specific procedures to handle the issue of nonresponse bias. Dillman (2000) suggested to increase the initial response rate by enhancing the attractiveness of self-administrated questionnaire with incentives as token of appreciation to respondents. Diamantopoulos and Siguaw (2006) also proposed the option of contacting non-respondents and
enquire why they did not participate. Another option is to get in touch with the non-respondents and try to get some data or some key constructs in order to perform a comparison between non-respondents with respondent (Bhattacharya, Rao, & Glynn, 1995). Alternative method to estimate the potential differences between non-respondents and respondents is to compare key characteristics, such as some demographics information like gender, age and income of the respondents with the population from which the sample is drawn (Bhattacharya, et al, 1995); or of the respondents with the entire sample (Elsbach & Bhattacharya, 2001). Lastly, based on the modest assumption that subjects who are less readily to respond are often more like no respondents (Armstrong & Overton, 1977). The method of comparing early and late respondents has been extensively used by many researchers as a mean to determine potential nonresponse bias (e.g. Diamantopoulos & Siguaw, 2006; Malhotra, et al, 1996).

Armstrong and Overton (1977) explained that extrapolation method uses statistical comparisons of factors such as scales or demographics independent and dependent variables (Churchill & Iacobucci, 2004), to indicate potential nonresponse bias in the data set.

For present research, the above described suggestions to handle nonresponse bias were not adopted for four main reasons. Firstly, the response rate achieved in present research is more than 70% which is considered as high response rate (Groves, 2006). Secondly, Groves and Peytcheva (2008) found out that there is no overall significant correlation of response rate and nonresponse bias. Thirdly, due to the fact of absolute confidentiality was promised to all respondents; there was no tracking system available and the researcher was
unable to identify the non-respondents. Lastly, data from each organisation were collected at a single point of time by hand and mail. Thus, the respondents cannot be classified as early and late respondents. The popular method proposed by Armstrong and Overton (1977) for testing nonresponse bias was not relevant in this research. Therefore, no additional information or data was collected from the non-respondents in order to perform any comparison procedures (Foreman & Whetten, 2002).

After the issue of nonresponse bias is addressed, the following sections discuss the data preparation and data verification.

4.5 Data Preparation

Hair, et al (2007) recommended that researchers shall examine the initial data obtained before conducting any further statistical analysis. The objective of initial data examination is meant to identify any potential contravention of the underlying assumptions in relation to the application of multivariate techniques (Hair, et al, 2007). Initial data examination enables the researcher to obtain a profound understanding of the data set collected. Data preparation process involves coding and data entry into a database. Upon completion of data entry into the database, data verification is performed as discussed in the next section.

4.6 Data Verification

This section explains the analysis undertaken to verify the collected data. This step is important to ensure that the data used in higher-level statistical analysis is valid and complete. There are a few verifications conducted.
Tabachnick and Fidell (2007) outlined the following descriptive analyses; firstly, to ensure the data does not have missing values; secondly, to analyse the outliers case; thirdly, to test of data normality; and lastly, to test common method variance. All these analyses were carried out by using IBM SPSS Statistics 22 software package.

4.6.1 Missing Data

Missing data is often a problem in social science research. Missing data occurs when a respondent either purposely or inadvertently fail to answer one or more questions. For present research, missing data is not a critical issue because there were three methods used to collect data that enable the reduction of incomplete responses.

In terms of questionnaires that were distributed to the respondents by hand, the researcher reminded all the respondents prior to distribution of questionnaire. The researcher also went through the responses and check whether there is any missing data upon collecting the questionnaires. As for questionnaires sent out by electronic mail with web based questionnaire, there is no issue of missing value. It is because the web based system automatically checks for incomplete responses. This is the reason of increased use of online web based data collection as this approach reduces missing data. Web based questionnaire makes it possible to prevent respondents from going to the next question if they have not answer a particular question as the web based system is set to accept a complete response. As such, all of the downloaded responses were complete and no missing data was detected.
For present research, only 2 questionnaires were incomplete, which translate to 0.5% of the total questionnaires received. Therefore, these 2 incomplete responses are removed from the analysis as recommended by Hair, Hult, et al (2014).

4.6.2 Outliers

Outlier is an extreme response to a particular question, or extreme responses to all questions. Before analyzing the data, the researcher had examined response patterns to check for outliers. In order to deal with outliers, the first step is to identify them. For this purpose, IBM SPSS Statistics 22 software package was used. In present research, 3 outliers’ responses were detected. The researcher had decided to remove these 3 responses from the data set as there are only 0.8% of the total questionnaires received.

4.6.3 Data Normality

Hair, Black, Babin and Anderson (2010) pointed out that the most essential assumption in multivariate analysis is normality. Normality refers to the shape of the data distribution for an individual metric variable and its correspondence to normal distribution, i.e., the benchmark for statistical method. However, PLS-SEM uses a nonparametric statistical method which does not require the data to be normally distributed. Nevertheless, Hair, Hult, et al (2014) advised that it is important to verify that the data are not too far from normal distribution as extremely non-normal data prove problematic in the assessment of parameters’ significance.
The data normality test was carried out for present research by using three statistical analysis, namely Shapiro-Wilk test, Skewness and Kurtosis. The Shapiro-Wilk test results reveal that all variables have significant values of 0.00 which shows that the data is normal. Hair, Hult, et al (2014) explained that Shapiro-Wilks test only indicate whether the null hypothesis of normally distributed data should be rejected or not, therefore, this test provides limited guidance whether the data are too far from being normally distributed or not. Additional tests were conducted by calculating the data Skewness and Kurtosis values.

Skewness assesses the extent to which a variable’s distribution is symmetrical. A general guideline for Skewness is that if the number is greater than +1 or lower than -1, this is an indication of a substantially skewed distribution. The results of Skewness confirms that the data is normally distributed as 98% of the variables are fall within the range of +1 and -1. Kurtosis is a measure of whether the distribution is too peak, i.e. a very narrow distribution with the most of the responses in the centre. The general guideline is that if the number is greater than +1, the distribution is too peak. Likewise, if the number is less than -1, this means the distribution is too flat. The results from Kurtosis test showed that the data distribution is normal as it falls within the number of +1 and -1. Thus, it shows that the data normality distribution assumption is met for present research.
Based on the data normality tests conducted, the data for present research is normality distributed.

4.6.4 Common Method Bias

The data collected also being examined for a potential problem in behavioural research, namely common method bias. Common method bias or common method variance is attributable to the measurement method rather than to the constructs which the measures represent. When self-report questionnaires are used to collect data at the same time from the same respondents, common method variance may be of a concern. It is because self-report data can create false correlations if the respondents have a propensity to provide consistent answers to survey questions that are otherwise not related. As such, common method variance causes a false internal consistency because an apparent correlation among variables has been generated by their common source.

For present research, the data was also investigated for common variance bias. Harman’s one factor test is adopted to determine the number of factors accounting for the variance in the variables (Koh & Kim, 2003). According to Podsakoff, Bommer, Podsakoff, and MacKenzie (2006), the amount of variance accounted for common method biasness varies depending on the field of research (e.g., marketing, management, and psychology). For this research, Harman’s single factor test reveals that the first factor account for 32.5% variance which is less than the threshold level of 50.0% of the total variance explained (Podsakoff, et al, 2003). According to Eichhorn (2014), Harman’s one factor technique has the benefit of simplicity. The technique is sensitive to the
number of variables involved. Large models have a greater chance for multiple common method factors to exist. Therefore, for identification purposes, it was necessary to constrain factor loadings within constructs to be equal when estimating the model. The results showed that none of the individual path coefficients corresponding to relationships between the indicators and the method factor was significant. Furthermore, the overall pattern of significant relationships was not affected by common method variance. It is concluded that common method bias does not appear to be a serious concern for present research.

4.7 Descriptive Statistics of Respondents

The sample for present research was made up of SMEs employees from all sectors located in the state of Selangor. Table 4.2 shows the respondents’ profile according to their gender and ethnicity.

Table 4.2 shows that majority of the respondents are male and Chinese, (62.6%), followed by Malays and Indians which are represented by 22% and 14% respectively. Male employees dominate the SMEs establishments in Selangor with 54.6% as compared to their counterpart which recorded at 45.4%.
<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malays</td>
<td>40</td>
<td>47</td>
<td>87 (22.3%)</td>
</tr>
<tr>
<td>Chinese</td>
<td>145</td>
<td>99</td>
<td>244 (62.6%)</td>
</tr>
<tr>
<td>Indian</td>
<td>25</td>
<td>29</td>
<td>54 (13.8%)</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>2</td>
<td>5 (1.3%)</td>
</tr>
<tr>
<td>Total</td>
<td>213 (54.6%)</td>
<td>177 (45.4%)</td>
<td>390 (100.0%)</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

Table 4.3 shows the respondents’ age group and their education qualification. Majority of the respondents are below the age of 30, i.e., 64.4% of them. Among these young respondents, most of them are degree holders (32.6%), followed by SPM qualification, 13.8% and diploma qualification, 11.8%. The second largest age group is in the range of 30 to 39, which constitutes to 23.6% of the total respondents. Among this second largest age group, majority of them are degree holder (12.3%) followed by diploma holder (6.9%). The age group of 59 year and above is the smallest age group that participated in present research, which is only 0.5% of them.
Table 4.3 Respondents’ Profile according to Age group and Education

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Total</th>
<th>Percentage (%)</th>
<th>Education</th>
<th>Total</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30</td>
<td>251</td>
<td>64.4</td>
<td>SPM</td>
<td>54</td>
<td>13.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Diploma</td>
<td>46</td>
<td>11.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Degree</td>
<td>127</td>
<td>32.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Postgraduate</td>
<td>12</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Others</td>
<td>12</td>
<td>3.0</td>
</tr>
<tr>
<td>30 - 39</td>
<td>92</td>
<td>23.6</td>
<td>SPM</td>
<td>9</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Diploma</td>
<td>27</td>
<td>6.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Degree</td>
<td>48</td>
<td>12.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Postgraduate</td>
<td>6</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Others</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>40 - 49</td>
<td>34</td>
<td>8.7</td>
<td>SPM</td>
<td>6</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Diploma</td>
<td>8</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Degree</td>
<td>14</td>
<td>3.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Postgraduate</td>
<td>5</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Others</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>50 - 59</td>
<td>11</td>
<td>2.8</td>
<td>SPM</td>
<td>3</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Degree</td>
<td>3</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Postgraduate</td>
<td>4</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Others</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>59 and above</td>
<td>2</td>
<td>0.5</td>
<td>Diploma</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>390</td>
<td>100.0%</td>
<td></td>
<td>390</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

Table 4.4 shows the respondents’ position according to gender and age group. It is observed that most of the respondents do not hold any managerial position that involves in organisation decision making. A total of 250 respondents (64.1%) do not hold any managerial position. 35.9% (140 respondents) of the respondents are in the managerial position which involve decision making in their daily job and out of which, 52% of them are males. Only 48% of the managerial position is held by females.
Table 4.4: Respondents’ position according to gender and age group.

<table>
<thead>
<tr>
<th>Position</th>
<th>Female Sub-total</th>
<th>Male Sub-total</th>
<th>Total Sub-total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Managerial</td>
<td>110 (44%)</td>
<td>140 (56%)</td>
<td>250 (64.1%)</td>
</tr>
<tr>
<td>Less than 30</td>
<td>92</td>
<td>102</td>
<td>194</td>
</tr>
<tr>
<td>30 – 39</td>
<td>16</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>40 – 49</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>50 - 59</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Managerial</td>
<td>67 (48%)</td>
<td>73 (52%)</td>
<td>140 (35.9%)</td>
</tr>
<tr>
<td>Less than 30</td>
<td>34</td>
<td>23</td>
<td>57</td>
</tr>
<tr>
<td>30 – 39</td>
<td>20</td>
<td>26</td>
<td>46</td>
</tr>
<tr>
<td>40 – 49</td>
<td>13</td>
<td>15</td>
<td>28</td>
</tr>
<tr>
<td>50 - 59</td>
<td>0</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>59 and above</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>177 (45.4%)</td>
<td>213 (54.6%)</td>
<td>390 (100.0%)</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

Table 4.5 shows the respondents’ year of working with the current organisation. Majority of the respondents, i.e., 82.8% are with 1 to 5 years of working tenure with the current organisations, while 9.0% of the respondents have been working with the current organisation for 10 years and above.

Table 4.5: Respondents’ year of working with current organisation

<table>
<thead>
<tr>
<th>Year of working</th>
<th>Total</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 5 years</td>
<td>323</td>
<td>82.8</td>
</tr>
<tr>
<td>6 to 9 years</td>
<td>32</td>
<td>8.2</td>
</tr>
<tr>
<td>10 years and above</td>
<td>35</td>
<td>9.0</td>
</tr>
<tr>
<td>Total</td>
<td>390</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Developed for the present research
Generally, respondents who participated in present research are mostly males and Chinese. Most of the respondents are degree holders and do not involve in the managerial decision making in their daily job. Male respondents are the dominant for managerial position in the present research. Majority of the respondents have been working with their current organisation for 1 to 5 years.

The following section continues with the descriptive statistics of the organisations in present research.

4.8 Descriptive Statistics of Enterprises

The descriptive statistics of enterprises which the respondents are attached to, are presented in this section. These descriptive statistics are presented in pie charts according to sector categorisation, establishment size and market orientation.

The present research follows SMECorp sector categorisation of SMEs as Services, Manufacturing, Constructions, Agriculture, and Mining and Quarrying. Figure 4.1 shows the SMEs categorisation in present research. 81.5% of the respondents are from the Service sector, followed by Manufacturing at 10.0% and Construction at 6.9%. A small portion of the respondents are working in the Agriculture and Mining and Quarrying sector, which constitutes less than 2%.
Following the definition of National SME Development Council (NSDC) as stated in Section 2.2 in Chapter 2, Malaysian SMEs are classified according to number of full-time employees or sales turnover. In present research, number of full-time employees are used as the classification for type of SMEs. Accordingly, Micro are enterprises with less than 5 employees, Small are enterprises with 5 to less than 30 employees (Manufacturing: 5 to less than 75), Medium are enterprises with from 20 not exceeding 75 employees (Manufacturing: 75 not exceeding 200) and Large are enterprises with more than 75 employees (Manufacturing: more than 200). Figure 4.2 shows the percentage of the type of SMEs participated in present research. The results show that majority of the respondents are from the Micro enterprises (44%), followed by Small enterprises (38%) and Medium enterprises (14%). Only 4% of the respondents are attached to the Large enterprises.
Besides of the sector and establishment size, the information on the SMEs market orientation is obtained in present research. There are three type of market orientations, namely domestic market, export market and both domestic and export market. The results reveal that 52.0% of the SMEs participated in present research are focusing on domestic market while 46.0% involves in both domestic and export market. Only 2.0% of the SMEs concentrate solely in export market.
In a nutshell, SMEs involve in present research are mostly in the service sector, and having less than 5 full-time employees. The results also show that there is about an equal distribution of SMEs concentrates in solely domestic market (52.0%) and both domestic and export market (46.0%).

4.9 Descriptive Statistics for the main constructs

This section provides the descriptive statistics of the seven main constructs adopted in present research, namely Entrepreneurial Orientation (EO), Internal CSR practices, Organisational Commitment (OC), Job Satisfaction (JS), Turnover Intention (TI), Perceived Ethics and Social Responsibility (PRESOR) and Perceived Ease of Movement (PEM). The descriptive statistics include mean, median, mode, standard deviation, Skewness and Kurtosis.
4.9.1 Entrepreneurial Orientation

There are total 18 indicators under the construct of Entrepreneurial Orientation. Table 4.6 shows the respective mean, median, mode, standard deviation, Kurtosis and Skewness of each indicator. The results show that the most of mean, median and mode are fall in the range of 3 to 5. The Kurtosis results indicate that the distribution is not too narrow as the it is in the range of -1 to +1. Meanwhile, the Skewness results show that the indicators distributions are not symmetrical and skew toward the left tail.

Table 4.6: Descriptive Statistics of Entrepreneurial Orientation

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Standard Deviation</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autoq1</td>
<td>3.86</td>
<td>4</td>
<td>4</td>
<td>1.12</td>
<td>0.13</td>
<td>-0.46</td>
</tr>
<tr>
<td>Autoq2</td>
<td>4.08</td>
<td>4</td>
<td>4</td>
<td>1.05</td>
<td>0.46</td>
<td>-0.43</td>
</tr>
<tr>
<td>Autoq3</td>
<td>4.12</td>
<td>4</td>
<td>4</td>
<td>1.11</td>
<td>0.14</td>
<td>-0.50</td>
</tr>
<tr>
<td>Autoq4</td>
<td>4.12</td>
<td>4</td>
<td>4</td>
<td>1.11</td>
<td>0.21</td>
<td>-0.47</td>
</tr>
<tr>
<td>Autoq5</td>
<td>3.96</td>
<td>4</td>
<td>4</td>
<td>1.19</td>
<td>-0.22</td>
<td>-0.33</td>
</tr>
<tr>
<td>Autoq6</td>
<td>3.94</td>
<td>4</td>
<td>4</td>
<td>1.19</td>
<td>-0.27</td>
<td>-0.21</td>
</tr>
<tr>
<td>CAq1</td>
<td>4.50</td>
<td>5</td>
<td>5</td>
<td>1.11</td>
<td>0.03</td>
<td>-0.53</td>
</tr>
<tr>
<td>CAq2</td>
<td>4.20</td>
<td>4</td>
<td>4</td>
<td>1.17</td>
<td>-0.15</td>
<td>-0.42</td>
</tr>
<tr>
<td>CAq3</td>
<td>4.19</td>
<td>4</td>
<td>5</td>
<td>1.16</td>
<td>-0.22</td>
<td>-0.43</td>
</tr>
<tr>
<td>IN1</td>
<td>4.29</td>
<td>4</td>
<td>4</td>
<td>1.17</td>
<td>-0.24</td>
<td>-0.40</td>
</tr>
<tr>
<td>IN2</td>
<td>4.07</td>
<td>4</td>
<td>4</td>
<td>1.22</td>
<td>-0.42</td>
<td>-0.22</td>
</tr>
<tr>
<td>IN3</td>
<td>4.19</td>
<td>4</td>
<td>4</td>
<td>1.18</td>
<td>-0.48</td>
<td>-0.27</td>
</tr>
<tr>
<td>Pq1</td>
<td>4.23</td>
<td>4</td>
<td>4</td>
<td>1.14</td>
<td>-0.17</td>
<td>-0.32</td>
</tr>
<tr>
<td>Pq2</td>
<td>4.19</td>
<td>4</td>
<td>4</td>
<td>1.09</td>
<td>0.06</td>
<td>-0.29</td>
</tr>
<tr>
<td>Pq3</td>
<td>4.11</td>
<td>4</td>
<td>4</td>
<td>1.09</td>
<td>-0.08</td>
<td>-0.21</td>
</tr>
<tr>
<td>RTq1</td>
<td>4.12</td>
<td>4</td>
<td>4</td>
<td>1.14</td>
<td>-0.20</td>
<td>-0.39</td>
</tr>
<tr>
<td>RTq2</td>
<td>4.20</td>
<td>4</td>
<td>4</td>
<td>1.19</td>
<td>-0.15</td>
<td>-0.45</td>
</tr>
<tr>
<td>RT3</td>
<td>4.38</td>
<td>5</td>
<td>5</td>
<td>1.14</td>
<td>0.59</td>
<td>-0.80</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

4.9.2 Internal Corporate Social Responsibility (CSR) Practices

There are 6 indicators adapted for Internal CSR practices in present research. These 6 indicators are Employees’ voluntarily activities, Career opportunities, Employee’s well-being, Family friendly policy, Organisational justice and Support of Future education.
Table 4.7 shows the descriptive statistics of Internal CSR practices whereby Internal CSR 1 represents Employees’ voluntarily activities, Internal CSR 2 represents Career opportunities, Internal CSR 3 represents Employee’s well-being, Internal CSR 4 represents Family friendly policy, Internal CSR 5 represents Organisational justice and Internal CSR 6 represents Support of Future education. The results reveal that Internal CSR practices mean are ranging from 3.73 to 4.28. The median and mode are for all the Internal CSR indicators are 4 with standard deviation ranging from 0.97 to 1.28. The Kurtosis results for Internal CSR practices is similar to Entrepreneurial Orientation indicates that the distribution is not too narrow as it falls between the range of -1 to +1. Meanwhile, the Skewness results show that the indicators distributions are not symmetrical and skew toward the left tail.

Table 4.7: Descriptive Statistics of Internal CSR practices

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Standard Deviation</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal CSR1</td>
<td>3.73</td>
<td>4.00</td>
<td>4.00</td>
<td>1.28</td>
<td>-0.42</td>
<td>-0.22</td>
</tr>
<tr>
<td>Internal CSR2</td>
<td>4.28</td>
<td>4.00</td>
<td>4.00</td>
<td>1.18</td>
<td>-0.04</td>
<td>-0.47</td>
</tr>
<tr>
<td>Internal CSR3</td>
<td>4.16</td>
<td>4.00</td>
<td>4.00</td>
<td>1.13</td>
<td>0.39</td>
<td>-0.55</td>
</tr>
<tr>
<td>Internal CSR4</td>
<td>4.16</td>
<td>4.00</td>
<td>4.00</td>
<td>1.08</td>
<td>0.09</td>
<td>-0.32</td>
</tr>
<tr>
<td>Internal CSR5</td>
<td>4.16</td>
<td>4.00</td>
<td>4.00</td>
<td>1.19</td>
<td>-0.34</td>
<td>-0.26</td>
</tr>
<tr>
<td>Internal CSR6</td>
<td>4.01</td>
<td>4.00</td>
<td>4.00</td>
<td>0.97</td>
<td>0.79</td>
<td>-1.02</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

4.9.3 Organisational Commitment (OC)

There are 8 indicators adapted for Organisational Commitment. Table 4.8 shows the descriptive statistic of OC in terms of mean, median, mode, standard deviation, Kurtosis and Skewness. The results reveal that the mean of OC is
ranging from 3.76 to 4.19, while the median and mode are recorded at 4. The Kurtosis results for OC indicate that the distribution is not too narrow as it falls between the range of -1 to +1. Meanwhile, the Skewness results show that the indicators distributions are not symmetrical and skew toward the left tail.

### Table 4.8: Descriptive Statistics of Organisational Commitment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Standard Deviation</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCq1</td>
<td>4.10</td>
<td>4.00</td>
<td>4.00</td>
<td>1.28</td>
<td>-0.32</td>
<td>-0.40</td>
</tr>
<tr>
<td>OCq2</td>
<td>4.19</td>
<td>4.00</td>
<td>4.00</td>
<td>1.21</td>
<td>-0.01</td>
<td>-0.45</td>
</tr>
<tr>
<td>OCq3</td>
<td>3.76</td>
<td>4.00</td>
<td>4.00</td>
<td>1.41</td>
<td>-0.68</td>
<td>-0.20</td>
</tr>
<tr>
<td>OCq4</td>
<td>3.91</td>
<td>4.00</td>
<td>4.00</td>
<td>1.15</td>
<td>-0.22</td>
<td>-0.22</td>
</tr>
<tr>
<td>OCq5</td>
<td>4.02</td>
<td>4.00</td>
<td>4.00</td>
<td>1.21</td>
<td>-0.44</td>
<td>-0.20</td>
</tr>
<tr>
<td>OCq6</td>
<td>3.92</td>
<td>4.00</td>
<td>4.00</td>
<td>1.25</td>
<td>-0.53</td>
<td>-0.09</td>
</tr>
<tr>
<td>OCq7</td>
<td>3.95</td>
<td>4.00</td>
<td>4.00</td>
<td>1.27</td>
<td>-0.53</td>
<td>-0.22</td>
</tr>
<tr>
<td>OCq8</td>
<td>3.96</td>
<td>4.00</td>
<td>4.00</td>
<td>1.23</td>
<td>-0.66</td>
<td>-0.12</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

### 4.9.4 Job Satisfaction (JS)

There are 5 indicators employed to measure Job satisfaction for present research. Table 4.9 shows the descriptive statistic of JS in terms of mean, median, mode, standard deviation, Kurtosis and Skewness. The results show that the mean for JS is in the range of 3.67 to 4.22. Meanwhile, the median and mode are in the range of 3 to 4. The Kurtosis results for JS indicate that the distribution is not too narrow as the it is fall between the range of -1 to +1. Meanwhile, the Skewness results show that the indicators distributions are not symmetrical and skew toward the left tail.
Table 4.9: Descriptive Statistics of Job satisfaction

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Standard Deviation</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS1</td>
<td>4.22</td>
<td>4</td>
<td>4</td>
<td>1.13</td>
<td>0.32</td>
<td>-0.54</td>
</tr>
<tr>
<td>JS2</td>
<td>4.09</td>
<td>4</td>
<td>4</td>
<td>1.15</td>
<td>0.25</td>
<td>-0.43</td>
</tr>
<tr>
<td>JS3</td>
<td>3.42</td>
<td>3</td>
<td>3</td>
<td>1.45</td>
<td>-0.84</td>
<td>0.14</td>
</tr>
<tr>
<td>JS4</td>
<td>4.18</td>
<td>4</td>
<td>4</td>
<td>1.16</td>
<td>0.16</td>
<td>-0.45</td>
</tr>
<tr>
<td>JS5</td>
<td>3.67</td>
<td>4</td>
<td>3</td>
<td>1.28</td>
<td>-0.51</td>
<td>-0.01</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

4.9.5 Turnover Intention (TI)

There are 4 indicators adapted for Turnover Intention. Table 4.10 shows the descriptive statistic of TI in terms of mean, median, mode, standard deviation, Kurtosis and Skewness. The results show that the mean are in the range of 2.81 to 3.38 while the median and mode are recorded as 3. The Kurtosis results for Turnover intention indicate that the distribution is not too narrow as it falls between the range of -1 to +1. Meanwhile, the Skewness results show that the indicators distributions are not symmetrical and skew toward the right tail.

Table 4.10: Descriptive Statistics of Turnover Intention

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Standard Deviation</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI1</td>
<td>2.82</td>
<td>3.00</td>
<td>3.00</td>
<td>1.27</td>
<td>-0.42</td>
<td>0.40</td>
</tr>
<tr>
<td>TI2</td>
<td>2.99</td>
<td>3.00</td>
<td>3.00</td>
<td>1.39</td>
<td>-0.85</td>
<td>0.19</td>
</tr>
<tr>
<td>TI3</td>
<td>3.38</td>
<td>3.00</td>
<td>3.00</td>
<td>1.45</td>
<td>-0.84</td>
<td>0.10</td>
</tr>
<tr>
<td>TI4</td>
<td>2.81</td>
<td>3.00</td>
<td>3.00</td>
<td>1.35</td>
<td>-0.52</td>
<td>0.40</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

4.9.6 Perceived Ethics and Social Responsibility (PRESOR)

There are 6 indicators adapted for Perceived Ethics and Social Responsibility. Table 4.11 shows the descriptive statistic of PRESOR in terms of mean, median, mode, standard deviation, Kurtosis and Skewness. The results show that the mean are in the range of 4.23 to 4.47, while the median and mode
are in the range of 4 to 5. The Kurtosis results for PRESOR indicate that the
distribution is not too narrow as it falls between the range of -1 to +1.
Meanwhile, the Skewness results show that the indicators distributions are not
symmetrical and skew toward the left tail.

Table 4.1: Descriptive Statistics of Perceived Role of Ethics and Social
Responsibility (PRESOR)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Standard Deviation</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRESOR1</td>
<td>4.26</td>
<td>4</td>
<td>4</td>
<td>1.14</td>
<td>-0.29</td>
<td>-0.35</td>
</tr>
<tr>
<td>PRESOR2</td>
<td>4.31</td>
<td>4</td>
<td>4</td>
<td>1.12</td>
<td>-0.07</td>
<td>-0.38</td>
</tr>
<tr>
<td>PRESOR3</td>
<td>4.23</td>
<td>4</td>
<td>5</td>
<td>1.13</td>
<td>-0.36</td>
<td>-0.31</td>
</tr>
<tr>
<td>PRESOR4</td>
<td>4.28</td>
<td>4</td>
<td>4</td>
<td>1.06</td>
<td>0.21</td>
<td>-0.36</td>
</tr>
<tr>
<td>PRESOR5</td>
<td>4.47</td>
<td>5</td>
<td>5</td>
<td>1.16</td>
<td>0.03</td>
<td>-0.56</td>
</tr>
<tr>
<td>PRESOR6</td>
<td>4.42</td>
<td>4</td>
<td>4</td>
<td>1.11</td>
<td>0.25</td>
<td>-0.56</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

4.9.7 Perceived Ease of Movement (PEM)

There are 4 indicators adapted for Perceived Ease of Movement to gauge
respondents’ perception as to whether it is easy or difficult to leave the current
organisation based on the labour market. Table 4.12 shows the descriptive
statistic of PEM in terms of mean, median, mode, standard deviation, Kurtosis
and Skewness. The results show that the mean are in the range of 3.19 to 3.32,
while the median and mode are recorded as 3 and 4 respectively. The Kurtosis
results for PEM indicate that the distribution is not too narrow as it falls between
the range of -1 to +1. Meanwhile, the Skewness results show that the indicators
distributions are not symmetrical and more skew toward the left tail.
Table 4.12: Descriptive Statistics of Perceived Ease of Movement

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Standard Deviation</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEM1</td>
<td>3.32</td>
<td>3</td>
<td>4</td>
<td>1.15</td>
<td>-0.57</td>
<td>-0.07</td>
</tr>
<tr>
<td>PEM2</td>
<td>3.30</td>
<td>3</td>
<td>4</td>
<td>1.17</td>
<td>-0.46</td>
<td>0.10</td>
</tr>
<tr>
<td>PEM3</td>
<td>3.19</td>
<td>3</td>
<td>4</td>
<td>1.15</td>
<td>-0.68</td>
<td>-0.01</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

4.10 Chapter Conclusion

The present chapter reports the response rate obtained and also explains the data cleaning process prior to descriptive data analysis. The respondents’ profile and enterprises characteristics are explored and analysed in this chapter. The main constructs adapted also being studied in terms of the mean, median, mode, standard deviation, Kurtosis and Skewness. The descriptive statistics obtained in this chapter will be used together with the inferential statistics in Chapter 5 to present the entire research conclusion in Chapter 6. The main constructs that discussed in this chapter are further explored in next chapter in the measurement model evaluation and structural model evaluation in the context of PLS-SEM.
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CHAPTER 5

FINDINGS – PART II

5.1 Introduction

Chapter Four provides details of descriptive statistics of the samples and important variables of this research. This chapter summarises the statistical analyses approach used and present the research results from PLS-SEM. The organisation of this chapter is as follows: First, the results of measurement models are presented by assessing reflective measurement model and formative measurement model followed by hierarchical latent variable measurement model. It then proceeds with structural model evaluation. Statistical analysis of mediation effects and moderation effect are appended after structural model evaluation. Importance Performance Matrix Analysis (IPMA) is presented before the chapter conclusion. The presentation of finding is based on the convention advocated by Perry (1998). This chapter is constrained to the presentation and statistical analyses obtained from PLS-SEM for the data collected, without drawing general conclusions or comparing results which are covered in Chapter Six.

5.2 Models Evaluation

In the discussion of PLS-SEM, there are measurement model and structural model. Measurement model relates the constructs to their measures or indicators. Structural model relates the constructs to each other. Model
estimation provides empirical measures of the relationship between the indicators and constructs as well as among the constructs in the structural model. The empirical measures enable the researcher to compare the theoretically established measurement and structural model with reliability as represented by the sample data collected.

According to Hair, Hult, et al (2014), the evaluation of the measurement model and structural model results in PLS-SEM are built on a set of nonparametric evaluation criteria and employed procedures such as bootstrapping and blindfolding, which the present research is adopting. In this context, a single goodness-of-fit criterion does not exist in PLS-SEM. In fact, PLS-SEM focuses on the discrepancy between the observed (e.g., manifest variables) or approximated (e.g. latent variables) values of the dependent variables and the values predicated by the model in discussion. Therefore, researcher uses PLS-SEM to provide the measures to indicate the model’s predictive capabilities in order to judge the model’s quality. Hence, a single goodness-of-fit as in covariance-based SEM (CB-SEM) is not applicable in present research.

In some instances, the constructs involve in the results are complex and can also be operationalised at the higher levels of abstraction. In the context of PLS-SEM, this is referred as higher-order models or hierarchical component models (HCMs) (Lohmoller, 1989). HCMs usually involves testing second-order constructs that contain two layers of constructs. According to Hair, Hult, et al (2014), HCMs can be established by a bottom-up or top-down approach.
In bottom-up approach, several latent variables information is combined into a single, more general construct. Meanwhile, in top-down approach a general construct that consists of several sub dimensions. The more general constructs become part of the structural model with additional information found in the sub dimensions by expressing a second-order model. In present research, a hierarchical component model exists in the Entrepreneurial orientation construct that is modelled as second-order Reflective-Formative Type II as described by Ringle, et al (2012).

Model assessment begins with the evaluation of measurement models to evaluate the reliability and validity of the constructs measures. Until the reliability and validity of the constructs (either reflective or formative; or both) are established in order to provide evidence of measure quality, the structural model evaluation is followed. The evaluation of structural model involves the model’s ability to predict, which is carried out after the reliability and validity of the primary evaluation criteria for PLS-SEM such as coefficients of determination ($R^2$ values) as well as the level and significance of the path coefficients are established.

The following subsections discuss both reflective and formative measurement models assessment together with HCM and structural model assessment as well as mediation and moderation effects for present research with its respective results obtained.
5.3 Assessing Reflective Measurement Model

Reflective measurement models are evaluated on their internal consistency reliability and validity. The specific measures are composite reliability as a mean to assess internal consistency reliability, convergent validity and discriminant validity. The details of each in regard to the present research are discussed in following subsections.

5.3.1 Internal Consistency Reliability

Internal consistency reliability is a form of reliability used to determine the consistency of results across items on the same test. It determines whether the items measuring a construct are similar in their scores, i.e., if the correlation between the items are large. The traditional criterion for internal consistency is Cronbach’s alpha, which provides an estimate of the reliability based on the intercorrelations of the observed indicator variables. Cronbach’s alpha assumes that all indicators are equally reliable by having all the indicators have equal outer loadings on the constructs. Cronbach’s alpha is also sensitive to the number of items in the scale and therefore tends to underestimate the internal consistency reliability. Due to these limitations, composite reliability ($\rho_c$) is a more appropriate measure as this type of reliability takes into account of the different outer loadings of indicator variables. The formula of composite reliability is as follow:

$$CR = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum \text{Var}(e_i)}$$

CR = (sum of standardized loading)$^2$/ (sum of standardized loading)$^2$

+ sum of indicator measurement error)
The values of composite reliability (CR) varies between 0 to 1, with higher values indicating higher level of reliability. Nunnally and Bernstein (1994) pointed out that 0.60 to 0.70 are acceptable in exploratory research while in more advance stages of research, values of 0.70 and 0.90 are regarded as satisfactory. This serves as a guide for CR in present research.

Based on results presented in Table 5.1, indicators loadings for all items exceeded the recommended value of suggested by Hair, et al (2009) except OC6, JS3, JS5, TI3, which their outer loadings are below the values of 0.5. Hence, OC6, JS3, JS5 and TI3 were deleted through the scale refinement process. In terms of the constructs composite reliability (CR), the results reveal that all fall under the range of satisfactory as pointed out by Nunnally and Bernstein (1994). The highest composite reliability was obtained at 0.950 for Proactiveness, followed by Job satisfaction (JS) at 0.941. Both Innovativeness and PEM have the same composite reliability value at 0.939. The value of composite reliability for Perceived role of ethics and social responsibility (PRESOR) is 0.934, Turnover intention (TI) is 0.924, Autonomy is 0.917, Competitive Aggressiveness is 0.915, Risk Taking is 0.897 and lowest composite reliability is achieved for Organisational commitment (OC) at 0.890.

5.3.2 Convergent Validity

Convergent validity is the extent to which a measure correlates positively with alternative measures of the same constructs. In this case, the indicators of reflective constructs are treated as different approaches to measure
the same construct. As such, the items that are indicators or measures of a specific construct should converge or share a high proportion of variance. Therefore, outer loadings of the indicators and the average variance extracted (AVE) are used to establish convergent validity.

Higher outer loadings on a construct indicate that the associated indicators have much in common and thereby captured by the construct. The common rule of thumb is that the outer loading should be 0.708 or higher. The rationale of this rule is due to the communality of an item as it is the square of a standardized indicator’s outer loading.

AVE is the common measure to establish convergent validity at the construct level. AVE is defined as the grand mean value of the squared loading of the indicators associated with the construct (i.e., the sum of the squared loadings divided by the number of indicators). Hence, the AVE is equivalent to the communality of a construct. An AVE value of 0.50 or above indicates that, on average, the construct explains more than 50% of the variance of its indicators and vice versa.

Based on results presented in Table 5.1, the AVE of all the constructs are above 0.5 as recommended by Hair, Hult, et. al. (2014) with the highest AVE achieved by Proactiveness at 0.865, followed by JS at 0.841, PEM at 0.838, Innovativeness at 0.836, TI at 0.803, Competitive Aggressive at 0.782, Risk Taking at 0.745, PRESOR at 0.702, Autonomy at 0.648, Internal CSR practices at 0.628, and the lowest by OC at 0.539.
<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Loadings</th>
<th>AVE</th>
<th>CR</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>Autoq1</td>
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<tr>
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<td>INq2</td>
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<tr>
<td></td>
<td>INq3</td>
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<td>Risk Taking</td>
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<td></td>
<td>RTq3</td>
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<td>OCq3</td>
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<td>OCq4</td>
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<td>OCq5</td>
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<td></td>
<td>OCq7</td>
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<td>OCq8</td>
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<td>Job satisfaction</td>
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<tr>
<td></td>
<td>JSq2</td>
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<td>JSq4</td>
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<td>Turnover intention</td>
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<td></td>
<td>TLq2</td>
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<td></td>
<td>TLq4</td>
<td>0.864</td>
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<tr>
<td>Perceived role of</td>
<td>PRESOR1</td>
<td>0.842</td>
<td>0.702</td>
<td>0.934</td>
<td>0.914</td>
</tr>
<tr>
<td>ethics and social</td>
<td>PRESOR2</td>
<td>0.898</td>
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<tr>
<td>responsibility</td>
<td>PRESOR3</td>
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<tr>
<td></td>
<td>PRESOR4</td>
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<td>PRESOR5</td>
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<td>PRESOR6</td>
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<tr>
<td>Perceived ease of</td>
<td>PEMq1</td>
<td>0.930</td>
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<td>movement</td>
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<td></td>
<td>PEMq3</td>
<td>0.934</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for present research
Discriminant validity is the extent to which a construct is truly distinct from other constructs by empirical standards. Therefore, when discriminant validity is established, it implies that a construct is unique and captures phenomena not represented by other constructs in the model. There are two measures used to assess discriminant validity, namely the cross loading of the indicators and Fornell-Lacker criterion.

The first measure are assessed by looking at an indicator’s outer loading on the associated construct should be greater than all of its loadings on other constructs, i.e., the cross loading. The presence of cross loadings that exceed the indicators’ outer loadings represents a discriminant validity problem. However, Hair, Ringle and Sarstedt (2011) pointed out that this cross loading criterion is generally considered liberal in establishing discriminant validity. On the other hand, Fornell-Larcker criterion is a more conservative approach as compared to cross loading. Fornell-Lacker criterion compares the square root of the AVE values with the latent variable correlations. This means the square root of each construct’s AVE should be greater than its highest correlation with any other construct. The logic of this approach is based on the understanding that a construct shares more variance with its associated indicators than with any other construct. Based on this rationale, Fornell-Lacker criterion is adopted in present research to establish discriminant validity.
Table 5.2 shows the results of discriminant validity by using Fornell and Lacker (1981) criterion. The results show that the square root of AVEs are greater in all cases than the off-diagonal elements in their corresponding row and column. This situation suggests that discriminant validity for present research is achieved.
Table 5.2: The results of discriminant validity analysis using Fornell and Lacker criterion

<table>
<thead>
<tr>
<th></th>
<th>Autonomy</th>
<th>CompAgg</th>
<th>Inno</th>
<th>Proac</th>
<th>RT</th>
<th>JS</th>
<th>OC</th>
<th>PEM</th>
<th>Presor</th>
<th>TI</th>
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<tr>
<td>CompAgg</td>
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<tr>
<td>Inno</td>
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<td>0.629</td>
<td>0.914</td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Proac</td>
<td>0.548</td>
<td>0.709</td>
<td>0.744</td>
<td>0.930</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT</td>
<td>0.439</td>
<td>0.549</td>
<td>0.670</td>
<td>0.601</td>
<td>0.863</td>
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<tr>
<td>JS</td>
<td>0.522</td>
<td>0.394</td>
<td>0.452</td>
<td>0.396</td>
<td>0.567</td>
<td>0.917</td>
<td></td>
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</tr>
<tr>
<td>OC</td>
<td>0.556</td>
<td>0.377</td>
<td>0.446</td>
<td>0.410</td>
<td>0.355</td>
<td>0.779</td>
<td>0.734</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>PEM</td>
<td>0.085</td>
<td>0.073</td>
<td>0.125</td>
<td>0.126</td>
<td>0.142</td>
<td>0.135</td>
<td>0.140</td>
<td>0.915</td>
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</tr>
<tr>
<td>Presor</td>
<td>0.485</td>
<td>0.539</td>
<td>0.528</td>
<td>0.581</td>
<td>0.475</td>
<td>0.377</td>
<td>0.425</td>
<td>0.126</td>
<td>0.838</td>
<td></td>
</tr>
<tr>
<td>TI</td>
<td>-0.227</td>
<td>-0.118</td>
<td>-0.193</td>
<td>-0.122</td>
<td>-0.160</td>
<td>-0.469</td>
<td>-0.465</td>
<td>0.047</td>
<td>-0.046</td>
<td>0.896</td>
</tr>
</tbody>
</table>

Note: diagonal (in bold) represent the square root of average variance extracted (AVE) while the other entries represent the correlations.
Source: Developed for present research
Recently, there has been a criticism of the Fornell-Larcker (1981) criterion. It was criticised that Fornell-Larcker (1981) criterion do not reliably detect the lack of discriminant validity in common research situations (Henseler, et al., 2015). The suggested alternative approach was based on the multitrait-multimethod matrix, to assess discriminant validity: the heterotrait-monotrait ratio (HTMT) of correlations. As such, the present research have also examined the discriminant validity using this new suggested method and the results are shown in Table 5.3. The two ways of using the HTMT to assess discriminant validity are: (1) as a criterion or (2) as a statistical test. For the first way, if the HTMT value is greater than HTMT.85 value of 0.85 (Kline, 2011), or HTMT.90 value of 0.90 (Gold, Malhotra, & Segars, 2001) then there present a problem of discriminant validity. The second criteria is according to Henseler, et al. (2015), is to test the null hypothesis (H₀: HTMT ≥ 1) against the alternative hypothesis (H₁: HTMT < 1) and if the confidence interval contains the value one (i.e., H₀ holds) this indicates a lack of discriminant validity. As shown in Table 5.3 all the values obtained pass the HTMT.90 (Gold, et al., 2001) and also the HTMT.85 (Kline, 2011) and also the HTMT inference also exhibited that the confidence interval did not show a value of 1 in any of the constructs thus indicating that discriminant validity has been established.

The results from cross loading, Fornell-Larcker (1981) criterion and heterotrait-monotrait ratio (HTMT) show that the measurement model display discriminant validity.
Table 5.3: The results of discriminant validity analysis using Heterotrait-Monotrait (HTMT) Ratio

<table>
<thead>
<tr>
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<th>Auto</th>
<th>CA</th>
<th>Inno</th>
<th>Proac</th>
<th>RT</th>
<th>OC</th>
<th>JS</th>
<th>TI</th>
<th>PRESOR</th>
<th>PEM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CA</strong></td>
<td>0.556</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inno</td>
<td>0.592 (0.521, 0.688)</td>
<td>0.707</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proac</td>
<td>0.556 (0.461, 0.655)</td>
<td>0.791 (0.719, 0.812)</td>
<td>0.556 (0.461, 0.655)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT</td>
<td>0.509 (0.403, 0.615)</td>
<td>0.645 (0.527, 0.756)</td>
<td>0.864 (0.708, 0.915)</td>
<td>0.688 (0.587, 0.789)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>OC</td>
<td>0.647 (0.562, 0.727)</td>
<td>0.457 (0.354, 0.567)</td>
<td>0.514 (0.413, 0.604)</td>
<td>0.472 (0.353, 0.577)</td>
<td>0.411 (0.303, 0.514)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>0.583 (0.490, 0.663)</td>
<td>0.443 (0.345, 0.540)</td>
<td>0.500 (0.407, 0.600)</td>
<td>0.434 (0.345, 0.539)</td>
<td>0.419 (0.310, 0.528)</td>
<td>0.885 (0.841, 0.921)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>TI</td>
<td>0.254 (0.160, 0.353)</td>
<td>0.133 (0.066, 0.235)</td>
<td>0.216 (0.118, 0.311)</td>
<td>0.136 (0.053, 0.239)</td>
<td>0.189 (0.087, 0.308)</td>
<td>0.475 (0.386, 0.575)</td>
<td>0.521 (0.427, 0.646)</td>
<td></td>
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<tr>
<td>PRESOR</td>
<td>0.599 (0.526, 0.686)</td>
<td>0.604 (0.501, 0.90)</td>
<td>0.560 (0.465, 0.648)</td>
<td>0.612 (0.524, 0.702)</td>
<td>0.521 (0.399, 0.610)</td>
<td>0.476 (0.364, 0.585)</td>
<td>0.391 (0.271, 0.510)</td>
<td>0.066 (0.069, 0.202)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEM</td>
<td>0.108 (0.074, 0.238)</td>
<td>0.078 (0.045, 0.209)</td>
<td>0.143 (0.043, 0.237)</td>
<td>0.146 (0.046, 0.238)</td>
<td>0.163 (0.057, 0.276)</td>
<td>0.159 (0.100, 0.290)</td>
<td>0.164 (0.055, 0.256)</td>
<td>0.058 (0.054, 0.224)</td>
<td>0.149 (0.077, 0.251)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for present research
5.3.4 Summary of Reflective Measurement Model Evaluation

In terms of the reflective measurement model for present research, the results obtained show that internal consistency (composite reliability), convergent validity and discriminant validity are achieved. The results reveal that the composite reliability of all the constructs are ranging from 0.890 to 0.950 which is concluded as satisfactory. The AVEs of all constructs are recorded in the range of 0.539 to 0.865 which are above the threshold of 0.5. The Cronbach’s alpha for all the constructs are in the range of 0.827 to 0.922 which indicates that the constructs are reliable. Lastly for discriminant validity using Fornell-Lacker criterion, the results of the square root of AVEs are greater in all cases than the off-diagonal elements in their corresponding row and column. Present research also employed the latest multitrait-multimethod matrix to assess discriminant validity. The results shown that all the values passed the HTMT.90 (Gold et al., 2001) and the HTMT.85 (Kline, 2011) as well as the HTMT\text{Inference} whereby the confidence interval did not show a value of 1 in any of the constructs. Thus, it further confirmed that discriminant validity has been established.

The assessment of measurement model reveals that the reflective measurement model of present research demonstrated adequate internal consistency, convergent validity and discriminant validity.
5.4 Assessing Formative Measurement Model

In the context of PLS-SEM, formative construct is assumed to fully capture the content domain of the particular construct under consideration. Therefore, formative constructs are subject to a different set of model assessment procedures as compared to reflective constructs. Formative measurement model is assessed by using the bootstrapping routine to facilitate significance testing of PLS-SEM that involves formative indicator weight. The evaluation for formative measurement model involves assessing the convergent validity, collinearity issues as well as significance and relevance of the formative indicators as spelt out in Figure 3.4 and Figure 3.7 Formative Measurement Models Assessment Procedure in Chapter 3. In present research, Internal CSR is a formative construct (Isa & Reast, 2014; Choi & La, 2013; Wagner, Lutz, & Weitz, 2009), so the issues of construct validity and reliability that used in a reflective construct are irrelevant. In fact, the construct of internal CSR is evaluated by convergent validity, collinearity issues as well as significance and relevance is per the subsequent subsections.

5.4.1 Convergent Validity

Convergent validity shows the extent to which a measure correlates positively with other indicators or measures of the same construct. Chin (1998) recommended redundancy analysis to assess convergent validity. Redundancy analysis is carried out by the formatively measured construct correlating with a reflective measure of the same construct. However, by including sets of reflective multiple item measures is often not preferred as it increases the length of the survey questionnaire. As such, Henseler, Ringle, and Sarstedt, (2012)
proposed an alternative by using a global item that summarises the essence of
the formative measure construct. Nevertheless, it is noted that is uncommon to
use a single-item measure but it is keep away the problems of lengthy
questionnaire. In view of that, the rule of thumb of global measures is that the
path coefficient shall be above the threshold of 0.80 to indicate the formative
construct’s convergent validity. For present research, a global item that
summarises the formative measure of internal CSR is adopted.

Based on the results obtained as shown in Table 5.4 and Figure 5.1, the
global measure analysis of internal CSR yield a path coefficient above 0.964,
which is above the threshold of 0.80 as recommended by Hair, Hult, et. al
(2014). This concludes that convergent validity of the formative measure of
internal CSR is achieved.

Table 5.4 : The results of convergent validity of Internal CSR formative
measurement model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicator</th>
<th>Weight</th>
<th>Path coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal CSR</td>
<td>InCSRq1</td>
<td>0.221</td>
<td>0.964</td>
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<tr>
<td></td>
<td>InCSRq2</td>
<td>0.234</td>
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<tr>
<td></td>
<td>InCSRq3</td>
<td>0.191</td>
<td></td>
</tr>
<tr>
<td></td>
<td>InCSRq4</td>
<td>0.247</td>
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</tr>
<tr>
<td></td>
<td>InCSRq5</td>
<td>0.200</td>
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<tr>
<td></td>
<td>InCSRq6</td>
<td>0.169</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for present research

Figure 5.1 shows the convergent validity obtained for internal CSR as the
formative measure with path coefficient recorded at 0.964.
5.4.2 Collinearity Issues

Formative measures are difference from reflective measures, whereby interchangeable of indicators are not expected as they are not correlated. According to Hair, Hult, et al (2014), high correlations between two formative indicators is called as collinearity. High levels of collinearity between formative indicators may impact the estimation of weights and their statistical significance. Collinearity is assessed by interpreting the tolerance which represent the amount of variance of one formative indicator that is not explained by the other indicators in the same block. Variance inflation factor (VIF) is defined as the reciprocal of the tolerance and it is a related measure of collinearity. The tolerance and VIF are both provide in the regression analysis output of SPSS Statistics Software.
In the context of PLS-SEM, Hair, Ringle, Sarstedt (2011) recommended a VIF value of 5 and higher shown potential presence of collinearity problem. In present research, internal CSR construct is being tested for collinearity issues.

Based on Table 5.5, the VIF value of all internal CSR indicators are below the value of 5, which indicates that there is absence of collinearity issue for this formative measure. The lowest VIF is recorded at 1.643 by Internal CSR 1 which represents Employees’ voluntarily activities, followed by 1.994, i.e., Internal CSR 5 represents Organisational justice; 2.335 i.e., Internal CSR 4 represents Family friendly policy; 2.419 i.e., Internal CSR 6 represents Support of Future education; 2.645 i.e., Internal CSR 2 represents Career opportunities and Internal CSR 3 represents Employee’s well-being recorded the highest VIF of 4.121. This formative measure is then proceeds with the significance and relevance analysis after confirming the absence of collinearity issue. The formative significance and relevance analysis is covered in the following section.

<table>
<thead>
<tr>
<th>Internal CSR</th>
<th>VIF</th>
</tr>
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<tbody>
<tr>
<td>InCSRq1</td>
<td>1.643</td>
</tr>
<tr>
<td>InCSRq2</td>
<td>2.645</td>
</tr>
<tr>
<td>InCSRq3</td>
<td>4.121</td>
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<tr>
<td>InCSRq4</td>
<td>2.335</td>
</tr>
<tr>
<td>InCSRq5</td>
<td>1.994</td>
</tr>
<tr>
<td>InCSRq6</td>
<td>2.419</td>
</tr>
</tbody>
</table>

Source: Developed for present research

5.4.3 Significance and relevance of Formative Indicator

Outer weight is another important criterion for assessing the contribution of a formative indicator and thereby its relevance. Hair, et al (2010) explained
that outer weight is the result of a multiple regression with the latent variable scores as the dependent variables and the formative indicator as the independent variables. For formative measurement model, the construct itself is formed by its underlying formative indicators as a linear combination of the indicator scores and the outer weight. Therefore, running a multiple regression analysis yields an $R^2$ value of 1.0 (i.e., no error variance; 100% of the constructs is explained by the indicators). The values of the outer weights can be compared with each other and therefore, used to determine each indicator’s relative contribution to the construct, or its relative importance. To assess whether formative indicators truly contribute to forming the construct, bootstrapping procedure is performed.

In bootstrapping, subsamples are randomly drawn (with replacement) from the original set of data. Each subsample is then used to estimate the model and this process is repeated until a large number of random subsamples have been created. The parameter estimates (i.e., the indicator weight) estimated from the subsamples are used to derive standard errors from the estimates. Based on this information, $t$ values are calculated to assess each indicator weight’s significance. In present research, internal CSR being the formative measure is assessed in term of significance and relevance by following the procedure of bootstrapping (resampling = 1000) as discussed.

Result from Table 5.6 reveal that the formative indicators of internal CSR are significant with one tailed test, whereby the $t$ values are above the threshold of 1.645 and significant at $p <0.05$. Thus, all the formative indicators of internal
CSR namely, Internal CSR 1 represents Employees’ voluntarily activities, Internal CSR 2 represents Career opportunities, Internal CSR 3 represents Employee’s well-being, Internal CSR 4 represents Family friendly policy, Internal CSR 5 represents Organisational justice and Internal CSR 6 represents Support of Future education are significant in explaining the construct of internal CSR with $\beta_1 = 0.706$, $\beta_2 = 0.855$, $\beta_3 = 0.876$, $\beta_4 = 0.820$, $\beta_5 = 0.752$ and $\beta_6 = 0.729$ respectively.

Table 5.6: The results of Significance and Relevance of the Internal CSR being Formative measures

<table>
<thead>
<tr>
<th>Formative indicators</th>
<th>Beta</th>
<th>Standard Error</th>
<th>t-value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>InCSRq1 -&gt; Internal CSR</td>
<td>0.706</td>
<td>0.026</td>
<td>26.844</td>
<td>0.000</td>
</tr>
<tr>
<td>InCSRq2 -&gt; Internal CSR</td>
<td>0.855</td>
<td>0.018</td>
<td>47.99</td>
<td>0.000</td>
</tr>
<tr>
<td>InCSRq3 -&gt; Internal CSR</td>
<td>0.876</td>
<td>0.016</td>
<td>56.169</td>
<td>0.000</td>
</tr>
<tr>
<td>InCSRq4 -&gt; Internal CSR</td>
<td>0.820</td>
<td>0.023</td>
<td>35.254</td>
<td>0.000</td>
</tr>
<tr>
<td>InCSRq5 -&gt; Internal CSR</td>
<td>0.752</td>
<td>0.029</td>
<td>26.048</td>
<td>0.000</td>
</tr>
<tr>
<td>InCSRq6 -&gt; Internal CSR</td>
<td>0.729</td>
<td>0.027</td>
<td>26.963</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Developed for present research

5.4.4 Summary of Formative Measurement Model Evaluation

In regard of the formative measurement model in present research, the three steps formative measurement model assessment procedure as outlined in Figure 3.4 and 3.7 in Chapter 3 are performed. The convergent validity is achieved through a global measure redundancy analysis with path coefficient of 0.963, which is above the threshold of 0.8 for the formative indicators. There is no collinearity issue found in the formative indicators as the VIF values of six indicators are below 5. The formative indicators also significant at $p$ value less than 0.05 and its relative importance, $\beta$ ranging from 0.706 to 0.876.
5.5 Estimation of Hierarchical Component Model in PLS-SEM

In social science research, there are situations which the constructs are complex and hierarchical latent variable models are involved. Typically, hierarchical component models (HCMs) are characterised by the number of levels in the model which are usually restricted to second-order models (Rindskopf & Rose, 1998) and the relationships could be either formative or reflective between the constructs in the model (Ringle, et al., 2012; Wetzel, et al., 2009; Edward, 2001). Ringle, et al. (2012) and Jarvis, et al (2003) distinguished four types of hierarchical models depending on the relationship among the first order latent variable and their manifest variables; and the second-order latent variables and first-order latent variables. Accordingly, there are four types of hierarchical component models as illustrated in Figure 5.1. i.e., Reflective-Reflective, Type I; Reflective-Formative, Type II; Formative-Reflective, Type III and Formative-Formative, Type IV.

![Diagram of hierarchical component models](image)

Figure 5.2: Types of hierarchical component models

In present research, the construct of Entrepreneurial orientation involves HCM, which is classified as Reflective-Formative, Type II.

PLS-SEM entails the computation of construct scores for each latent variable in the path. However, there is no observed indicators to estimate the constructs scores of a higher-order construct. In other words, there is absence of constructs or variables scores available to assess hierarchical component models. Nevertheless, there are three approaches have been proposed in PLS-SEM literatures; namely repeated indicator approach (Lohmoller, 1989, Wold, 1982); sequential latent variable score method which is also called two-stage approach (Ringle, et al 2012) and hybrid approach (Wilson & Henseler, 2007). According to the stimulation study conducted by Becker, Klein and Wetzel's (2012) for the three approaches recommended, repeated indicator approach appear to outperform the other two approaches.

There are guidelines proposed for the usage of repeated indicator approach. It is only suitable in situation whereby the lower-order constructs have an equal number of indicators, falling which, it could lead to biased loadings/weights for the lower-order construct on the higher-order constructs (Chin, et al., 2003; Lohmoller, 1989). It is also advised that when employing repeated indicator approach, researchers are required to decide the mode of measurement for the higher-order construct and also the inner weighting scheme. Like any other construct in a PLS-SEM model, the mode of measurement for the higher-order repeated indicators (i.e., Mode A or Mode B)
are specified before the performance of analysis. In general term, Mode A measurement is related to reflective constructs while Mode B is associated with formative constructs (Henseler, et al., 2009; Tenenhaus, et al., 2005). Wold (1982) highlighted that the standard approach for repeated indicators on a hierarchical latent variable is Mode A as it suits reflective-reflective type models best. Consequently, formative type models are commonly estimated by using Mode A for the repeated indicators, in the case of the first-order constructs are reflective (i.e., reflective-formative type) (Chin, 2010; Ringle, et al., 2012), although the formative nature of the higher-order construct proposes Mode B measurement. Figure 5.2 shows the Repeated Indicator Model Mode A and Repeated Indicator Model Mode B with unequal number of indicators.

Figure 5.3: Repeated Indicator Mode A and Mode B in PLS-SEM model with unequal number of indicators.
5.5.1 Reflective-Formative Type II Model

According to Chin (1998), in the reflective-formative type II model, the lower-order constructs are reflectively measured constructs that share no common cause but rather form a general concept that directly mediates the influence on succeeding endogenous variables. In present research, each of the dimension under Entrepreneurial orientation (EO) are measured reflectively by each of the indicators for Autonomy, Competitive Aggressiveness, Innovativeness, Proactiveness and Risk Taking. Meanwhile, these five dimensions form the measure of EO. This means, Autonomy, Competitive Aggressiveness, Innovativeness, Proactiveness and Risk Taking are formative measures of EO. This nature fits in into the categorisation of reflective-formative Type II hierarchical component model. Similar approach was employed by Moreno and Casillas (2008) in their research of the causal model between EO and SMEs Growth.

The stimulation study by Becker, Klein and Wetzels (2012) demonstrated that Mode B is more suitable for the repeated indicators of a formative type hierarchical latent variable model (i.e., reflective-formative, Type II and formative-formative, Type IV), which is the case of present research, namely reflective-formative, Type II.

Hence, repeated indicator approach is employed for HCM in present research for three reasons. Firstly, Becker, Klein and Wetzels (2012) found that repeated indicator approach with mode B on the higher-order construct and
inner weighting scheme is appropriate for reflective-formative hierarchical latent variable based on their stimulation study. Secondly, repeated indicator approach is able to estimate all constructs concurrently instead of estimating lower-order and higher-order dimensions separately. Therefore, it takes the entire nomological network for both lower level and higher level model are considered at once, hereby evading the possibility of interpretational confound. Thirdly, repeated indicator estimate is close to zero which give the precision of estimates and is less biased as compared to the other two approaches.

As highlighted earlier, PLS-SEM studies usually provide little information about the use of HCM (Ringle, et al., 2012) and similarly to the report of HCM. Nevertheless, Becker, Klein and Wetzels (2012) summarized a recommended guide on the reporting of HCM in PLS-SEM studies. According to Becker, Klein and Wetzels (2012), after the decision of the type HCM, researcher should evaluate the suitability of the first order and second order constructs accordingly based on the conceptual attributes of reflective constructs or formative constructs and thereon report the results. The determinant in distinguishing higher-order constructs from that of first-order constructs is the role of the weights and loadings in the analysis, i.e., they are not derived from the relations between higher-order construct and manifest variables, but are obtained from the relations between higher-order construct and lower-order constructs. This merit is particularly important if the repeated indicator approach is used, as the weights and loadings are now represented by the path coefficients between higher-order and lower-order constructs, and not by the manifest indicators that are repeated at the construct level.
As discussed in earlier sections, EO in present research is regarded as HCM, particularly reflective-formative, Type II Model. The reflective measurement of EO, namely, the five dimensions of Autonomy, Competitive Aggressiveness, Innovativeness, Proactiveness and Risk Taking are measured reflectively by each of its indicators by assessing the internal consistency, reliability, convergent validity which results are shown in Table 5.1 and the results of discriminant validity are presented in Table 5.2 and Table 5.3 by using Fornell-Larker approach and Heterotrait-Monotrait (HTMT) Ratio respectively. The results of lower-order constructs of EO have demonstrated adequate convergent validity and discriminant validity.

In regard of the higher-order constructs of EO which is formatively measured are explained in the following subsection together with the respective results.

5.5.2 Assessing Higher Order Constructs Formative Measurement Model

As discussed earlier, formative measurement model setup is different from reflective. Formative measurement has the indicators that causes the construct, i.e., arrow point from the indicators to the construct. Formative indicators are assumed to fully capture the content domain of the construct under discussion. Therefore, the internal consistency perspectives that underlies reflective measurement model such as composite reliability (CR) and AVE are not applicable in the case of formative measure.
Formative measurement model is assessed by using the bootstrapping routine to facilitate significance testing of PLS-SEM that involves formative indicator weight. The evaluation for formative measurement model involves assessing the convergent validity, collinearity issues as well as significance and relevance of the formative indicators as spelt out in Figure 3.4 and Figure 3.7 in Chapter 3. In present research, Entrepreneurial orientation (EO) is a higher-order construct which is formative measured by the five dimensions; autonomy, competitive aggressiveness, innovativeness, proactiveness and risk taking. The following subsections discuss the convergent validity, collinearity and significance and relevance of formative indicators adopted for EO in present research.

5.5.3 Assess Higher Order Constructs Formative Measurement for Convergent Validity

Convergent validity is the extent to which a measure correlates positively with other indicators or measures of the same construct. When evaluating formative measurement models, researchers need to test whether the formatively measured constructs is highly correlated with a reflective measures of the same construct. This is known as redundancy analysis (Chin, 1998). In this regard, to perform redundancy analysis means that a construct shall have both formative and reflective indicators to be captured in the questionnaire survey. This would lead to a long questionnaire survey that exhaust the respondents and possible yield a low response rate. Meanwhile, Henseler, Ringle, and Sarstedt, (2012) suggested another alternative to redundancy analysis which is to use a global item that summarises the essence of the formative construct. Despite the acknowledgement of the inclusion of single-
item measure are rare in research but it compromises to balance the problems of questionnaire length and the need to validate formative measure constructs. Accordingly, the rule of thumb of global measures is that the path coefficient shall be above the threshold of 0.80 to indicate the formative construct’s convergent validity. For present research, a global item that summarises each of the higher order formative measures for EO is adopted.

Based on the results obtained as shown in Table 5.7 and the respective figures of Figure 5.4 to Figure 5.8, the global measure analysis of all the five dimensions of Entrepreneurial orientation (EO) yield a path coefficient above 0.80. The highest coefficient was achieved at 0.953 for Innovativeness, followed by Proactiveness at 0.933, Risk Taking at 0.926, Competitive Aggressive at 0.915 and the lowest for Autonomy at 0.856. This concludes that convergent validity of the formative measure of higher order component of EO is achieved.
Table 5.7: The results of convergent validity of Higher Order Constructs formative measurement model

<table>
<thead>
<tr>
<th>Construct/ Indicator</th>
<th>Weight</th>
<th>Path coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td></td>
<td>0.856</td>
</tr>
<tr>
<td>Auto1</td>
<td>0.217</td>
<td></td>
</tr>
<tr>
<td>Auto2</td>
<td>0.136</td>
<td></td>
</tr>
<tr>
<td>Auto3</td>
<td>0.233</td>
<td></td>
</tr>
<tr>
<td>Auto4</td>
<td>0.296</td>
<td></td>
</tr>
<tr>
<td>Auto5</td>
<td>0.190</td>
<td></td>
</tr>
<tr>
<td>Auto6</td>
<td>0.164</td>
<td></td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td>0.915</td>
<td></td>
</tr>
<tr>
<td>CA1</td>
<td>0.375</td>
<td></td>
</tr>
<tr>
<td>CA2</td>
<td>0.404</td>
<td></td>
</tr>
<tr>
<td>CA3</td>
<td>0.351</td>
<td></td>
</tr>
<tr>
<td>Innovativeness</td>
<td></td>
<td>0.953</td>
</tr>
<tr>
<td>IN1</td>
<td>0.333</td>
<td></td>
</tr>
<tr>
<td>IN2</td>
<td>0.398</td>
<td></td>
</tr>
<tr>
<td>IN3</td>
<td>0.362</td>
<td></td>
</tr>
<tr>
<td>Proactiveness</td>
<td></td>
<td>0.933</td>
</tr>
<tr>
<td>Proac1</td>
<td>0.327</td>
<td></td>
</tr>
<tr>
<td>Proac2</td>
<td>0.419</td>
<td></td>
</tr>
<tr>
<td>Proac3</td>
<td>0.329</td>
<td></td>
</tr>
<tr>
<td>Risk Taking</td>
<td></td>
<td>0.926</td>
</tr>
<tr>
<td>RT1</td>
<td>0.358</td>
<td></td>
</tr>
<tr>
<td>RT2</td>
<td>0.425</td>
<td></td>
</tr>
<tr>
<td>RT3</td>
<td>0.375</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for present research

The following figures show the convergent validity obtained for each higher order component (HOC) of Entrepreneurial orientation.

Figure 5.4: Convergent Validity of Autonomy
Figure 5.5: Convergent Validity of Competitive Aggressiveness

Figure 5.6: Convergent Validity of Innovativeness

Figure 5.7: Convergent Validity of Proactiveness
After convergent validity is achieved, the formative measures are subjected to the collinearity issues evaluation and it is discussed in next section.

5.5.4 Assess Higher Order Constructs Formative Measurement Model for Collinearity Issues

For formative measurement model, interchangeable, high correlation are not expected between items. It is because formative indicators are assumed to fully capture the content of the construct in discussion. High correlation between two formative indicators are referred as collinearity and when more than two indicators are involved, it is then referred as multicollinearity. High levels of collinearity between formative indicators are a crucial issue because they have an impact on the estimation of weights and their statistical significance. Collinearity is assessed by computing the tolerance which represent the amount of variance of one formative indicator that is not explained by the other indicators in the same block. Variance inflation factor (VIF) is the reciprocal of the tolerance and it is a related measure of collinearity. The

Figure 5.8 : Convergent Validity of Risk Taking
tolerance and VIF are both provide in the regression analysis output of SPSS Statistics Software.

According to Hair, Ringle, Sarstedt (2011), in the context of PLS-SEM, a VIF value of 5 and higher indicate a potential presence of collinearity problem. In present research, after convergent validity for EO being the higher order construct of autonomy, competitive aggressiveness, innovativeness, proactiveness, and risk taking are achieved, it is then proceed with collinearity issues assessment.

Based on Table 5.8, the VIF value of EO in each respective indicators are below the value of 5, which indicates that there is absence of collinearity issue for this formative higher order construct. The lowest VIF is recorded at 1.538 by Autonomy, followed by Risk Taking, 1.944, Competitive Aggressiveness, 2.184, Innovativeness, 2.840 and the highest by Proactiveness, 2.990. These formative measures are then proceeds with the significance and relevance analysis after confirming the absence of collinearity issue. The formative significance and relevance analysis is covered in the following section.

Table 5.8: The Variance Inflation Factor (VIF) of Higher Order Constructs Formative Measurement : Entrepreneurial Orientation

<table>
<thead>
<tr>
<th>EO</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>1.538</td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td>2.184</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>2.840</td>
</tr>
<tr>
<td>Proactiveness</td>
<td>2.990</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>1.944</td>
</tr>
</tbody>
</table>

Source: Developed for present research
5.5.5 Assessing the Significance and Relevance of the Higher Order Constructs Formative Measurement

Outer weight is another important criterion for assessing the contribution of a formative indicator and thereby its relevance. Hair, et al (2010) explained that outer weight is the result of a multiple regression with the latent variable scores as the dependent variables and the formative indicator as the independent variables. For formative measurement model, the construct itself is formed by its underlying formative indicators as a linear combination of the indicator scores and the outer weight. Therefore, running a multiple regression analysis yields an $R^2$ value of 1.0 (i.e., no error variance; 100% of the constructs is explained by the indicators). The values of the outer weights can be compared with each other and therefore, used to determine each indicator’s relative contribution to the construct, or its relative importance. To assess whether formative indicators truly contribute to forming the construct, bootstrapping procedure is performed. In bootstrapping, subsamples are randomly drawn (with replacement) from the original set of data. Each subsample is then used to estimate the model and this process is repeated until a large number of random subsamples have been created. The parameter estimates (i.e., the indicator weight) estimated from the subsamples are used to derive standard errors from the estimates. Based on this information, $t$ values are calculated to assess each indicator weight’s significance. In present research, EO being the formative measure is assessed in term of significance and relevance by following the procedure of bootstrapping (resampling = 1000) as discussed.

Results from Table 5.9 reveal that the formative indicators of EO are significant with one tailed test, whereby all the $t$ values are above the threshold
of 1.645 and significant at $p < 0.05$. Thus, all the formative indicators namely, Autonomy, Competitive aggressiveness, Innovativeness, Proactiveness and Risk taking are significant in explaining EO with $\beta = 0.355$, $\beta = 0.207$, $\beta = 0.237$, $\beta = 0.245$ and $\beta = 0.178$ respectively.

Table 5.9: The results of the Significance and Relevance of the Higher Order Constructs Formative Measurement: Entrepreneurial Orientation

<table>
<thead>
<tr>
<th>Formative indicators</th>
<th>Beta</th>
<th>Standard Error</th>
<th>t-value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy -&gt; EO</td>
<td>0.355</td>
<td>0.016</td>
<td>21.920</td>
<td>0.000</td>
</tr>
<tr>
<td>Competitive Aggressiveness -&gt; EO</td>
<td>0.207</td>
<td>0.008</td>
<td>26.503</td>
<td>0.000</td>
</tr>
<tr>
<td>Innovativeness -&gt; EO</td>
<td>0.237</td>
<td>0.009</td>
<td>27.126</td>
<td>0.000</td>
</tr>
<tr>
<td>Proactiveness -&gt; EO</td>
<td>0.245</td>
<td>0.008</td>
<td>29.313</td>
<td>0.000</td>
</tr>
<tr>
<td>Risk Taking -&gt; EO</td>
<td>0.178</td>
<td>0.011</td>
<td>16.119</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Developed for present research

5.5.6 Summary of High-Order Construct Formative Measurement Model Evaluation

In regard to the higher-order construct formative measurement model in present research, the three steps formative measurement model assessment procedure as spelt out in Figure 3.4 and 3.7 in Chapter 3 are carried out. The convergent validity is achieved through a global measure redundancy analysis with path coefficient above 0.8 for all the formative indicators. There is absence of collinearity issue in the formative indicators as the VIF values of five indicators are below 5. The formative indicators also significant at $p$ value less than 0.05 and its relative importance, $\beta$ ranging from 0.178 to 0.355.
5.6 Structural Model Evaluation

Structural model represents the underlying concept of the path model. Structural model evaluation allows the researcher to determine how well the empirical data supports the concepts covered in the research framework. In other words, structural model assessment examines the model’s predictive capabilities and the relationship between constructs. The structural model evaluation is carried out after the confirmation of the measurement model whereby the constructs are reliable and valid. The measurement model in present research are confirmed reliable and valid based on the assessment performed in Section 5.3 for lower-order construct reflective measures, Section 5.4 for lower-order construct formative measures and Section 5.5 for higher-order construct formative measures. The present research proceeds with structural model evaluation that begin with assessing structural model for collinearity issues, significance and relevance of structural model relationships, $R^2$ level, effects size ($f^2$) and predictive relevance $Q^2$. The subsequent subsections discuss and present each of the assessment together with the results obtained.

5.6.1 Collinearity Assessment

The rationale to conduct structural model collinearity is that the estimation of the path coefficients in the structural models is based on Ordinary Least Squares (OLS) regressions of each endogenous latent on its corresponding predecessor constructs. The path coefficients might be biased if the estimation involves significant levels of collinearity among the predictor constructs. Variance inflation factor (VIF) used in formative measurement model are
applied again to assess collinearity issue in structural model assessment. Analogous to the assessment of formative measurement model, a VIF value of 5 and higher indicate the presence of collinearity problem.

Table 5.10 shows the VIF value of all the constructs in the structural model and it is observed that there is no collinearity issue present in the model as all the VIF values are ranging from 1.036 to 2.990, which below the threshold of 5.0.

<table>
<thead>
<tr>
<th>Construct/ Indicator</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>1.538</td>
</tr>
<tr>
<td>Competitive Aggressive</td>
<td>2.184</td>
</tr>
<tr>
<td>Proactiveness</td>
<td>2.990</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>1.944</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>2.840</td>
</tr>
<tr>
<td>Internal CSR</td>
<td>1.474</td>
</tr>
<tr>
<td>Job Satisfaction (JS)</td>
<td>1.474</td>
</tr>
<tr>
<td>Organisational Commitment (OC)</td>
<td>1.159</td>
</tr>
<tr>
<td>Perceived Ease of Movement (PEM)</td>
<td>1.036</td>
</tr>
<tr>
<td>Perceived role of ethics and social responsibility (PRESOR)</td>
<td>1.681</td>
</tr>
</tbody>
</table>

Source: Developed for present research

### 5.6.2 Structural Model Path Coefficients

During the structural model assessment in PLS-SEM context, researcher needs to obtain the best parameter estimates by maximizing the explained variance of the endogenous latent variables. Therefore, the key criteria for assessing the structural model in PLS-SEM are the significance of the path coefficient ($\beta$), the level of $R^2$ values, the $f^2$ effect size and the predictive relevance ($Q^2$). The path coefficients of the structural model have been
measured and bootstrap analysis (resampling = 1000) was performed to assess the statistical significance of the path coefficient.

Table 5.11 shows the significance of the path coefficient (β) for all constructs in present research. All the direct relationships are significant with $t$ value below 1.645 and significant at $p < 0.05$. Results revealed that all the five dimensions contribute to the Entrepreneurial Orientation (EO) positively with $\beta = 0.355$ for Autonomy, $\beta = 0.245$ for Proactiveness, $\beta = 0.237$ for Innovativeness, $\beta = 0.207$ for Competitive Aggressiveness, and $\beta = 0.178$ for Risk Taking with $p < 0.05$. EO demonstrates a positive effect on internal CSR practices with $\beta = 0.473$ at $p < 0.05$. EO also show a positive effect on Perceived role of ethics and social responsibility (PRESOR) with $\beta = 0.636$ with $p < 0.05$. PRESOR is positively related to internal CSR practices with $\beta = 0.248$ at $p < 0.05$. Internal CSR practices demonstrates a positive effect on Job satisfaction (JS) with $\beta = 0.567$ at $p < 0.000$. JS has positive effect on Organisational commitment (OC) with $\beta = 0.690$ at $p < 0.05$. OC has negative effect on Turnover Intention (TI) with $\beta = -0.403$ at $p < 0.05$. Perceived ease of movement has a positive effect on TI with $\beta = 0.116$ at $p < 0.05$. 
Table 5.11: The significance of the path coefficients for all direct relationships

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Beta</th>
<th>Standard Error</th>
<th>t Value</th>
<th>p Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy -&gt; EO</td>
<td>0.355</td>
<td>0.016</td>
<td>22.167</td>
<td>0.000</td>
</tr>
<tr>
<td>CompAgg -&gt; EO</td>
<td>0.207</td>
<td>0.008</td>
<td>26.540</td>
<td>0.000</td>
</tr>
<tr>
<td>Inno -&gt; EO</td>
<td>0.237</td>
<td>0.008</td>
<td>28.668</td>
<td>0.000</td>
</tr>
<tr>
<td>Proac -&gt; EO</td>
<td>0.245</td>
<td>0.008</td>
<td>30.232</td>
<td>0.000</td>
</tr>
<tr>
<td>RT -&gt; EO</td>
<td>0.178</td>
<td>0.011</td>
<td>16.677</td>
<td>0.000</td>
</tr>
<tr>
<td>EO -&gt; Internal CSR</td>
<td>0.473</td>
<td>0.052</td>
<td>9.056</td>
<td>0.000</td>
</tr>
<tr>
<td>EO -&gt; Presor</td>
<td>0.636</td>
<td>0.033</td>
<td>19.092</td>
<td>0.000</td>
</tr>
<tr>
<td>Presor -&gt; Internal CSR</td>
<td>0.248</td>
<td>0.060</td>
<td>4.121</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal CSR -&gt; JS</td>
<td>0.567</td>
<td>0.048</td>
<td>11.746</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal CSR -&gt; OC</td>
<td>0.157</td>
<td>0.044</td>
<td>3.582</td>
<td>0.000</td>
</tr>
<tr>
<td>JS -&gt; OC</td>
<td>0.690</td>
<td>0.036</td>
<td>19.157</td>
<td>0.000</td>
</tr>
<tr>
<td>OC -&gt; TI</td>
<td>-0.403</td>
<td>0.048</td>
<td>8.338</td>
<td>0.000</td>
</tr>
<tr>
<td>PEM -&gt; TI</td>
<td>0.116</td>
<td>0.063</td>
<td>1.843</td>
<td>0.033</td>
</tr>
</tbody>
</table>

Source: Developed for present research

5.6.3 Coefficients of Determination, $R^2$

According to Hair, *et al* (2011), the prime evaluation criteria for the goodness of the structural model is that the $R^2$ measures the coefficient of determination and the level of significance of the path coefficient. The significance of the path coefficient for present research was established in Section 5.6.2. $R^2$ is a measure of the model’s predictive accuracy and is calculated as the squared correlation between a specific endogenous construct’s actual and predicted values. The coefficient represents the exogenous latent variables’ combined effects on the endogenous latent variable. The coefficient of determination also represents the amount of variance in the endogenous constructs explained by all the exogenous constructs linked to it. The $R^2$ value ranges from 0 to 1 with higher levels indicating higher levels of predictive accuracy.
Table 5.12 shows the $R^2$ values of the endogenous constructs explained by all the exogenous constructs linked to it. The results of current research show that $R^2$ value for internal CSR practices is 0.436 suggesting that 43.6% of the variance in internal CSR practices can be explained by the Entrepreneurial Orientation of the enterprise and Perceived role of ethics and social responsibility (PRESOR). Meanwhile, the $R^2$ of Job satisfaction is 0.322 which indicates that 32.2% of the variance in JS can be explained by internal CSR practices. The $R^2$ of Organisational commitment is 0.624 that proposing that 62.4% of the variances in OC are explained by EO, PRESOR, internal CSR practices and JS. The $R^2$ of Perceived role of ethics and social responsibility (PRESOR) is 0.405 which indicates that 40.5% of the variance in PRESOR can be explained by EO. Lastly, $R^2$ value for Turnover intention (TI) is 0.309 suggesting that 30.9% of the variance in TI can be explained by EO, PRESOR, internal CSR, JS and OC. Among the coefficient of determination, the highest $R^2$ is achieved at 0.624 for OC, followed by 0.436 for internal CSR practices, 0.405 for PRESOR, 0.322 for JS and the lowest $R^2$ at 0.309 for TI in present research.

<table>
<thead>
<tr>
<th>Construct</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal CSR</td>
<td>0.436</td>
</tr>
<tr>
<td>JS</td>
<td>0.343</td>
</tr>
<tr>
<td>OC</td>
<td>0.629</td>
</tr>
<tr>
<td>Presor</td>
<td>0.406</td>
</tr>
<tr>
<td>TI</td>
<td>0.232</td>
</tr>
</tbody>
</table>

Source: Developed for present research
5.6.4 Effect size, $f^2$

Effect size, $f^2$ is the measure of the change in the $R^2$ value when a specified exogenous construct is left out from the model, which can be used to evaluate whether the omitted construct has a substantial impact on the endogenous constructs. The effect size is calculated as:

$$f^2 = \frac{R^2_{\text{included}} - R^2_{\text{excluded}}}{1 - R^2_{\text{included}}}$$

According to Cohen (1998), the guidelines for assessing $f^2$ are the values of 0.02, 0.15 and 0.35, respectively represent small, medium and large effects of the exogenous latent variable.

Table 5.13 shows the effects sizes of the respective endogenous variables and control variables. The results revealed that EO has a large effect on Perceived role of ethics and social responsibility (PRESOR) and a medium effect on internal CSR with $f^2$ recorded at 0.68 and 0.34 respectively. Meanwhile, internal CSR practice also an effect size of 0.55 on Job satisfaction which is above 0.35 and concluded as large. However, internal CSR practices only has a small effect size on Organisation commitment (OC) as $f^2$ is recorded as 0.06 which is between 0.02 and 0.15. Job satisfaction also has large effect size on OC with $f^2$ recorded as 0.80 which is far above 0.35. PRESOR has a small effect size on internal CSR practices as the $f^2$ is recorded at 0.06 which is between 0.02 and 0.15. OC has a medium effect size on TI with $f^2$ recorded as 0.29 which is between 0.15 and 0.35. Among the three control variables of Age,
Gender and Tenure, only Age has a $f^2$ of 0.01 on Turnover intention, which is equivalent to no effect.

<table>
<thead>
<tr>
<th>Path</th>
<th>$f^2$</th>
<th>Effect size</th>
</tr>
</thead>
<tbody>
<tr>
<td>EO -&gt; Internal CSR</td>
<td>0.34</td>
<td>medium</td>
</tr>
<tr>
<td>EO -&gt; Presor</td>
<td>0.68</td>
<td>large</td>
</tr>
<tr>
<td>InternalCSR -&gt; JS</td>
<td>0.55</td>
<td>large</td>
</tr>
<tr>
<td>InternalCSR -&gt; OC</td>
<td>0.06</td>
<td>small</td>
</tr>
<tr>
<td>JS -&gt; OC</td>
<td>0.80</td>
<td>large</td>
</tr>
<tr>
<td>Presor -&gt; Internal CSR</td>
<td>0.06</td>
<td>small</td>
</tr>
<tr>
<td>OC -&gt; TI</td>
<td>0.29</td>
<td>medium</td>
</tr>
<tr>
<td>Age -&gt; TI</td>
<td>0.01</td>
<td>no effect</td>
</tr>
<tr>
<td>Gender -&gt; TI</td>
<td>0</td>
<td>no effect</td>
</tr>
<tr>
<td>Tenure -&gt; TI</td>
<td>0</td>
<td>no effect</td>
</tr>
</tbody>
</table>

Source: Developed for present research

5.6.5 Predictive Relevance $Q^2$

After the evaluation of the magnitude of $R^2$ values along with effect size, $f^2$, Stone-Geisser’s $Q^2$ values (Geisser, 1975; Stone, 1974) is calculated as last part of the structural model evaluation. $Q^2$ values is an indicator of the model’s predictive relevance, in other words, when PLS-SEM exhibits predictive relevance, it has accurately predicted the data points of indicators in reflective measurement models of endogenous constructs. According to Hair, Hult, et al (2014), $Q^2$ values larger than zero indicates that the exogenous constructs have predictive relevance for the endogenous constructs in the structural model. In the context of PLS-SEM, $Q^2$ values is obtained by using the blindfolding procedure for a certain omission distance, D.
Table 5.14 reveals that the $Q^2$ values based on the blindfolding procedure with omission distance (D) of 7. The $Q^2$ of EO, internal CSR practices, Organisational commitment, Job satisfaction, Perceived role of ethics and social responsibility and Turnover intention signify that the research model has good predictive relevance with $Q^2$ values larger than zero.

<table>
<thead>
<tr>
<th>Construct</th>
<th>$Q^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>EO</td>
<td>0.500</td>
</tr>
<tr>
<td>Internal CSR</td>
<td>0.264</td>
</tr>
<tr>
<td>OC</td>
<td>0.335</td>
</tr>
<tr>
<td>JS</td>
<td>0.283</td>
</tr>
<tr>
<td>PRESOR</td>
<td>0.276</td>
</tr>
<tr>
<td>PEM</td>
<td>0.368</td>
</tr>
<tr>
<td>TI</td>
<td>0.177</td>
</tr>
</tbody>
</table>

Source: Developed for present research

5.7 Testing the Mediating Effects

The mediating effect analysis was tested in present research. Mediating analysis involves establishing the theoretical indirect relationship between constructs in order to determine the degree to which indirect effects through the mediating variables modify the hypothesised direct paths. Hair, Hult, *et al* (2014) advised that researcher should follow Preacher and Hayes (2008, 2004) approach when testing for mediating effects and bootstrap the sampling distribution of the indirect effect. Zhao, Lynch and Chen (2010) and Hayes (2009) explained that bootstrapping is a nonparametric resampling procedures has been recognised as one of the more rigorous and powerful methods to test mediating effects. The application of bootstrapping for mediation analysis has been advanced by Hair, Hult *et al* (2014) to test mediation effect of the indirect effect that respond to simple and multiple mediator models. Furthermore,
bootstrapping method is perfectly suited for PLS-SEM because it makes no assumption about the shape of the variables’ distribution or the sampling distribution of the statistics. This approach is adopted in present research to test the mediating effects of the two mediators namely Perceived role of ethics and social responsibility (PRESOR) and Job satisfaction (JS) as hypothesised in Chapter 2. The results of the mediation effects of PRESOR and JS are presented in the next subsection.

5.7.1 Mediating Effects of Perceived Roles of Ethics and Social Responsibility (PRESOR) and Job Satisfaction (JS)

In this research, Perceived role of ethics and social responsibility is hypothesised to mediate the relationship between Entrepreneurial orientation (EO) and Internal CSR practices. Job satisfaction is hypothesised to mediate the relationship between Internal CSR practices and Organisational commitment. The objective is not only to identify significant path coefficient but also to expose significant and important indirect effect of relationships.

Table 5.15 shows the results of the indirect effects of PRESOR and Job satisfaction obtained after the bootstrapping procedure. The bootstrapping analysis shows that the indirect effect of PRESOR, $\beta = 0.147$ was significant at a $t$ value of 3.511 with $p < 0.05$. Preacher and Hayes (2008) indicated that the indirect effect of 0.147, 95% Boot CI: [LL = 0.070, UL = 0.230] which does not straddle a zero in between indicating that PRESOR mediates the relationship between EO and Internal CSR practices.
Meanwhile, the bootstrapping analysis of Job satisfaction shows that the indirect effect of Job satisfaction, $\beta = 0.394$ was significant at a $t$ value of 12.268 with $p < 0.05$. According to Preacher and Hayes (2008) that the indirect effect of 0.394, 95% Boot CI: [LL = 0.332, UL = 0.464] shall not straddle a zero in between indicating that Job satisfaction mediates the relationship between internal CSR practices and Organisational commitment.

Table 5.15 : Indirect effect of Perceived role of ethics and social responsibility (PRESOR) and Job satisfaction

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Standard Beta</th>
<th>Standard error</th>
<th>$t$ value</th>
<th>$p$ value</th>
<th>CIBC 2.5%</th>
<th>CIBC 97.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRESOR mediates the relationship between EO and Internal CSR</td>
<td>0.147</td>
<td>0.042</td>
<td>3.511</td>
<td>0.000</td>
<td>0.070</td>
<td>0.230</td>
</tr>
<tr>
<td>Job satisfaction mediates the relationship between Internal CSR practices and OC</td>
<td>0.394</td>
<td>0.032</td>
<td>12.268</td>
<td>0.000</td>
<td>0.332</td>
<td>0.464</td>
</tr>
</tbody>
</table>

*CIBC = Confidence intervals bias corrected*  
Source: Developed for present research

The mediation analysis shows that the two mediators; PRESOR and JS hypothesised in present research are significant.

Variance accounted for (VAF) was also used to determine the size of the indirect effect in relation to the total effect. VAF assists in understanding the extent to which the variance of the dependent variable is directly explained by the independent variable as well as how much of the target construct’s variance is explained by the indirect relationship via the mediator variable (Hair, Hult, et al, 2014).

The VAF of PRESOR equals the direct effects (EO -> PRESOR: 0.637; PRESOR -> Internal CSR: 0.251) divided by the total effect (0.160 + 0.637)
that yield a value of 0.200. Hence, 20% of EO effect on Internal CSR is explained via PRESOR, the mediator. According to Hair, Hult, et al (2014), VAF of 20% is characterized as partial mediation.

The VAF of JS equals the direct effects (Internal CSR -> JS: 0.595; JS -> OC: 0.691) divided by the total effect (0.411 + 0.172) that yield a value of 0.700. Hence, 70% of Internal CSR effect on Organisational commitment is explained via Job satisfaction, the mediator. According to Hair, Hult, et al (2014), since the VAF is larger than 20% but smaller than 80%, it is characterized as partial mediation.

5.8 Testing the Moderating Effects of Perceived Ease of Movement

Moderating effect occurs when the effect of an exogenous latent variable on an endogenous latent variable depends on the values of another variable that moderates the relationship. It is also known as an interactive effect. In this regard, interaction term is an auxiliary variable entered into PLS path model to account for the interaction of the moderator variable and exogenous latent variable. There are two type of moderators, i.e., categorical moderator and continuous moderator. A continuous moderator affects the direction and or strength of the relation between an exogenous latent variable and an endogenous latent variable.

According to Henseler and Fassott (2010), in order to analyse the moderating effects, the direct relations of the exogenous and the moderator variable as well as the interaction term with the endogenous variable are examined. Bootstrapping procedure is used to test the significance of the path
coefficient. If the path coefficient is found to be significant, the next step is to assess the strength of the identified moderating effect. In present research, Perceived ease of movement (PEM) is the continuous moderator which is hypothesised to moderate the Turnover intention. The moderating effect of Perceived ease of movement is presented in the next subsection.

5.8.1 Moderating Effect of Perceived Ease of Movement

In present research, it is hypothesised that Perceived ease of movement moderate the Turnover intention as shown in Figure 5.9 with interaction term of OC*PEM inserted.

![Diagram showing moderating effect of Perceived Ease of Movement](image)

Figure 5.9: Moderating Effect of Perceived Ease of Movement

Based on the steps of moderation analysis suggested by Henseler and Fassott (2010), the direct relations between Organisational commitment and Turnover intention as well as the interaction term with Turnover intention are
examined. Table 5.16 shows the results of the path coefficient capturing the moderating effect. The results revealed that the direct relationships of Organisational commitment and Turnover intention as well as Perceived ease of movement and Turnover intention are significant with $\beta = -0.447$ (p < 0.05) and $\beta = 0.111$ (p < 0.05). However, the moderating effect from Perceived ease of movement is found to be insignificant as the $t$ value is recorded at 0.854, which is less than the minimum cut-off value of 1.645 and $p = 0.197$ which p > 0.05.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Standard Beta</th>
<th>Standard error</th>
<th>$t$ value</th>
<th>$p$ value</th>
</tr>
</thead>
<tbody>
<tr>
<td>OC $\rightarrow$ TI</td>
<td>-0.447</td>
<td>0.045</td>
<td>10.630</td>
<td>0.000</td>
</tr>
<tr>
<td>PEM $\rightarrow$ TI</td>
<td>0.111</td>
<td>0.061</td>
<td>1.820</td>
<td>0.035</td>
</tr>
<tr>
<td>Moderating Effect of PEM $\rightarrow$ TI</td>
<td>0.037</td>
<td>0.043</td>
<td>0.854</td>
<td>0.197</td>
</tr>
</tbody>
</table>

Source: Developed for present research
Therefore, the result concludes that there is no moderating effect of Perceived ease of movement in present research.

5.9 Results of Hypotheses Testing

Hypothesis testing involves the validation of the path coefficients between the latent variables in the structural model. The individual path coefficients of the PLS structural model are interpreted as standardized beta coefficients (β) of ordinary least squares regressions. Hair, Ringle and Sarstedt (2011) explained that the indicators’ weights and loadings, each path coefficient’s significance are assessed by means of a bootstrapping procedure. This procedure was performed for present research in testing the hypotheses.

Accordingly, paths that are not significant or show signs contrary to the hypothesised direction do not support a prior hypothesis, whereas significant paths showing the hypothesised direction empirically support the proposed causal relationship. Based on past studies by Hair, et al., (2011) and Wetzels, Odekerken-Schroder, and van Oppen (2009), the path coefficient value needs to be at least 0.1 in order to account for a certain impact within the model. There is no established rule that spells out the condition of what constitutes to a weak, moderate or strong relationship as it depends on the field of study. However, Elifson, Runyun and Haber (1998) proposed these guidelines that is useful to researchers: a path coefficient of ±0.01 to ±0.30 is weak relationship, a path coefficient of ±0.31 to ±0.70 is moderate relationship, a path coefficient of ±0.71 to ±0.99 is strong relationship. Meanwhile, a path coefficient of ±1.00 is
perfect relationship and a value of zero is no relationship. These approaches are used to guide the interpretation of the hypotheses testing in present research.

Table 5.1 exhibits all the path coefficients, Observed T-Statistics, Significant levels of all the constructs and the $R^2$ for the proposed hypotheses. The results of present research show that all the direct paths coefficients are significant with positive $\beta$ ranging from 0.116 to 0.690 with $p < 0.05$ except the path coefficient of Organisational commitment to Turnover intention with $\beta = -0.403 \ (p < 0.05)$, i.e., a negative relationship as hypothesised.

The results of the proposed hypotheses in the structural model are summarised in Table 5.18. Based on the assessment of the path coefficients in Table 5.17, all proposed hypotheses are supported, except for hypothesis H6. The analyses supported all the hypotheses with significant at the level of 0.05 and having expected sign directions (i.e., positive or negative).
Table 5.17: Results of Path Coefficients, Observed T-Statistics, Significant Level, $R^2$ for All Paths

<table>
<thead>
<tr>
<th>Exogenous construct</th>
<th>Endogenous construct</th>
<th>Path Coefficient ($\beta$)</th>
<th>Observed t-statistics</th>
<th>Significance Level, $p$ value</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>EO</td>
<td>0.355</td>
<td>22.167</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td></td>
<td>0.207</td>
<td>26.540</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Innovativeness</td>
<td></td>
<td>0.237</td>
<td>28.668</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Proactiveness</td>
<td></td>
<td>0.245</td>
<td>30.232</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Risk Taking</td>
<td></td>
<td>0.178</td>
<td>16.677</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>EO</td>
<td>Internal CSR</td>
<td>0.473</td>
<td>9.056</td>
<td>0.000</td>
<td>0.436</td>
</tr>
<tr>
<td>practices</td>
<td></td>
<td>Internal CSR</td>
<td>0.473</td>
<td>9.056</td>
<td>0.000</td>
</tr>
<tr>
<td>OC</td>
<td>TI</td>
<td>-0.403</td>
<td>8.338</td>
<td>0.000</td>
<td>0.232</td>
</tr>
<tr>
<td>EO</td>
<td>PRESOR</td>
<td>0.636</td>
<td>19.092</td>
<td>0.000</td>
<td>0.406</td>
</tr>
<tr>
<td>PRESOR</td>
<td>Internal CSR</td>
<td>0.248</td>
<td>4.121</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>practices</td>
<td></td>
<td>Internal CSR</td>
<td>0.248</td>
<td>4.121</td>
<td>0.000</td>
</tr>
<tr>
<td>JS</td>
<td>OC</td>
<td>0.690</td>
<td>19.157</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>PEM</td>
<td>TI</td>
<td>0.116</td>
<td>1.843</td>
<td>0.033</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for present research

Referring to Table 5.17, EO has positive effect on internal CSR practise and it is concluded as significant with $p$ value less than 0.05. Therefore, H1 is also supported. The path coefficients for the five dimension of EO are Autonomy at 0.355, followed by Proactiveness at 0.245, Innovativeness at 0.237, Competitive aggressiveness at 0.207 and lowest by Risk taking at 0.178. The results show that SMEs owner/manager in the present research are mostly giving respective autonomy to their employees, and are proactive in their management style. They are also very innovative in terms of their business dealing as the dimension of innovativeness are recorded with path coefficient
of 0.237 which is the third highest path coefficient among the five dimensions. The results also reveal that SMEs owner/ manager in current research are not risk takers as this dimension has the lowest path coefficient, i.e., 0.178.

Table 5.1 shows that the relationship between EO and Internal CSR practices is significant with $t$ value above 1.645 and significant at $p$ value less than 0.05. There is a positive effect of EO on Internal CSR practices with path coefficient of 0.473. Therefore, Hypothesis 1 is supported. Guided by Elifson, Runyun and Haber (1998) suggestions, the positive relationship between EO and Internal CSR practices is concluded as moderate. The $R^2$ of this path is 0.436 which means 46.3% of the variance in internal CSR practices are explained by EO and PRESOR.

Moving on, the results obtained from Table 5.1 shows that the relationship between Internal CSR practice and Organisational commitment is significant with $t$ value above 1.645 and significant at $p$ value less than 0.05. Hence, Hypothesis 2 is supported. The results reveal that a positive effect is found between Internal CSR practices on Organisational commitment. However, it is considered as a weak relationship as path coefficient is recorded 0.157, which is below 0.310. However, $R^2$ value shows that 62.9% of the variance in Organisational commitment is explained by EO, PRESOR, Internal CSR practices and JS.

Among the paths exhibited, the relationship between Organisational commitment and Turnover intention is the only negative relationship obtained.
The results shown that this negative relationship between Organisational commitment and Turnover intention is significant with $t$ value above 1.645 and significant at $p$ value less than 0.05. Thus, Hypothesis 3 is supported. The negative relationship is concluded as moderate as the path coefficient is recorded as -0.403 with $R^2$ value of 0.232. This shows that when employees exhibit organisational commitment, his or her turnover intention will be reduced by 0.403. 23.2% of the variance in Turnover intention is explained by EO, PRESOR, internal CSR, JS and OC.

The results also reveal that there is significant direct effect by Entrepreneurial orientation on Perceived role of ethics and social responsibility (PRESOR) and PRESOR on Internal CSR practices with $t$ value above 1.645 and significant at $p$ value less than 0.05. There is a positive relationship between EO and PRESOR with path coefficient of 0.636 denoting a strong relationship, with $R^2$ value of 0.406. A positive relationship between PRESOR and Internal CSR practices was established with path coefficient of 0.248 showing a moderate relationship. Even though these two paths are not in the proposed hypotheses, the results obtained enable the mediation analysis to proceed. The detailed mediation analysis results of present research is shown in Table 5.15. The results from bootstrapping procedure show that PRESOR mediates the relationship between EO and internal CSR practices and $\beta = 0.147$ ($p< 0.05$) with significant $t$ value above 1.96. The results is further confirmed through Confidence intervals bias corrected (CIBC) with lower level at 2.5% and upper level at 97.5% with 95% Boot CI: [LL= 0.070, UL = 0.230] which does not straddle a zero in between. Preacher and Hayes (2008) pointed out that if no
zero value straddle in between the lower level and higher level confidence interval, a mediation effect is observed. Therefore, Hypothesis 4 is supported.

Job satisfaction which is hypothesized as another mediator in present research is also observed to have significant direct effect for internal CSR practices and Organisational commitment. Based on Table 5.15, Internal CSR practices demonstrated a significant positive effect on Job satisfaction with $t$ value above 1.645 and significant at $p$ value less than 0.05. The path coefficient obtained from this direct relationship is 0.567, which is consider as a moderate relationship. The results also shows that 34.3% of the variance in Job satisfaction is explained by Internal CSR practices. Besides, there is also a significant positive relationship between Job satisfaction and Organisational commitment with $t$ value above 1.645 and significant at $p$ value less than 0.05. The relationship is concluded as mediate with a path coefficient of 0.690. Even though these two direct relationships are not hypothesised in present research, it enables the mediation analysis to proceed. The detailed mediation analysis results of present research is shown in Table 5.15. The results from bootstrapping procedure show that Job satisfaction mediates the relationship between internal CSR practices and Organisational commitment and $\beta = 0.394$ ($p< 0.05$) with significant $t$ value at 12.268 which is above 1.96. The results is further confirmed through Confidence intervals bias corrected (CIBC) with lower level at 2.5% and upper level at 97.5% with 95% Boot CI: [LL= 0.332, UL = 0.464] which does not straddle a zero in between. This confirms that there is a mediation effect of Job satisfaction between internal CSR practices and Organisational commitment as pointed out by Preacher and Hayes (2008) that
there is no zero value straddle in between the lower level and higher level confidence interval. Therefore, Hypothesis 5 is supported.

Perceived ease of movement is hypothesised as the moderator in present research. Hypothesis 6 proposed that Perceived ease of movement moderates the relationship between Organisational commitment and Turnover intention. Based on Table 5.1, the results show that there is significant positive relationship between PEM and Turnover intention with $t$ value of 1.843 which above 1.645 ($p <0.05$). However, the direct positive relationship between PEM and Turnover intention is considered weak as the path coefficient is recorded at 0.116. Even though this direct relationship between PEM and Turnover intention is not hypothesised in present research, it complements the moderation analysis. The detailed moderation analysis results of present research is shown in Table 5.16. Based on Table 5.16, the moderating effect of PEM is found to be insignificant as the $t$ value of the relationship is 0.854, which is less than the minimum cut-off value of 1.645. Therefore, Hypothesis 6 is not supported.

The summary of results of the hypotheses in the structural model is presented in Table 5.18.
Table 5.18: Summary of results of the hypotheses in the structural model

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 : There is a positive relationship between EO and Internal CSR practices.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2 : There is positive relationship between internal CSR practice and organisational commitment</td>
<td>Supported</td>
</tr>
<tr>
<td>H3 : There is a negative relationship between organisational commitment and turnover intention</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: The Perceived Role of Ethics and Social Responsibility mediates the relationship between EO and internal CSR.</td>
<td>Supported</td>
</tr>
<tr>
<td>H5 : Job satisfaction mediates the relationship between internal CSR practices and Organisational commitment.</td>
<td>Supported</td>
</tr>
<tr>
<td>H6 : Perceived ease of movement moderates the relationship between Organisational Commitment and Turnover Intention.</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

Source: Developed for present research

5.10 Summary Research Model

The summary of the research model is exhibited in Figure 5.9, which depict the path coefficients with respective hypotheses, coefficient determinant ($R^2$) and predicative relevance ($Q^2$). Path coefficients and coefficient determinants show the validity of the structural model while predictive relevance predicts the data points of the endogenous variable.

The thicker lines ( ) in the research model show the contribution made in present research and are found to be statistical significant. There are shown in H1 and H4. Meanwhile, thicker dotted line ( ) in H6 was attempted to contribute to present research but it was found to be insignificant. Other full lines ( ) show that there are significant and similar research were carried out in the past.
Figure 5.10: Results of Structural Model

** p < 0.05

NS = Not significant
Figure 5.10 shows that 49.4% of the variance in Internal CSR practices are explained by Entrepreneurial orientation and the mediating effect of Perceived role of ethics and social responsibility. 62.9% of the variance in Organisational commitment is explained by Internal CSR practices and the mediating effect of Job satisfaction. As Perceived ease of movement is not significant as the moderator between Organisational commitment and Turnover intention, only 23.2% of the variance in Turnover intention is explained by Organisational commitment. Nevertheless, the $Q^2$ results in structural model show that $Q^2$ values are larger than zero for reflective endogenous latent variable indicating the path model’s predictive relevance for the listed constructs.

The structural results is further analysed with an importance-performance matrix analysis (IPMA) in next section.

5.11 Importance-Performance Matrix Analysis (IPMA)

Importance-performance matrix analysis (IPMA) combines the importance results and the performance results of PLS-SEM in two dimensional results representation which is useful for drawing conclusion. Consequently, it is desirable to primarily focus on improving the performance of constructs with large importance regarding their explanation of a certain target construct but that, simultaneously, have a relatively low performance. IPMA contrast the structural model total effects (importance) to highlight significant areas for the improvement of management activities with a specific endogenous latent variable representing a key target construct in the analysis. The results from
IPMA allow the identification of determinants which are relatively high importance and relative low performance.

The IPMA of present research is presented in Figure 5.11. The key construct in present research is Turnover intention represented on the vertical axis and the total effects or importance of the exogenous variables are represented by different colour and shapes in the matrix. The vertical dimension represents the importance of the listed constructs in present research, namely, Entrepreneurial orientation, internal CSR practices, Organisational commitment, Job satisfaction, Perceived ease of movement on the target construct, Turnover intention. The horizontal dimension represents the performance of the list of constructs on Turnover intention.

Figure 5.11: Importance-Performance Matrix Analysis (IPMA) for present research
Based on Figure 5.11, the total effect, i.e., the importance of the constructs are recorded with negative scores due to the measurement and structural weights and loading to the endogenous variables. Therefore, in present research, it is interpreted as when Entrepreneurial orientation (EO), Internal CSR practices, Organisational commitment (OC), Job satisfaction (JS) and Perceived role of ethics and social responsibility (PRESOR) are high, Turnover intention (TI) is low. While, if Perceived ease of movement (PEM) is high, Turnover intention is high. The IPMA shows that EO, Internal CSR practices, OC, JS and PRESOR have impacts on Turnover intention with OC being the most important with total effect of 0.477 followed by JS, 0.321, Internal CSR, 0.274, PEM, 0.111, EO, 0.187 and PRESOR, 0.063.

In term of performance, PRESOR, JS and internal CSR are performing relative better compared to other constructs with performance index at 66.38, 63.33 and 63.18 respectively. PEM is the least performing construct among other with performance index at 45.18, while Organisational commitment performance index is recorded at 60.00.

The IPMA results show that OC is relatively more important as compared to other construct but yet not performing in its impact on TI.

5.12 Chapter Conclusion

Current chapter outlines the inferential statistical procedures using PLS-SEM in detail and report the hypotheses results obtained. PLS-SEM is used to examine the statistical significance of the determinants hypothesised in
influencing SMEs employees’ turnover intention. A number of observations are made from the analysis conducted on the measurement and structural model. Firstly, the measurement model demonstrated satisfactory reliability and validity for both reflective measures of all lower-order constructs and higher-order formative constructs. Secondly, the validation of the structural model demonstrated satisfactory results whereby the $R^2$ are in the range of 23.2% to 62.9% indicating moderate relationships. $Q^2$ values obtained are larger than zero indicating the path model’s predictive relevance for the constructs in discussion. Lastly, the structural model exhibited two significant mediating relationships with one insignificant moderating relationship. The following concluding Chapter Six presents the summary of the main findings and the discussion of the theoretical constructs used in this thesis in connection with the results obtained along with implications of the present research. Direction of future research is discussed in Chapter 6 as well.
CHAPTER 6

DISCUSSION AND CONCLUSION

6.1 Introduction

The present research was set out to explore the impact of Internal CSR practices on employees in Malaysian SMEs. The research examined the role of entrepreneurial orientation in implementation of internal CSR practices and sought out to study the impact of it on employees’ turnover intention through the manifestation of organisation commitment with mediation effects of perceived role of ethics and social responsibility and job satisfaction together with moderation effect from perceived ease of movement. Therein, this chapter discusses the implications of the findings presented in the preceding Chapter 4 and 5.

There are four sections in this chapter. The first section presents discussion on the findings for Descriptive Statistics and Inferential Statistics. Under this section, the main hypotheses discussed in reference to possible explanations of the findings and their convergence or divergence with previous literature. The second section highlights the contribution of present research in the pursuit for knowledge expansion, methodology and proposes relevant policies for the SMEs owner/ manager and policy makers for strategic human resource management consideration. The third section lays out the limitations of present research while the fourth section suggests direction for future research within
the context of strategic human resource management. The thesis is ended with a closing remark.

6.2 Discussion of Finding Part I: Descriptive Statistics

There are seven main constructs identified in Chapter 2 that formed the present research model and hypotheses. In Chapter 4, the descriptive statistics of these seven constructs in term of mean, median, mode, standard deviation, Kurtosis and Skewness are reported. The following sections discuss the findings obtained for these seven constructs.

6.2.1 Entrepreneurial Orientation

The mean of the 6-point Likert scale responses for autonomy orientation is 4.81, while the median and mode is reported at 4 (Refer to Table 4.6). Autonomy orientation has a standard deviation of 1.35. This indicates that the respondents are slightly agree that their enterprise are practising the orientation of autonomy.

The results indicate that most of the entrepreneurs in present research are perceived by their employees to have adopted Autonomy orientation in their entrepreneurial orientation. Autonomy is described as the authority and independence given to an employee or team within the enterprise to develop business concepts and visions; and execute them through to completion. The results obtained herein show that the entrepreneurs who are autonomy orientated believed that it can promote employee empowerment. Autonomy can be
interpreted as the opposite of tight workforce control. In fact, Hadre and Reeve (2009) asserted that autonomy orientation is regarded as a supportive management style that fosters a range of positive workplace outcomes including enhanced job performance, skill development, attendance and long-term retention, effort and engagement, and psychological well-being. Harms, Reschke, Kraus, and Fink (2010) added on that entrepreneurs adopt autonomy orientation as a mean to cultivate “management by vision” culture in the enterprises which is crucial for growth and innovativeness. In this regard, internal CSR practices is an appropriate practice to be implemented by autonomy oriented entrepreneurs. This explains the mean, median and mode for autonomy orientation is 4, i.e., Slightly Agree.

The mean of the 6-point Likert scale responses for competitive aggressiveness is 4.30, while the median is 4.33 and mode is 4.67 (Refer to Table 4.6). Competitive aggressiveness has a standard deviation of 1.15. This indicates that the respondents perceive that their enterprises are practising competitive aggressiveness orientation.

The results indicate that most of the SMEs employees perceived that their owner/manager are adopting competitive aggressiveness orientation in their business. Competitive aggressiveness orientation conveys the intensity with which an enterprise chooses to compete and efforts to outdo their competitors reflecting a bias toward out-maneuvering and surpassing rivals. In the present research, the results indicate that the enterprises participated are competitive aggressive oriented in order to compete in the highly competitive business
landscape. The results also spectacle that the enterprises which are competitive aggressiveness oriented are practicing internal CSR to triumph over their rivals in order to sustain talented employees. This explains the mean, median and mode of Competitive aggressiveness is above 4.

The mean of the 6-point Likert scale responses for innovativeness is 4.18, while the median and mode is reported at 4 (Refer to Table 4.6). Innovativeness has a standard deviation of 1.19. This indicates that innovativeness orientation is observed by the respondents in their enterprises.

The results indicate that most of the entrepreneurs in the SMEs are perceived by their employees to have adopted innovativeness orientation. Innovativeness orientation captures the strategic orientation of the enterprise toward embracing and supporting creativity and experimentation, technological leadership, uniqueness and Research and Development (R&D) in the development of products, services and processes. The results denote that the enterprises participated in present research are innovatively supporting creativity and new ideas in their business strategy. It is also applicable in the aspect of human resource management by adopting internal CSR practices, as an innovative approach to sustain their employees. Therefore, it explains the mean is above 4, while median and mode is 4.

The mean of the 6-point Likert scale responses for proactiveness is 4.18, while the median and mode is reported at 4 (Refer to Table 4.6). Proactiveness
has a standard deviation of 1.11. This indicates that proactiveness orientation is observed by the respondents in their enterprises.

The results show that most of the entrepreneurs in the SMEs are perceived by their employees to have adopted proactiveness orientation. Proactiveness orientation relates to a forward-looking perspective where enterprises are actively seek to anticipate opportunities to develop and introduce new products to obtain first-mover advantages and shape the direction of the environment. The results indicate that the enterprises are having forward-looking approach to anticipate the future business directions in order to fine-tune their present business strategy to suit into competitive business environment. Besides, the results also provide some insights on the human resource management aspect that the enterprises have anticipated the importance of internal CSR practices by incorporating it into their internal business strategy. SMEs participated in present research acknowledge the importance and benefits of internal CSR practices in their business. Therefore, they had implemented it voluntarily on a proactive approach, even though there is no policy to require it as mandatory practices. This expounds the mean is 4.18, while median and mode is 4.

The mean of the 6-point Likert scale responses for risk taking is 4.23, while the median and mode is reported at 4.33 (Refer to Table 4.6). Risk taking has a standard deviation of 1.16. This indicates that respondents are agreeing that their enterprises are adopting the risk taking orientation.
The results indicate that most of the entrepreneurs are perceived by their employees to have adopted risk taking orientation. Risk taking orientation reflects an acceptance of uncertainty and risk inherent in original activity and is typically characterised by resource commitment to uncertain outcomes and activities. This findings reflect the situation which all enterprises are encountering as the economic outlook was pessimistic when the present research was carried out. All the enterprises are subjected to the volatile economy and at the same time, enterprises are trying to retain their employees. In the context of present research, internal CSR practices is regarded as a risk taking approach for enterprises to undertake in order to attract and retain employees. The implementation of internal CSR could be presented as an element of uncertainty in human resource management due to limited established research on the concrete positive impact to businesses. Therefore, it explains the rational of mean, median and mode are above 4.

The results from the descriptive statistics of EO shows that SMEs are stiffly competing in turbulent business environment. This is consistent with the measures developed by Lumpkin and Dess (1996), whereby there are five dimensions posited by entrepreneurs capturing a firm’s strategic orientation which involves decision-making styles, methods, and practices. The findings also matches with the later development of EO in the context of SMEs by Aloulou and Fayolle (2005) that the five dimension of EO is a valid strategic orientation for small businesses based on Resource Based View. The latest work of Covin and Lumpkin (2011) also agreed that the conceptualisation of EO is recognisable through the exhibition of sustained entrepreneurial behavioural
patterns in these five dimensions. Subsequently, another research conducted by Kraus, Rigtering, Hughes and Hosman (2012) reinforced that the dimensions of EO is a significant measure for an enterprise strategic orientation. Jabeen and Mohmood (2014) added that firms which adopting strong entrepreneurial orientation are generally willing to take risks and thus, facilitate quicker innovative ideas among employees which produced more innovative goods and leading to better cum superior performance. In current context, SMEs tend to adopt entrepreneurial postures in their business strategy and human resource management for their employees, for who they are regarded as one of the most critical success factor. The EO observed in enterprises that participated in present research is regarded as risk taking, competitive aggressive, proactive, innovative and autonomy oriented. In short, all the five orientations of EO are observed in SMEs participated in present research.

6.2.2 Internal CSR Practices

There are six indicators for Internal CSR practices in present research, namely Employees’ voluntarily activities, Career opportunities, Employee’s well-being, Family friendly policy, Organisational justice and Support of Future education.

The findings (Refer to Table 4.7) reveal that most of the enterprises do practice internal CSR with different degree of emphasis at different aspect of the practices. For instance, the mean of the 6-point Likert scale responses for Employees’ voluntarily activities is 3.74, while the median and mode are reported at 4 (Refer to Table 4.7). Employees’ voluntarily activities has a
standard deviation of 1.28. This indicates that the enterprises do encourage Employees’ voluntarily activities, but at the lowest extent as compared to other internal CSR activities. Meanwhile, the mean of the 6-point Likert scale responses for Career opportunities is 4.28, while the median and mode are reported at 4 (Refer to Table 4.7). The standard deviation for career opportunities is 1.18. Among the internal CSR practices, career opportunities is observed to be widely adopted by enterprises participated in present research. In term of the mean for Employee’s well-being, Family friendly policy, and Organisational justice are reported at 4.16 and median and mode at 4 (Refer to Table 4.7). The standard deviation for Employee’s well-being, Family friendly policy, and Organisational justice are recorded at 1.13, 1.08 and 1.19 respectively (Refer to Table 4.7). The results show that other than career opportunities, SMEs care about the Employee’s well-being and practices Family friendly policy and Organisational justice. Nevertheless, the enterprises also put attention on Support of Future education. The mean of the 6-point Likert scale responses for Support of Future education is 4.01, while the median and mode are reported at 4 and its standard deviation is captured at 0.97 (Refer to Table 4.7).

The present research results is analogues to finding by Vives (2006) whereby the areas of internal CSR with the highest degree of activity are education, work family issues, equity, health and well-being, and worker participation. Besides, the rational of the findings suggest that due to the smaller setting of the enterprises as compared to MNCs, the structure of SMEs allow more flexible elements to be incorporated for overall employees’ well-being. In
terms of the lowest degree in the aspect of voluntary activities, it mimic to the results obtained by Welford (2004), whereby Asia are considerable different from the West. Asian companies often reflect what is important among stakeholders in their own countries and subject to the influence of local culture.

6.2.3 Organisational Commitment

There are eight indicators adapted for Organisational Commitment. The findings (Refer to Table 4.8) report the mean of the 6-point Likert scale responses of the eight indicators of Organisational commitment is 3.98, while the median and mode are reported at 4 with a standard deviation of 1.25. The results indicate that the respondents are displaying moderate level of organisational commitment to the enterprises that they are currently attached to. In this regard, employees who display higher level of affective commitment would choose to stay due to strong emotional attachment to the enterprises and vice versa.

The findings are consistent with Social Exchange Theory which holds that employees who are affectively committed reciprocate favourable treatment, in this case, internal CSR practices result in greater commitment. Similar findings were reported in Mowday, *et al.* (2013), Eisenberger, *et al.* (1986) and Allen and Meyer (1997) that favourable work experiences are associated with high affective commitment. The results provide convergent evidence that internal CSR practices play a role in affective organisational commitment.
6.2.4 Job Satisfaction

There are five indicators employed to measure Job satisfaction for present research. The findings (Refer to Table 4.9) state the mean of the 6-point Likert scale responses of the five indicators of job satisfaction is 3.92, while the median and mode are reported at 3.80 and 3.60 respectively with a standard deviation of 1.23. The results indicate that the respondents are revealing moderate level of job satisfaction in their present enterprises. In this context, employees who are satisfied with their current job as the results of internal CSR practice, tend to display higher level of organisational commitment to the enterprises and vice versa. The results obtained are consistent with previous findings (e.g. Rupp, Ganapathi, Aguilera, & Williams, (2006); Aguilera, Rupp, Williams, & Ganapathi, J. (2007)) whereby CSR practices in the organisation enhanced employees’ job satisfaction, and therefore demonstrated greater level of organisational commitment.

6.2.5 Turnover Intention

There are four indicators adapted for Turnover Intention. The mean, median and mode of the 6-point Likert scale responses of the four indicators of Turnover intention is 3 (Refer to Table 4.10). Turnover intention has a standard deviation of 1.37. The results denote that the respondents’ turnover intention is low. This signify that as a result of the implementation of internal CSR practices, respondents’ organisational commitment is enhanced through job satisfaction and therein, showing a lower turnover intention. This is most likely the contribution of the present research in linking internal CSR practices that
produce positive chain effects towards organisational commitment, job satisfaction and ultimately reduce employees’ turnover intention.

6.2.6 Perceived Role of Ethics and Social Responsibility (PRESOR)

There are six indicators adapted for Perceived Ethics and Social Responsibility. The findings (Refer to Table 4.10) state the mean of the 6-point Likert scale responses of the six indicators of PRESOR is 4.33, while the median and mode are reported at 4.17 and 4.30 respectively with a standard deviation of 1.12. The results reveal that the respondents are of the opinion that the perception of ethics and social responsibility influence one’s ethical intention. When the owner/manager perceived that ethics and social responsibility are importance, they tend to behave ethically and more social responsible in their decisions. As such, the higher the degree of the belief on the role of ethics and social responsibility, the stronger the believed in the implementation of internal CSR practices, and vice versa.

The results are convergent to findings by Singhapakdi, Vitell, Rallapalli, and Kraft, (1996) that ethics and social responsibility can be analysed on an individual level. In addition, individual’s perception on ethics and social responsibility could influence and enhance work attitude because individual internal perceptions form their cognitive responses on the reaction on to these obligations (Valentine & Fleischman, 2008). This explains the significant mediation effect of PRESOR between EO and internal CSR practices. When an individual owner/manager perceives the importance of ethics and social
responsibility, they tend to view the necessity to implement internal CSR practices, which in turn enhance their organisational commitment.

6.2.7 Perceived Ease of Movement (PEM)

There are three indicators adapted for Perceived Ease of Movement to gauge respondents’ perception as to whether it is easy or difficult to leave the current organisation based on the labour market. The mean, median and mode of the 6-point Likert scale responses of the three indicators of PEM based on different degree of difficulty to leave their profession, sector and region is 3.27, 3 and 4 respectively (Refer to Table 4.12). Perceived ease of movement has a standard deviation of 1.16. The findings reveal that the respondents are of the opinion that it is difficult to leave the current enterprises, in view of the labour market situation which is not optimistic.

The rational of this findings is due to the gloomy economy outlook during the time data was collected. Holtom, Mitchell, Lee, and Eberly (2008) explained that labour market dynamism has certain impact on individual’s turnover intention. According to the Malaysian Economic Institute of Research (MEIR) (2016), the Malaysian labour market shown signs of weakening with rising number of retrenchments, stagnating job vacancies and higher labour force participation rate (LFPR) in the last quarter of 2015. The economic condition lead to the findings that respondents perceived difficult in leaving their current job and enterprise.
6.3 Discussion of Empirical Findings Part II : Inferential Statistics and Hypotheses

As recommended by Heppner and Heppner (2004), the symmetry of discussing the results of each hypothesis may enhance the understanding of the results of each hypothesis in turn. The following subsections present the hypotheses with findings obtained from Chapter 5 along with the respective discussions.

6.3.1 Entrepreneurial Orientation and Implementation of Internal CSR Practices

EO is regarded as a firm’s strategic orientation while Internal CSR practices are activities that directly related to the physical and psychological working environment of employees. The present research undertakes to comprehend the relationship between EO and the implementation of Internal CSR practices in the SMEs. Internal CSR practices are the human resource management practices within the organisation internal strategic strategy in respect of employees. Hypothesis 1 was formed to serve this purpose.

**Hypothesis 1: There is a positive relationship between EO and internal CSR practices.**

The results obtained revealed that there is a positive significant effect of EO on Internal CSR practices with $\beta = 0.473$ at $t$ value $9.056$ ($p < 0.05$). Therefore, hypothesis 1 is supported. This indicates the implementation of internal CSR practices is positively related to EO. EO plays a role in the decision
of an enterprise to implement Internal CSR practices in their strategic human resource management.

In the best knowledge of the researcher, limited research was done by adopting EO to measure internal decision making, specifically the implementation of internal CSR practices in the SMEs context. Therefore, current research contributes to the knowledge that EO has a role to play in implementing Internal CSR practices in SMEs. As posited by Lumpkin and Dess (1996) each dimensions of EO can vary independently and present research findings reinforced this. Autonomy, Competitive Aggressiveness and Risk Taking are observed to be the dimensions playing more important role in the implementation of Internal CSR practices as compared to Innovativeness and Proactiveness. This finding could add value to the existing knowledge that EO has a role in the internal decision making policy, particularly implementation of Internal CSR practices besides of firm performance. Entrepreneurs who are more autonomy, competitive, and risk taking oriented tend to adopt Internal CSR practices in their human resource management.

6.3.2 Internal CSR practices and Employees’ Organisational Commitment

Internal CSR practices which concern about employees’ well-being are anticipated to have a positive effect on employees’ organisational commitment. This is highlighted by Social Exchange Theory which explains the reciprocity norm between organisation and employees. Employees feel obligated at work that unconsciously compel employees to repay advantageous treatment received
from organisation through the implementation of internal CSR practices. Hypothesis 2 was formed based on this argument.

**H2 : There is a positive relationship between Internal CSR practices and organisational commitment.**

The results obtained show that is a positive significant effect of Internal CSR practices on Organisational commitment with $\beta = 0.157$ at $t$ value 3.582 ($p < 0.05$). Therefore, hypothesis 2 is supported. This indicates the employees’ organisational commitment is positively related to the implementation of internal CSR practices. Internal CSR practices are the beneficial treatment offer by the enterprises to them and they value it by way the unconscious obligation at work to repay advantageous treatment received. The results are consistent with Turker (2009) findings that there is a strong positive relationship between Internal CSR practices and Organisational commitment. The indicators of Internal CSR practices consist of employees’ career development, training opportunities, and organisational justice, which are classified as the high-order needs of esteem and self-actualisation in the Maslow’s classification. Accordingly, the fulfilment of these high-order needs can strongly affect the level of organisational commitment (Turker, 2009). Present research findings are convergence to Turker (2009) results that CSR is positively related to employees’ organisational commitment in which lead to positive business impacts.
6.3.3 Employees’ Organisational Commitment and Turnover intention

Past literatures (Yurchisin & Park, 2010; Homburg & Stock, 2004) pointed out the positive consequences of highly committed and highly satisfied employees will translate into low employee absenteeism, enhanced job performance, increased customer satisfaction and improved employee retention. In line with this approach, present research was set forth to investigate the relationship between Organisational commitment and Turnover intention as a result of the implementation of Internal CSR. Hypothesis 3 is formulated to assess the inverse relationship between Organisational commitment and Turnover intention.

H3: There is a negative relationship between organisational commitment and turnover intention.

The results obtained show that is a significant negative effect of Organisational commitment on Turnover intention with $\beta = -0.403$ at $t$ value 8.338 ($p < 0.05$). Therefore, hypothesis 3 is supported.

The results are in line with Addae, Praveen, and Davis (2006) findings that committed employees have been found to be less likely to leave their organisation. Recent research by Chinomona and Chinomona (2013) on the SMEs employees’ perception of organisational politics at workplace also found that organisational commitment negatively influences turnover intentions. The results further reinforced Iverson and Buttigieg (1999) findings that affective commitment is the right kind of commitment that organisations should nurture.
in order to reduce employee turnover. Hence, this reinforced the findings that organisational commitment could reduce employees’ turnover intention. The interesting part of the result is its possible contribution of the existing knowledge that the reduction of turnover intention is a positive indirect effect of Internal CSR practices.

6.3.4 Perceived Role of Ethics and Social Responsibility (PRESOR) on EO and its’ impact on Internal CSR Practices

As argued by Singhapakdi, Vitell, Rallapalli and Kraft (1996), the Perceived role of ethics and social responsibility to organisational effectiveness is likely to be a key determinant whether or not there is an ethical issue in a given situation. It is also a determinant of variable such as deontological norms and importance of stakeholders. Therefore, both the perception of owner/manager and employees may have impact on the implementation of internal CSR practices. The discussion led to the formation of hypothesis 4 to assess the mediation role of PRESOR between EO and Internal CSR practices.

**H4 : Perceived Role of Ethics and Social Responsibility mediates the relationship between EO and Internal CSR Practices.**

The mediation analysis following Preacher and Hayes (2004, 2008) approach show that there is mediation effect of Perceived role of ethics and social responsibility between EO and Internal CSR practices. The beta coefficient for this mediation relationship was recorded as 0.147 with \( t \) value at 3.511 (\( p < 0.05 \)). The significant mediation effect is further confirmed with no
zero value straddle in between 95% Boot CI: [LL= 0.070, UL = 0.230]. Therefore, Hypothesis 4 is supported.

There is negligible research carried out to investigate the possible mediating role of PRESOR in EO and the implementation of Internal CSR practices in the SMEs context. Therefore, the findings of current research contribute to the knowledge that PRESOR mediates the relationship between EO and Internal CSR practices in SMEs. If the SMEs owner/manager and employees are in the view that ethics and social responsibility are important, they will emphasize on the implementation of Internal CSR practices in their organisation.

In addition, the coefficients of determination, $R^2$ of PRESOR obtained shows a value of 0.406. This denotes that 40.6% of the variance in PRESOR is explained by EO. Meanwhile, the coefficients of determination, $R^2$ of Internal CSR practices obtained as recorded at 0.494. This indicates that 49.4% of the variance in Internal CSR practices are explained by EO and PRESOR. These results show the importance of PRESOR in this context. The outcomes add value to existing knowledge that the perception of ethics and social responsibility influence an individual perception in the organisation human resource management.
6.3.5 Employees’ Job satisfaction on Internal CSR practices and its’ impact on Organisational commitment

Job satisfaction is an emotional response to a job situation. Social Exchange Theory explains that employees view conducive and pleasurable working condition as a ‘gift’ from the organisation, thereon responds by putting more effort in their work. In this context, Internal CSR practices are taken as the gift for the employees which create the pleasurable emotional state of the employees that in turn, enhances employees’ organisational commitment. Therefore, hypothesis 5 was developed to assess the mediation effect of Job satisfaction between Internal CSR practices and Organisational commitment.

**H5 : Job satisfaction mediates the relationship between internal CSR practices and Organisational commitment.**

According to Preacher and Hayes (2004, 2008) mediation analysis approach, the results show that there is mediation effect of Job satisfaction on Internal CSR practices and Organisational commitment. The standard beta coefficient for this mediation relationship was recorded as 0.394 with $t$ value at 12.268 ($p< 0.05$) and there is no zero value straddle in between 95% Boot CI: $[LL= 0.332, UL = 0.464]$. Therefore, Hypothesis 5 is supported.

Scant research has been undertaken to examine the possible mediating effect of Job satisfaction in the implementation of Internal CSR practices and Organisational commitment. The findings contribute to the knowledge that Job satisfaction has an intercession role between Internal CSR practices and Organisational commitment. These findings are further supported by the direct
positive relationship between Internal CSR practices and Job satisfaction; as well as Job satisfaction and Organisational commitment. Each of the direct relationship are positively significant, whereby Internal CSR practices demonstrates a significant positive relationship on Job satisfaction with $\beta = 0.567$ at $t$ value 11.476 ($p < 0.05$). Meanwhile, Job satisfaction has a significant positive relationship on Organisational commitment with $\beta = 0.690$ at $t$ value 19.157 ($p < 0.05$).

In addition, the coefficients of determination, $R^2$ of Job satisfaction obtained shows a value of 0.343. This indicates that 34.3% of the variance in Job satisfaction is explained by Internal CSR practices. The results obtained are in line with the findings by Rupp, Ganapathi, Aguilera, and Williams (2006) that internal CSR practices cascade employees’ subsequent attitudes and behaviours, namely Job satisfaction and Organisational commitment. The findings of present research are also consistent to Brammer, Millington and Rayton (2007) research that there is a positive link between affective organisational commitment and internal CSR practices within the context that control Job satisfaction. Turker (2009a, 2009b) also pointed out the benefit of Internal CSR practices by way of keeping employees satisfied with their job.

6.3.6 The influence of Perceived Ease of Movement (PEM) on Turnover Intention

All business organisations are subjected to economic fluctuations while all employees are vulnerable to business cycles. Perceived ease of movement is linked to the availability and visibility of jobs in the labour market for which
employees are qualified before they consider to leave their current organisations. Current research undertook to study the influence of Internal CSR practices through employee’s attitude and behaviour which lead to the ultimate outcome of turnover intention reduction. Voluntary turnover was the focus of present research, which is hypothesised as being subject to the labour market condition. Hence, hypothesis 6 was developed to investigate whether perceived ease of movement moderates the relationship between Organisational commitment and Turnover intention.

<table>
<thead>
<tr>
<th>H6 : Perceived ease of movement moderates the relationship between Organisational Commitment and Turnover Intention.</th>
</tr>
</thead>
</table>

The results revealed that the direct relationship of Organisational commitment and Turnover intention is significant with $\beta = -0.447$ and $t$ value 10.630 ($p < 0.05$). Similarity, the direct relationship between Perceived ease of movement and Turnover intention is also found to be significant with $\beta = 0.111$ and $t$ value 1.820 ($p < 0.05$). However, the moderation analysis using Henseler and Fassott (2010) approach revealed that the moderation effect of Perceived ease of movement is not significant as the $t$ value of 0.854, which is less than the minimum cut-off value of 1.645. This concluded that Hypothesis 6 is not supported.

The current global economy outlook offers some explanations for the insignificant findings on Perceived ease of movement. According to International Monetary Fund (IMF) World Economic Outlook in 2015, it was reported that global growth is projected at 3.3% in 2015 which is lower than in...
2014. IMF also predicted that the distribution of risks to global economic activity is on the downside. IMF further pointed out that the emerging market economies will face slowdown in continued growth that reflects several factors, including lower commodity prices and tighter external financial conditions, structural bottlenecks, rebalancing in China, and economic distress related to geopolitical factors. A chain of negative economy outcomes are followed such as lower potential output growth in both advanced and emerging market economies. Lower commodity prices which pose risks to the outlook in low-income developing economies after many years of strong growth are observed.

The global economic condition has impacted Malaysia economy. Adding on, Malaysia’s economic growth also faced plenty of challenges particularly the rising cost resulted from the implementation of consumption tax, GST in April 2015 and also the weakening of currency. Bank Negara Malaysia explained that Ringgit Malaysia was the worst performer due to a drop in crude prices which hurt government finances and dented investor confidence. All these have negatively impacted Malaysia economy and Malaysia labour market.

This findings is possibly due to the weak labour market condition which lead to respondents unconsciously ignore their perception of the ease of movement during the time the research took place. Past research by Dreher and Dougherty (1980) explained that Mobley, et al (1979) model had a compelling conceptual argument for the insertion of labour market condition in the study of individual turnover intention behaviour. However, Dreher and Dougherty (1980) findings are in line with Mobley, et al (1979) that there is weak empirical support at the individual level because of infrequent research. Subsequently,
Iverson and Deery (2000) studied the relationship between job performance and voluntary turnover with Perceived ease of movement (PEM) as the moderator, and the results obtained found that PEM failed to display any main or moderator effects. Hence, it shows that despite the present research fail to establish significant moderation relationship for PEM, it is consistent with past research which found no significant effect for PEM.

6.4 Research Conclusion

After the preceding section, this section provides the research conclusion. Table 6.1 presents the research questions, research objectives and hypotheses of the research. This illustration shows that the research objectives are derived from research questions. The corresponding hypotheses are developed based on research objectives set forth. With reference to the preceding discussion of the results, it is therefore clear that this research has met all the research questions and research objectives.

Several broad conclusions were drawn from this research. Firstly, Entrepreneurial orientation (EO) has a reliant role to internal resources of a firm, particularly human resource practices. This finding supports Lumpkin and Dess’ (1996) attestation that EO being a form of strategic orientation play a role in survival and performance of firms. The findings conform to the understanding that all five orientations are beneficial in the strategic human resource practices in the aspect of Internal CSR implementation, but it is equally plausible that only a sub-set of orientations are more impactful. The results show that Autonomy,
Competitive aggressiveness and Risk taking are observed to be more impactful in current context.

The second conclusion is one of the main objectives of the research, whereby there is positive impact of Internal CSR practices on organisational commitment. This research further reinforces Stakeholder Theory and Social Exchange Theory that when the employees being the main stakeholders of organisation, received favourable treatment from employers, organisation-favoring outcomes are observed through higher organisational commitment with higher morale, low absenteeism and higher productivity. The research suggests that affective commitment is displayed by employees’ emotional attachment to, identification with and involvement in the enterprises that adopt Internal CSR practices. Therefore, affective commitment is the most beneficial organisational commitment that organisations should try to cultivate in order to achieve enhanced organisational effectiveness. Along with this conclusion, there are also abundant of literatures highlighting the positive impact of job satisfaction in relation of organisational commitment. Organisational commitment and job satisfaction are often the intertwining constructs in relation to employees’ attitudes in organisational behaviour research. The results of current research adds on by confirming the favourable impact of Internal CSR practices in the relationships between organisational commitment and job satisfaction.
### Table 6.1: The Research Questions, Research Objectives, Corresponding Hypotheses Tested and Findings

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Research Objectives</th>
<th>Corresponding Hypotheses Tested and Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does EO affect internal CSR practices in SMEs?</td>
<td>1. To access the impact of entrepreneurial orientation on the implementation of internal CSR practices.</td>
<td><strong>Hypothesis 1</strong>: There is a positive relationship between EO and Internal CSR practices.  <strong>Hypothesis 1 is supported</strong></td>
</tr>
<tr>
<td>2. Do internal CSR practices increase employees’ organisational commitment?</td>
<td>2. To examine the relationship between internal CSR practices and employees’ organisational commitment</td>
<td><strong>Hypothesis 2</strong>: There is a positive relationship between Internal CSR practices and organisational commitment.  <strong>Hypothesis 2 is supported</strong></td>
</tr>
<tr>
<td>3. Does organisational commitment reduce employees’ turnover intention?</td>
<td>3. To determine the impact of employees’ organisational commitment on employees’ turnover intention.</td>
<td><strong>Hypothesis 3</strong>: There is a negative relationship between organisational commitment and turnover intention.  <strong>Hypothesis 3 is supported.</strong></td>
</tr>
<tr>
<td>4. Does perceived roles of ethics and</td>
<td>4. To investigate the mediating effect of perceived role of ethics and social responsibility between</td>
<td><strong>Hypothesis 4</strong>: Perceived Role of Ethics and Social Responsibility mediates the relationship between EO and internal CSR practices.  <strong>Hypothesis 4 is supported</strong></td>
</tr>
<tr>
<td>social responsibility mediate the relationship between EO and internal CSR practices?</td>
<td>entrepreneurial orientation and the implementation of internal CSR practices.</td>
<td></td>
</tr>
<tr>
<td>5. Does job satisfaction mediate the relationship between internal CSR practices and organisational commitment?</td>
<td>5. To examine the mediating effect of job satisfaction between internal CSR practices and organisational commitment.</td>
<td></td>
</tr>
</tbody>
</table>

**Hypothesis 5:** Job satisfaction mediates the relationship between internal CSR practices and organisational commitment.

**Hypothesis 5 is supported.**

| 6. Does SME employees’ perceived ease of movement moderate the relationship between employees’ organisational commitment? | 6. To investigate the moderating role of perceived ease of movement between organisational commitment and employees’ turnover intention. |

**Hypothesis 6:** Perceived ease of movement moderates the relationship between Organisational Commitment and Turnover Intention.

**Hypothesis 6 is NOT supported.**
commitment and turnover intention?

Source: Developed for present research

The third conclusion derived is another main objectives of present research that organisational commitment has a negative relationship with turnover intention. It is noted that various literature provide ample arguments by many researchers that organisational commitment lead to strings of positive organisational outcomes. This research has further endorsed that organisational commitment, particularly affective commitment can reduce employees’ turnover intention even though in smaller organisation setting such as SMEs. It is widely acknowledged that employee turnover does more than just incurrence of higher costs in terms of lost productivity or disruption of experienced employees, it also adversely affected the morale of incumbent employees. Hence, employee retention and organisation effectiveness are closely related to one and other. Internal CSR practices are offered as a mean to enhance employee organisational commitment to augment organisational effectiveness and productivity. This conclusion integrated Stakeholder Theory, Social Exchange Theory and Resource Based View.

The fourth conclusion concerns about the role play by employees’ perception of the importance of ethics and social responsibility. Perceived role of ethics and social responsibility is a cognitive process of recognising the intrinsic orientation that guides CSR related activities. Present research
concludes that the cognitive process in realising the importance of ethics and social responsibility has an impact to the implementation of internal CSR practices. The findings reveal that when SMEs owner/manager recognises the importance of ethics and social responsibility, internal CSR practices are most likely being implemented. Meanwhile, employees who see the importance of ethics and social responsibility and realise the practice of internal CSR in their enterprises tend to demonstrate higher organisational commitment. As a chain effect, turnover intention is reduced. The results suggest that recognition of the importance of ethics and social responsibility is also critical within the organisation system.

The fifth conclusion drawn from the present research is that internal CSR practices are in existence in SMEs. Despites that the degree of practices are inconsistent among the SMEs and different from the European countries, internal CSR activities are found to be in practised in Malaysian SMEs. This is a significant point to highlight as the presence of CSR activities in SMEs has marked a milestone in the development of CSR in Asia.

The last conclusion obtained from this research is that small organisations such as SMEs are compatible with larger organisation in term of Internal CSR practices implementation. Despite the resource poverty, SMEs could turn it into resource flexibility by capitalising on its’ smaller structure that allows more manoeuvring in their strategic business and human resource strategy.
6.4.1 Executive Summary for Research Conclusion
In short, present research had fulfilled the research objectives set forth in Chapter One. Below are the Executive Summary derived from the research:

- Entrepreneurial orientation affects the implementation of internal strategy in the firm.
- Entrepreneurs who are autonomy, competitive aggressiveness and risk taking oriented tend to incorporate Internal Corporate Social Responsibility in the firm Strategic Human Resource Management.
- Internal CSR practices could enhance employees’ organisational commitment through the mediating effect of job satisfaction.
- Employee Intention to leave is reduced through the positive chain effects from Internal CSR practices and enhance organisational commitment.
- Manager/Owner’s perceive roles of ethics and social responsibility has an impact in their ethical intention, particularly in the implementation of Internal CSR.
- Smaller organisations are compatible with larger organisation in the implementation of Internal CSR in view of its resource flexibility.

6.5 Research Contribution
The finding of this research have make significant contributions at the theoretical level, methodological level and managerial levels. The following subsections outline the contributions made in respective levels.
6.5.1 The Theoretical Contribution

This research had contributed in the aspects of theory extension and conceptualisation. At the theory extension perspective, the research attempts to expand the scope of CSR to the main stakeholders, i.e., the employees through Internal CSR practices. This thesis also made contribution to the study of organisational behaviour by pointing out the influence of Internal CSR practices on employees. This research also offer contribution to the literature in the aspects of employees’ retention through the implementation of Internal CSR practices as a strategic human resource practice in a smaller organisation such as SMEs.

The research presents a framework of conceptualising entrepreneurial orientation and Internal CSR practices in SMEs. Past research often link entrepreneurial orientation to business performance. Scarce research are found to relate entrepreneurial orientation to internal strategic human resource practices. Present research contributes to the body of knowledge that entrepreneurial orientation also has an impact on internal strategic human resource practices. Entrepreneurial orientation is also a crucial success factor that intertwine with organisational commitment and turnover intention.

Another significant contribution of the present research is the mediating effect of perceived role of ethics and social responsibility. The mediation analysis adds on to the body of knowledge that the perception of individual on ethics and social responsibility will intervene internal CSR practices in their organisations. When an individual sees the importance of ethics and social
responsibility, he or she will tends to involve in activities that display high ethic and social responsibility.

In term of conceptualisation contribution, this research had attempted to clarify the influence of entrepreneurial orientation on internal CSR implementation through the intervening effect of perceived role of ethics and social responsibility, and its chain effects on employees’ attitudes and behaviours.

6.5.2 The Methodological Contribution

The major methodological contribution of this research arises from the use of partial least squares structural equation modeling (PLS-SEM) in the area of organisational behaviour and entrepreneurial study. Covariance-based structural equation modeling (CB-SEM) has been the predominant structural equation modeling in research. In recent years, PLS-SEM has gained momentous growth in the field of strategic management (Hair, Sarstedt, Peiper, & Ringle, 2012), marketing (Hair, Sarstedt, Peiper, Ringle, 2012; Henseler, Ringle & Sinkovics, 2009) and management information system (Ringle, Sarstedt, & Straub, 2012). However, very few application of PLS-SEM may be found in the field of organisational behaviour. Lowry and Gaskin (2014) concluded that PLS strength lie in its ability to analyse complex models which involve latent (unobserved) variables, formative variables, chains of effects (mediation) and multiple group comparisons. The main methodological contribution of present research is the use of PLS-SEM in organisational behaviour research.
The use of hierarchical component models is another methodological contribution made from current research. Hierarchical component models enable researchers to estimate constructs measured at numerous dimensions of abstraction. Recently, there is an increased use of hierarchical component models (HCM) due to its visibility approach to model complicated constructs, as HCM allow a more parsimonious set-up of the structural model. Nonetheless, HCM research is mainly centred models with reflective relationships. Present research extends prior research by adopting Jan-Michael Becker, Kristina Klein, and Martin Wetzels (2012) methods to evaluate hierarchical component models with formative relationships.

6.5.3 The Managerial Contribution

This research offers practical guidelines and provides insights to the SMEs owner/ manager on the implementation of internal CSR practices as tool in Strategic Human Resource Management (SHRM) to retain employees. Organisation engagement in CSR practices can become an important source of organisational competitive advantage and not simply limit to financial impost. Present research findings imply that there are positive effects of internal CSR practices in affecting employees in SMEs. CSR In addition, findings alert SMEs owner/ manager to assess their entrepreneurial orientation in regard to the implementation of internal CSR practices as this can bring potential chain effects to the organisation profitability. This research contributes by offering possible guidelines for SMEs owner/ manager to enhance their competitiveness locally and globally through the sustainability of its valuable employees. With this in mind, SMEs can achieve increased competitiveness without necessarily
increasing their cost, but rather by adapting internal CSR practices that can pay off in the long run. Internal CSR practices implementation can be valuable in terms of staff recruitment, motivation, retention and development; business reputation; and overall business competitiveness.

6.5.4 The Policy-Making Contribution

The findings of the research could aid policy makers, particularly in Malaysia Government SME Masterplan (2012-2020) policy. SMEs owner/manager can be educated on the importance and benefits of internal CSR practices, which could retain their employees as one of the competitive advantages.

SMEs are encouraged to adopt CSR practices on voluntarily basis within its internal human resource management practices. Government may work together with SMECorp and relevant government agencies to offer incentives to SMEs adopting internal CSR practices in their human resource management. SMECorp may serve as the avenue for SMEs discussion and proposal in creation of the appropriate and right policy framework that allows businesses further improve its existing human resource practices. The findings on the research alert the call for more employee-centred CSR policies in SMEs. SMECorp can provide the right training on how these SMEs can begin to implement these internal CSR practices.
6.6 Suggestions on Practical Guide for Internal CSR Policy in SMEs

In view of the findings derived, it is recommended that SMEs to incorporate Internal CSR practices in their Strategic Human Resource Management based on the six aspects highlighted. Table 6.2 is a suggested guide on the practical Internal CSR Policy:

Table 6.2: Suggested Practical Guide for Internal CSR Policy in SMEs

<table>
<thead>
<tr>
<th>Aspects of Internal CSR</th>
<th>Practical Internal CSR Policy</th>
</tr>
</thead>
</table>
| Employees’ voluntarily activities | ▪ Motive employee’s participation in community voluntarily activities.  
| | ▪ Recognise employee’s participation in voluntarily activities in appraisal, granting annual leaves based on organisation manpower capacity, and awarding employee with awards. |
| Career opportunities | ▪ Provide professional development which address both organisational needs and individual needs that are essential to fulfil the organisation goal and objectives, along with career advancement opportunities.  
| | ▪ Determine the types of suitable training and development that are relevant to both the organisation direction and employee’s aspiration to prepare the employee for future positions and responsibilities. |
| Employee’s well-being | • Offer mentor-mentee programme in encouraging employee for career advancement.  
• Establish appropriate assistance in terms of financial and human resource capacity within organisation to support employee career opportunities. |
|----------------------|-------------------------------------------------------------------------------------------------|
| Family friendly policy | • Adhere to the Law and Regulations such as Occupation Safety and Heath Act (OSHA), Labour Standard, and Employee Act.  
• Provide feedback channels to employee to voice their concern.  
• Offer mentor-mentee programme in ensuring their well-being is taken care of.  
• Instil open communication culture between the management and employees.  
• Promote physical healthy life-style by providing sport facilities or offer gymnastic membership. |
|----------------------|-------------------------------------------------------------------------------------------------|
| Family friendly policy | • Provide suitable and appropriate leaves for employees, such as paternity leaves, maternity leaves, compassionate leaves and pilgrimage leave.  
• Provide flexi-working hours for employees who needed it. |
Organisational justice

- Strictly adhere to Law and Regulation; and organisation Standard Operating Procedure (SOP) in all matter concerning employees.
- Proper explicit procedures for all matter in relations to employees inclusive of and not limited to dismissal.
- Practice transparent, fair and equal opportunity in promotion exercise.

Future education

- Encourage employees to further pursue their formal education qualification to reflect the organisation's overall philosophy on learning.
- Provide educational development courses through accredited educational institutions.

6.7 Research Limitations

This research represents a groundwork for future research that emerge from the area of Internal CSR practices in smaller organisation setting, such as SMEs. Nevertheless, the results obtained should be construed based on some limitations suggesting future research directions in subsequent section.

It is unavoidable that any research are bound by some limitations. Firstly, in terms of methodology, like most employee-behaviour research, it is relied on self-reported and/or reflective recollections of the indicators of the constructs by
employees who volunteered their participation. As the nature of the data is perceptual, there is the possibility of a percept–percept bias.

Secondly, this research is purely quantitative in nature, yet the integration of quantitative and qualitative research has become increasingly common in recent years. Triangulation methods also allow more data to be captured and the possibility of a percept-percept bias can be reduced.

Thirdly, the present research adopted a non-probability sampling method, therefore generalisation to the population is not available. Similar limitation was highlighted by Calder, Phillips, and Tybout (1981, 1982, 1983) researchers who rely on nonprobability sampling methods with accessibility and convenience often faced the legitimacy of generalizing the research results to the national population is generally unknown. Moreover, unknown distributions of subpopulations within countries further limit the external validity generated from nonprobability samples. Therefore, generalisation is not offer in present research.

Fourthly, this research did not indulge the use of econometrics approach to capture the economic situation in the measure of perceived ease of movement. Instead, it adopted an employees’ perception approach to gauge the intention to leave the organisation to understand the potential factor influencing their turnover intention. Therefore, the findings are more perception based.
Despite the above limitations, this research has added to the empirical knowledge of internal CSR practices and SMEs research, and provides an important first step in gaining insights into employee-centred CSR activities that could influence the sustainability and competitiveness of SMEs in Malaysia. There are many opportunities available for future investigation in internal CSR practices and SMEs.

6.8 Directions for Future Research

To overcome the above limitations, future research should consider broadening the data collection by incorporating quantitative and qualitative techniques (methodological triangulation) in order to improve the credibility and validity of research findings. Future research may consider employing probability sampling method in order to provide generalisation to the national SMEs population.

As present research is unable to establish the moderation relationship of perceived ease of movement between organisational commitment and turnover intention, future research may examine perceived ease of movement by incorporating measurement across time to gauge the perceived probability of leaving. In this regard, future research can further expand the study by integrating some statistical formulas to capture the economic condition to measure employees’ ease of movement.

There are considerable body of research on entrepreneurial orientation which enable further exploration on the way a firm is organised for opportunities exploration. When consolidating empirical work on firm resources, it offers
sizable opportunities for future research. For instance, future research could further explore the construct of EO on internal human resource management, other than internal CSR practices.

It is also suggest that future research can be undertaken to have an in-depth analysis of employee-centred CSR in various aspects, such as the understanding, definition and its operations. This research possibly the first to investigate employee-centred CSR activities in SMEs, therefore future research shall further develop the notion of internal CSR and enrich the understanding of it by both business practitioners and scholars.

6.9 Chapter Conclusion

This final closing chapter of the thesis marks the conclusion of present research. In-depth discussion of findings obtained by underlining the main conclusions derived, the main contributions uncovered are presented. Contributions to theoretical, methodological, managerial and policy-making implications along with some limitations encountered in present research are explained. Some recommendations for further research are included.

In a nutshell, present research found the role of entrepreneurial orientation in Internal CSR practices and its importance in enhancing employees’ organisational commitment which in turn to lower turnover intention. The perceived role of ethics and social responsibility as well as job satisfaction are determined to have mediating role in the chain relationships of entrepreneurial orientation, internal CSR, organisational commitment and turnover intention.
The benefits of CSR are here to manifest together with the continuous contribution of SMEs in promoting economic growth supported by theoretical and empirical evidence. Accordingly, strategic implementation of internal CSR practices in SMEs can make a difference to the sustainability of SMEs.
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APPENDIX A

QUESTIONNAIRE

UNIVERSITI TUNKU ABDUL RAHMAN (UTAR)
FACULTY OF ACCOUNTANCY AND MANAGEMENT (FAM)

Dear Respondent,

My name is Low Mei Peng. I am a researcher from Universiti Tunku Abdul Rahman (UTAR). I would like to examine the entrepreneurial orientation of enterprises on the implementation of internal Corporate Social Responsibility (CSR) and its impacts on employees’ job satisfaction, organisational commitment and turnover intention. My research focuses on enterprises located in the state of Selangor. Because your organization is located in Selangor, you are invited to participate in this research study by completing the attached questionnaire. The soft copy of the questionnaire is also available at http://goo.gl/Viuc0H.

The following questionnaire will require approximately 15 minutes to complete. There is no compensation for responding nor is there any known risk. In order to ensure that all information will remain confidential, you are not required to reveal your name. Copies of this research project will be provided to my University for academic purpose. If you choose to participate in this project, please answer all of the questions as honestly as possible and return the completed questionnaire promptly. Your participation in this survey is strictly on a voluntary basis.

Thank you for taking the time to assist me in my academic research endeavours. The data collected will provide useful information on the implementation of internal CSR practices in enterprises in Selangor. If you require additional information or have questions, please feel free to contact me at lowmp@utar.edu.my.

Yours faithfully
Low Mei Peng
12UKD13063
Section A: Demographic Information
Please tick (√) the appropriate box or fill in the blank for each of the following questions.

1. Age:
   □ Less than 30
   □ 30 – 39
   □ 40 – 49
   □ 50 – 59
   □ 59 above

2. Gender:
   □ Male
   □ Female

3. Ethnicity:
   □ Malay
   □ Chinese
   □ Indian
   □ Others. (Please specify) ____________

4. Your highest education level:
   □ SPM
   □ Diploma
   □ Degree
   □ Postgraduate
   □ Others. (Please specify) ____________

5. Position held:
   □ Non-managerial level
   □ Managerial level (involves in organisation decision.)

6. How long have you been working with your current company?
   □ 1 year to 5 year
   □ 6 years to 9 years
   □ 10 years and above

7. Firm market orientation:
   □ Domestic market
   □ International market
   □ Both markets

9. The CORE industry that your organisation is in
   □ Agriculture, forestry and fishery
   □ Manufacturing
   □ Mining and Quarry
   □ Construction
   □ Services

10. Number of full time employees (based on the sector your organisation is in):
    
    Manufacturing
    □ less than 5
    □ 5 to less than 75
    □ 75 to less than 200

    Services & Other sectors
    □ less than 5
    □ 5 to less than 30
    □ 30 to less than 75
Section B: Entrepreneurial Orientations

Please circle the number that represents your opinion the most on each of the statement given below.

<table>
<thead>
<tr>
<th>Risk Taking</th>
<th>Strongly disagree</th>
<th>Moderately disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The term ‘risk taker’ is considered a positive attribute for people in our business.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2. People in our business are encouraged to take calculated risks with new ideas.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3. Our business emphasizes both exploration and experimentation for opportunities.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Overall, my organisation is adopting risk taking approach in our business.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Innovativeness</th>
<th>Strongly disagree</th>
<th>Moderately disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. We actively introduce improvements and innovations in our business.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2. Our business is creative in its methods of operation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3. Our business seeks out new ways to do things.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Overall, my organisation is very innovative in our business.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proactiveness</th>
<th>Strongly disagree</th>
<th>Moderately disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. We always try to take the initiative in every situation (e.g., against competitors, in projects and when working with others).</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2. We excel at identifying opportunities.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3. We initiate actions to which other organisations respond.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Overall, my organisation is taking the proactive approach in our business.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td>Strongly disagree</td>
<td>Moderately Disagree</td>
<td>Slightly disagree</td>
<td>Slightly agree</td>
<td>Moderately agree</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>---------------------------</td>
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<td>---------------------</td>
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<td>--------------</td>
</tr>
<tr>
<td>1. Our business is intensely competitive.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2. In general, our business takes a bold or aggressive approach when competing.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3. We try to undo and out-maneuver the competition as best as we can.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Overall, my organisation is very competitive in our business.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Autonomy</th>
<th>Strongly disagree</th>
<th>Moderately Disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. You are permitted to act and think without interference.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2. You can perform jobs that allow you to make and instigate changes in the way you perform your work tasks.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3. You are given freedom and independence to decide on your own how to go about doing your work.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>4. You are given freedom to communicate without interference.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>5. You are given the authority and responsibility to act alone if you think it to be in the best interests of the business.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>6. You have access to all vital information.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Overall, my organisation give us the autonomy to perform our job.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

Section C: Internal CSR and the Importance of CSR

<table>
<thead>
<tr>
<th>Internal CSR</th>
<th>Strongly disagree</th>
<th>Moderately Disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My company encourages its employees to participate to the voluntarily activities.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2. My company policies encourage the employees to</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>
develop their skills and careers.

3. The management of my company primarily concerns with employees’ needs and wants.

4. My company implements flexible policies to provide a good work and life balance for its employees.

5. The managerial decisions related with the employees are usually fair.

6. My company supports employees who want to acquire additional education.

Overall, my organization practice Internal CSR.

Perceived Role of Ethics and Social Responsibility (PRESOR)

<table>
<thead>
<tr>
<th>Perceived Role of Ethics and Social Responsibility (PRESOR)</th>
<th>Strongly disagree</th>
<th>Moderately Disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Being socially responsible is the most important thing a company can do.</td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Social responsibility of a firm is essential to its long-term profitability.</td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The overall effectiveness of a business can be determined to a great extent by the degree to which it is socially responsible.</td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Social responsibility is critical to the survival of a business enterprise.</td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. A company’s first priority should be employee morale.</td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Business has a social responsibility beyond making profit.</td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section D: Job Attitudes and Turnover Intention

Please circle the number that represents your opinion the most on each of the statements given below.

<table>
<thead>
<tr>
<th>Organisational Commitment</th>
<th>Strongly disagree</th>
<th>Moderately Disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I will be very happy to spend the rest of my career with this company.</td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I enjoy discussing my company with people outside of it.</td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. I really feel as if this company’s problems are my own.
4. I think that I will not easily become as attached to another company as I am to this one.
5. I always feel like part of the family at my company.
6. I feel ‘emotionally attached’ to this company.
7. This company has a great deal of personal meaning for me.
8. I have a strong sense of belongings to my company.

**Job Satisfaction**

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Moderately disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3.</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
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</tr>
<tr>
<td>4.</td>
<td>1</td>
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<td>6</td>
</tr>
<tr>
<td>5.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

**Turnover Intention**

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Moderately disagree</th>
<th>Slightly disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>4.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Perceived Ease of Move</td>
<td>Not difficult at all</td>
<td>Not difficult</td>
<td>Slightly difficult</td>
<td>Somewhat difficult</td>
<td>Difficult</td>
<td>Very difficult</td>
</tr>
<tr>
<td>------------------------</td>
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<td>--------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>-----------</td>
<td>---------------</td>
</tr>
<tr>
<td>1. To what extent it would be difficult to find another job in your profession.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2. To what extent it would be difficult to find another job in your sector.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3. To what extent it would be difficult to find another job in your region.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

END OF QUESTIONNAIRE
THANK YOU FOR YOUR PARTICIPATION.
ALL RESPONSES WILL BE KEPT PRIVATE AND CONFIDENTIAL.
# APPENDIX B

## The variation of CSR Definitions from 1950s till present

<table>
<thead>
<tr>
<th>Year</th>
<th>Author(s)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953</td>
<td>Bowen</td>
<td>Social Responsibility refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.</td>
</tr>
<tr>
<td>1960</td>
<td>Davis</td>
<td>Iron Law of Responsibility, which held that social responsibilities of businessmen need to be commensurate with their social power</td>
</tr>
<tr>
<td>1960</td>
<td>Frederick</td>
<td>Social Responsibility means that businessmen should supervise the operation of an economic system that fulfils the expectations of the public. This means in turn that the economy’s means of production should enhance total socio-economic welfare. Social Responsibility in the final analysis implies a public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms</td>
</tr>
<tr>
<td>1963</td>
<td>McGuire</td>
<td>The idea of social responsibilities assumes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations. The corporation must take an interest in politics, in the welfare of the community, in education, in the ‘happiness’ of its employees, and, in fact, in the whole social world about it. Therefore, business must act ‘justly’ as a proper citizen should</td>
</tr>
<tr>
<td>1966</td>
<td>Davis and Blomstrom</td>
<td>Social responsibility, therefore, refers to a person’s obligation to consider the effects of his decisions and actions on the whole social system. Businessmen apply social responsibility when they consider the needs and interests of others who may be affected by business actions. In so doing, they look beyond their firm’s narrow economic and technical interest</td>
</tr>
<tr>
<td>1967</td>
<td>Walton</td>
<td>The new concept of social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals</td>
</tr>
<tr>
<td>1970</td>
<td>Heald</td>
<td>The concept of social responsibility in businessmen themselves have defined and undergo it. The meaning of the concept of social responsibility for businessman shall finally be sought in the actual contexts and policies which they were related</td>
</tr>
<tr>
<td>1971</td>
<td>Johnson</td>
<td>A firm is socially responsible if its managerial staff balances a multiplicity of interest. Besides of striving only for larger profits for its shareholders, a</td>
</tr>
</tbody>
</table>
responsible enterprise also takes into consideration of its employees, suppliers, dealers, local communities, and the nation.

Social responsibility is defined as business carry out social programs in addition to economic profits to their organisation.

The 3rd approach of social responsibility assumes that the main motivation of any business entity is utility maximization; the enterprise seeks multiple goals instead of just maximum profits.

A socially responsible manager or entrepreneur is one who has a utility function of the 2nd type, in which he or she is interested not only in his or her own well-being but also the other stakeholders of the enterprise. The goals of the enterprise, like those of the consumer, are ranked in order of importance and that targets are assessed for each goal. These target levels are shaped by a variety of factors, but the most important are the firm’s past experience with these goals and the past performance of similar business enterprises; individuals and organizations generally want to do at least as well as others in similar circumstances.

<table>
<thead>
<tr>
<th>Year</th>
<th>Author/Reference</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>Community for Economic Development (CED)</td>
<td>The internal circle includes the clear-cut basic responsibilities for the efficient execution of the economic function-products, jobs and economic growth. The intermediate circle covers responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities: for example, with respect to environmental conservation; hiring and relations with employees; and more rigorous expectations of customers for information, fair treatment, and protection from injury. The outer circle outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment. (For example, poverty and urban blight)</td>
</tr>
<tr>
<td>1971</td>
<td>Steiner</td>
<td>Business shall always remain fundamentally as an economic institution, but...it does have responsibilities to help society to achieve its basic goals, i.e., social responsibilities. The larger an organisation becomes, the greater are these responsibilities, but all organisations can be assumed to have some share on social responsibilities at no cost and often on a short-run as well as a long-run profit basis. The expectations of social responsibilities is more of an attitude, which is the way a manager approaches his or her decision-making task, than to migrate from the economics of decision making. The social responsibility assumption is a philosophy which looks at the societal obligation and the business self-interest over the long run as compared with the conventional, narrow, uninhibited short-run self-interest.</td>
</tr>
<tr>
<td>1972</td>
<td>Manne and Wallich</td>
<td>Responsibility means a condition that the corporation is at least in some measure act as a free agent. This lead to the extent that any of the foregoing social objectives are imposed on the corporation by law, the corporation is deemed exercise no responsibility when it is implemented on them.</td>
</tr>
<tr>
<td>Year</td>
<td>Author(s)</td>
<td>Citation</td>
</tr>
<tr>
<td>------</td>
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<td>----------</td>
</tr>
<tr>
<td>1973</td>
<td>Davis</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>Eilbert and Parket</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>Votaw</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>Eells and Walton</td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>Backman</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Author</td>
<td>Definition</td>
</tr>
<tr>
<td>------</td>
<td>--------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1975</td>
<td>Sethi</td>
<td>Social responsibility infers bringing corporate behaviour to another level where it is consistent with the usual societal values, norms and expectation of performance.</td>
</tr>
<tr>
<td>1975</td>
<td>Preston and Post</td>
<td>In the face of the large number of different, and not always consistent, usages, we restrict our own use of the term social responsibility to refer only to a vague and highly generalised sense of social concern that appears to underlie a wide variety of ad hoc managerial policies and practices. Most of these attitudes and activities are well-intentioned and even beneficent; few are patently harmful. They lack, however, any coherent relation to the managerial unit’s internal activities or to its fundamental linkage with its host environment.</td>
</tr>
<tr>
<td>1975</td>
<td>Bowman</td>
<td>Identified CSR as different from those that were strictly ‘business’ sense.</td>
</tr>
<tr>
<td>1976</td>
<td>Fitch</td>
<td>Corporate social responsibility is defined as the serious attempt to solve social problems caused wholly or in part by the corporation.</td>
</tr>
<tr>
<td>1979</td>
<td>Carroll</td>
<td>The social responsibility of business consist of economic, legal, ethical, and discretionary expectations that society assume an organisation at a period of time.</td>
</tr>
<tr>
<td>1980</td>
<td>Jones</td>
<td>CSR is defined as the concept that corporations have a duty to constituent groups in society other than shareholders and beyond that prescribed by law or regulatory body, or even union contract. This implies a stake may go beyond mere proprietorship.</td>
</tr>
<tr>
<td>1983</td>
<td>Carroll</td>
<td>CSR contains business practices that it is economically profitable yet law compliance, and also ethically and socially sound. In order to be socially responsible... profitability and obedience to the law are prime conditions in discussion of firm’s ethics and the extent to which it supports the society that exists with monetary contributions, or time and talent. Hence, CSR is encompasses economic, legal, ethical and voluntary or philanthropic.</td>
</tr>
<tr>
<td>1986</td>
<td>Murray and Montanari</td>
<td>A firm is socially responsible if it accomplishes and is perceived to achieve the desired ends of society in the aspect of moral, economic, legal, ethical, and discretionary.</td>
</tr>
<tr>
<td>1987</td>
<td>Epstein</td>
<td>CSR relates primarily to achieving outcomes from organisational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects on pertinent corporate stakeholders. The normative correctness of the products of corporate action has been the main focus of corporate social responsibility.</td>
</tr>
<tr>
<td>1991</td>
<td>Carroll</td>
<td>In order to be accepted by the conscientious business person, CSR should be framed in such a way that the entire range of business responsibilities is embraced. It is suggested here that four kinds of social responsibilities constitute total CSR: economic, legal, ethical and philanthropic. Likewise, these four categories or components of CSR might be depicted as</td>
</tr>
</tbody>
</table>
a pyramid. To be sure, all of these kinds of responsibilities have always existed to some extent, but it has only been in recent years that ethical and philanthropic functions have taken a significant place.

1994 Reder
An overall notion, (corporate) social responsibility refers to both the way a company conducts its internal operations, including the way it treats its work force, and its impact on the world around it.

1998 Hopkins
Corporate social responsibility talks about treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation

1999 Kilcullen and Kooistra
CSR is the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state.

1999 World Business Council for Sustainable Development
An obligation stems from business to contribute to sustainable economic development, working together with employees, their families, local community and society at large to enhance their quality of life.

1999 Khoury, Rostami, and Turnbull
Generally, the relationship of the corporation with all of its stakeholders, such as customers, employees, communities, owners/investors, government, suppliers and competitors is called CSR. Components of social responsibility are community outreach investment, environmental stewardship and financial performance; employee relations, creation and maintenance of employment.

1999 Woodward-Clyde
CSR is as if a „contract“ between society and business entities wherein the society grants the business a license to operate and in return, fulfill specific obligations and acts in an acceptable manner and norm.

2000 World Business Council for Sustainable Development
Continuous commitment by business to act ethically and contribute economic development is vital under the concept of CSR. Meanwhile, CSR concept also covers as aspect of enhancing the quality of life of the employees and their families as well as the local community and society at large.

2000 Business for Social Responsibility
CSR concerns on any business decision making relate to ethical concerns, abiding to legal requirements and respects for people, communities and the environment. Business is operated in a manner that fulfils or to some extent exceeds the ethical, legal, commercial and public expectations that society form on business. Social responsibility is regarded as a guiding standard used in every decision made and in every aspect of business activities.

2001 UK Government
CSR recognizes that the private sector’s wider commercial interests require it to manage its impact on society and the environment in the widest sense. This requires it to establish an appropriate dialogue or partnership with relevant stakeholders, be they employees, customers, investors, suppliers or communities. CSR exceeding legal obligations, involving voluntary, private sector-led engagement,
which reflects the priorities and characteristics of each business, as well as sectoral and local factors.

<table>
<thead>
<tr>
<th>Year</th>
<th>Author/Maintainer</th>
<th>Citation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Pinney</td>
<td></td>
<td>CSR or corporate citizenship can most simply be defined as a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts.</td>
</tr>
<tr>
<td>2001</td>
<td>Commission of the European Communities</td>
<td></td>
<td>A notion of organisations integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. CSR in essence, describes concept whereby organisations decide voluntarily to contribute to a better society and a safer environment.</td>
</tr>
<tr>
<td>2001</td>
<td>Foran</td>
<td></td>
<td>CSR is a set of practices and behaviours that organisations used on their workforce, towards the external environment, whereby their operations are carried out, and on the authority, civil society.</td>
</tr>
<tr>
<td>2001</td>
<td>Jackson and Hawker</td>
<td></td>
<td>Corporate social responsibility is how you treat your employees and all your stakeholders and the environment.</td>
</tr>
<tr>
<td>2001</td>
<td>Van Marrewijk</td>
<td></td>
<td>Companies with a CSR strategy incorporate social and environmental concerns in their business operations and in their interactions with their stakeholders and demonstrate openly their triple P performances.</td>
</tr>
<tr>
<td>2001</td>
<td>Marsden</td>
<td></td>
<td>CSR covers the core behaviour of companies and the responsibility for their total impact on the societies in which they operate. CSR is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effect it has on society.</td>
</tr>
<tr>
<td>2001</td>
<td>McWilliams and Siegel</td>
<td></td>
<td>Actions that appear to be more than some social good, further the interests of the firm and that which is required by law.</td>
</tr>
<tr>
<td>2001</td>
<td>Kok, Wiele, McKenna and Brown</td>
<td></td>
<td>The duty of the firm to exhaust its resources in ways to benefits society, through voluntarily agreed participation as a member of society, and considers the society at large measure while improving the society welfare by independently of direct economic profits of the firm.</td>
</tr>
<tr>
<td>2002</td>
<td>Commission of the European Communities</td>
<td></td>
<td>Companies discharging social responsibilities and taking actions beyond legal requirements and economic/business goals are concluded as CSR. These broader responsibilities consist of a range of areas but frequently total up as social and environmental responsibilities. Hence, it is social means. The definition can be amounted as triple bottom line approaches, which are economic, environmental and social.</td>
</tr>
<tr>
<td>2002</td>
<td>Lea</td>
<td></td>
<td>In brief, CSR is an integration of social and environmental concerns in business operations which deal with stakeholders. CSR is in concern of business activities going beyond the legal requirements to manage the effect that they left on the environment and/or society. Particularly, this could meant how businesses interact with their</td>
</tr>
<tr>
<td>Year</td>
<td>Author/Source</td>
<td>Definition</td>
<td></td>
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<tr>
<td>------</td>
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</tr>
<tr>
<td>2003</td>
<td>Amnesty International Business Group (UK)</td>
<td>Organisations shall recognise their ability to continue, to offer goods and services to society, which help to create financial wealth to society. It ability to generate financial well depend on their acceptability to an international society and it is increasingly emphasize human rights protection as a condition of the corporate license to be in business.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Baker</td>
<td>CSR is simply relates to the way companies manage the business activities and processes to produce an overall positive externalities on society.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Anderson</td>
<td>CSR is generally defined as the act of organisations extending the immediate interest from oneself to include other fellow citizens and the society which one is living in and for the future generation and nature.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>IndianNGOs.com</td>
<td>Corporate social responsibility is regarded as business process. The process carefully consider the direct and indirect effect of their actions on internal and external communities, also the nature.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>International Business Leader Forum (IBLF)</td>
<td>It is a transparent business practices accordance to the ethical values covering the aspect of employees, communities and the environment, which lead to the sustainable business success.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Commission of the European Communities</td>
<td>It is a notion of an enterprise that is responsible for its impact on all relevant stakeholders. It is the continuous commitment by business to behave fairly and responsibly and contribute to economic development and at the same time improving the quality of life of the work force and their families as well as of the local community and society at large.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>CSR Europe</td>
<td>CSR is the way in which a company manages and improves its social and environmental impact to create value for both its shareholders and its stakeholders by innovating its strategy, organisation and operations.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>CSRwire</td>
<td>CSR involves an integration of business operations and values which the interest of all stakeholders; customers, employees and investors, also the environment are reflected in the organisation’s policies and actions.</td>
<td></td>
</tr>
<tr>
<td>2003a</td>
<td>Business for Social Responsibility</td>
<td>Socially responsible business principles strengthen corporate accountability, respecting ethical values in the interests of all stakeholders. Responsible business activities and behavior respect and preserve the environment. Assisting to enhance the quality and opportunities of life, they empower people and invest in communities where a business operations are involved.</td>
<td></td>
</tr>
<tr>
<td>2003b</td>
<td>Business for Social Responsibility</td>
<td>It is a commercial success achievement in ways that observe ethical values and respect people, society and the nature.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Hopkins</td>
<td>CSR is regarded with taking care of the firms’ stakeholders ethically and responsibility. 'Ethically or responsibility’ is denoted as treating stakeholders in a way that is acceptable in civilised societies. Societal</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Initiative</td>
<td>Description</td>
<td></td>
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<tr>
<td>------</td>
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<td></td>
</tr>
<tr>
<td>2003</td>
<td>Ethical Performance</td>
<td>CSR carries the definition of the firm’s responsibility to the totality of its impact on society’s values into its core business operations and also into its treatment of its societal and physical environment. Responsibility is accepted as the running of a profitable business to the health and safety of staff and the impact on the societies in which a firm is in.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Global Corporate Social Responsibility Policies Project</td>
<td>Global corporate social responsibility means a set of business practices grounded on ethical values and respect for employees, society, and environment.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Ethics in Action Awards</td>
<td>It is a term used to describe an organisation’s obligation to be accountable and responsible to all of its stakeholders in the course of its operations and activities. Socially responsible organisations consider the full spectrum of their impact on society and environment when making business decisions, strike a balance between the needs of stakeholders and their need to make an economic profit.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Strategies</td>
<td>CSR is considered as the business contribution to sustainable economic development. It has been defined as the development needed presently by not forgoing the ability of future generations to fulfill their own needs. CSR is widely understood as to focus on how to achieve the integration of three aspects namely, economic, social imperatives and environmental.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>World Business Council for Sustainable Development (WBCSD)</td>
<td>CSR highlights the business’ obligation to contribute to sustainable economic development by working together with employees, their families, the local community, and also society with the aim to improve their quality of life at large measure.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Organisation for Economic Co-operation and Development (OECD)</td>
<td>Corporate Responsibility discusses the suitability of business to develop with the societies in which they are in. (...) The main function of any business is to yield sufficient returns to capital owner by identifying and suggesting promising investment opportunities. In the process, business shall also provide employment and to produce goods and services that consumers value. However, in the aspect of corporate responsibility, it goes beyond this prime function. Businesses are expected to abide various laws enforced which are applicable to them and keep them respond to societal expectations implicitly.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Corporate Responsibility Coalition (CORE)</td>
<td>It is considered as the ‘organ of society’. Organisations have a obligation to protect human rights within their direct operations as well as within their wider circle of influence.</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Novothic</td>
<td>It is related to the application by organisations of the sustainable economic development principle. CSR concept integrates three dimensions: an economic dimension, i.e., efficiency, profitability; social dimension which is social responsibility and environmental dimension, i.e., environmental.</td>
<td></td>
</tr>
</tbody>
</table>
responsibility. To observe these principles, organisations must focus on all the stakeholders (...) which was told as the society expectations and the business environment.

2003 Unilever
Unilever describes social responsibility as the impact and/or interaction they have with society in three main areas: (i) impact of (businesses direct) operations, (ii) voluntary contributions and (iii) effects on through the value chain.

2003 Novo Nordisk
Novo Nordisk explain social responsibility as caring for mankind. It is implying to their employees and the citizen whose healthcare needs that they serve. CSR considers the impact of their business on the global society and also local community. Therefore, social responsibility is seems to be a virtue-it is a business imperatives.

2003 Van Marrewijk
Corporate sustainability and CSR are interrelated. They refer to organization volunteered activities by demonstrating the inclusion of social and environmental interests in business activities and in interactions among stakeholders.

2005 GAP
GAP viewed CSR entire idea of sustainable solutions in their supply chain management. This involves efforts in a four-part strategy to enhance working conditions, integrate labour standard, monitor factories into their business operations. The main idea of collaborating with outside partners to drive industry-wide change. Secondly, GAP wanted to make a place for their employees to establish their careers in a positive work environment. Thirdly is community involvement which covers everything from their foundation to volunteerism. Fourthly, CSR is environment, health and safety. It is everything from the average store utility consumption to the store safety for employees and customers to a high-level environmental effect evaluation for all business operations. Therefore, CSR is supply chain management, employees, community, and environment.

2007 Antal and Sobczak
CSR involves socioeconomic and cultural concepts

2008 Dahlsrud
CSR comprises of economic, social, environmental, stakeholder and voluntariness

2008 Matten and Moon
CSR reflects social imperatives and social consequences of business success. These consist of articulated and communicated policies and practices of corporations that reflect business responsibility for societal good deeds.

2009 Gjølberg
CSR cannot be separated from contextual factors.

2009 Gallego
CSR is socially responsible company meets the legal requirements and does more than expected by investing in human resource management, environmental protection technologies, etc

2013 Asif, Searcy, Zutshi, and Fisscher
CSR is regarded as firm’ responsibilities in a variety of respects, such as the use of resources, treatment of employees, community engagement, and distribution of profits
<table>
<thead>
<tr>
<th>Year</th>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>Baumgartner</td>
<td>CSR is usually associated approach to integrate social and environmental aspects into corporate activities such as corporate philanthropy.</td>
</tr>
<tr>
<td>2015</td>
<td>Crifo &amp; Forget</td>
<td>CSR means firms go beyond the law and integrate social, environmental, ethical, human right and customer concern into their business operation and core strategy with double aim of maximizing the creation of shared value for their shareholders and stakeholders; and identifying, preventing and mitigating their possible adverse impact.</td>
</tr>
</tbody>
</table>

*Source: Compilation by Researcher*
### APPENDIX C

#### Studies of CSR in relations of Employees

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Focus Theory</strong></td>
<td>External</td>
<td>External and Internal Resource based view, Competitive advantage</td>
<td>Internal and External Resource based view, Competitive advantage</td>
<td>Internal</td>
</tr>
<tr>
<td><strong>Independent Variables (IV)</strong></td>
<td>Corporate social performance</td>
<td>Corporate Citizenship (CC)</td>
<td>Corporate Citizenship (CC)</td>
<td>Corporate Citizenship (CC)</td>
</tr>
<tr>
<td><strong>Measurements of IVs</strong></td>
<td>KLD rating (original 9 dimensions) 5 dimensions : community relations, women and minorities treatment, employee relations, treatment of the environment, quality of services and products</td>
<td>18 item scale developed based on the CSR typology of Carroll (1979)'s model of CSP : Economic, Legal, Ethical, Discretionary citizenship</td>
<td>18 item scale developed based on the CSR typology of Carroll (1979)'s model of CSP (economic, legal, ethical, discretionary)</td>
<td>18 items scale of CC (economic, legal, ethical, discretionary) adopted from Maignan &amp; Ferrell (2000)</td>
</tr>
<tr>
<td><strong>Dependent Variables (DV)</strong></td>
<td>Organisational Reputation Organisational Attractiveness as employer</td>
<td>Employee Commitment (EC)</td>
<td>Employee Commitment (EC)</td>
<td>Employee commitment (EC)</td>
</tr>
<tr>
<td><strong>Measurement of DVs</strong></td>
<td>OR – developed by author 5 point scale : 1 (very poor reputation) – 5 (very good reputation) OA - developed by author thru asking students on employer attractiveness</td>
<td>EC- 7 items scale developed by Jaworski &amp; Kohli (1993) 5 point Likert Scale</td>
<td>EC- 7 items scale developed by Jaworski &amp; Kohli (1993) 5 point Likert Scale</td>
<td>EC: 9 items version from Mathieu &amp; Farr (1991) scale (Cronbach alpha – 0.88) Eg: I am proud to inform others that I am part of this organisation. I really care about the fate of this organisation.</td>
</tr>
<tr>
<td>Method of Analysis</td>
<td>Regression</td>
<td>Structural Equation Modelling</td>
<td>SEM</td>
<td>Hierarchical Multiple Regression</td>
</tr>
<tr>
<td>--------------------</td>
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</tr>
<tr>
<td>Tool</td>
<td>Survey</td>
<td>Survey</td>
<td>Survey</td>
<td>Survey</td>
</tr>
<tr>
<td>Sample</td>
<td>Students (N=114)</td>
<td>Marketing executives (N=210)</td>
<td>French Manager (N= 120)</td>
<td>Business Professionals (N=278)</td>
</tr>
<tr>
<td>Key findings</td>
<td>CSP is positively related to corporate reputation and attractiveness r</td>
<td>Positive influence of CC on EC in marketing executives</td>
<td>Positive influence of CC on EC Only the discretionary component of CC is strongly correlated to EC</td>
<td>CC perceptions are positively related to OC; stronger link among employees who believe in CSR. The effect of Ethical CC is stronger. Presence of gender effect for Discretionary CC.</td>
</tr>
</tbody>
</table>
### Studies of CSR in relations of Employees (con’t)

<table>
<thead>
<tr>
<th>Author(s), Year</th>
<th>Title</th>
<th>Focus</th>
<th>Theory</th>
<th>Independent Variables (IV)</th>
<th>Measurements of IVs</th>
<th>Dependent Variables (DV)</th>
<th>Measurement of DVs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brammer, S., Millington, A., &amp; Rayton, B. 2007.</td>
<td>Corporate social responsibility contribution to organisational commitment. International Journal of Human Resource Management, 18(10): 1701-1719.</td>
<td>Internal</td>
<td>Social Identity Theory</td>
<td>Perceived social responsibility and Development 4 items scale based on Delanay &amp; Huselid (1996): Quality of products, services and programs; Development of new product, services and programs; Ability to retain essential employees; Relations between management and other employees</td>
<td>Internal perceptions of CSR = procedural justice (6 items scale from Moorman, 1991) and training (3 items scales); External perceptions of CSR captured through one designed item. Eg: The decision management make about employees are usually fair. I believe the company offer equal opportunity to all the employees. (Cronbach alpha 0.87) Eg: The company is a socially responsible member of the community. There are sufficient opportunities to develop and improve my skills in current job. (Cronbach alpha 0.81)</td>
<td>Job Performance (JP)</td>
<td>Internal perceptions of CSR = procedural justice (6 items scale from Moorman, 1991) and training (3 items scales); External perceptions of CSR</td>
</tr>
</tbody>
</table>
of CSR captured through one designed item.
Eg:
The decision management make about employees are usually fair. I believe the company offer equal opportunity to all the employees. (Cronbach alpha 0.87)
Eg:
The company is a socially responsible member of the community. There are sufficient opportunities to develop and improve my skills in current job. (Cronbach alpha 0.81)

<table>
<thead>
<tr>
<th>Method of Analysis</th>
<th>Tool</th>
<th>Sample</th>
<th>Key findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>Survey of employees</td>
<td>Employees from a financial services sector (N=4,712)</td>
<td>Positive influence of CSR external forms on OC subject to important gender variations</td>
</tr>
<tr>
<td>Confirmatory factor analysis (CFA) and SEQ</td>
<td>Survey of employees &amp; supervisor</td>
<td>N=161 matched surveys among supervisors/employees from elect./media companies in Israel</td>
<td>Positive influence of external social performance perceptions on identification, and JP</td>
</tr>
<tr>
<td>Confirmatory factor analysis (CFA) and AMOS</td>
<td>Survey of employees</td>
<td>N = 781 professionals employed in a four-campus health science centre.</td>
<td>Perceived corporate social responsibility and the believed importance of ethics and social responsibility were positively related, and that these factors were at least marginally associated with different steps of ethical reasoning.</td>
</tr>
<tr>
<td>Confirmatory factor analysis (CFA) and SEM</td>
<td>Survey</td>
<td>N = 781 individuals employed in a large, university-operated health science centre</td>
<td>Ethical programs function through ethical environment to enhance positive feelings on the job</td>
</tr>
</tbody>
</table>

Availability of an ethics code was evaluated with an item that asked subjects if their company had ever shared with them an ethics code that governed work conduct in the organization (1 = no, 2 = yes)

Key findings:
- Positive influence of CSR external forms on OC subject to important gender variations
- Positive influence of external social performance perceptions on identification, and JP
- Perceived corporate social responsibility and the believed importance of ethics and social responsibility were positively related, and that these factors were at least marginally associated with different steps of ethical reasoning.
- Ethical programs function through ethical environment to enhance positive feelings on the job.
<table>
<thead>
<tr>
<th>Author(s), Year</th>
<th>Title</th>
<th>Focus Theory</th>
<th>Independent Variables (IV)</th>
<th>Measurements of IVs</th>
<th>Dependent Variables (DV)</th>
<th>Measurement of DVs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method of Analysis</td>
<td>Confirmatory factor analysis (CFA), normed (NFI), two absolute fit indexes (root mean square error of approximation (RMSEA))</td>
<td>Exploratory factor analysis (EFA), Confirmatory factor analysis (CFA) and SEQ</td>
<td>SEM using Mplus 7.0 (Muthén and Muthén 2012)</td>
<td>SEM and AMOS</td>
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</tr>
<tr>
<td>Tool</td>
<td>Survey of employees</td>
<td>Survey of employees &amp; manager</td>
<td>Survey of employees</td>
<td>Survey of employees &amp; manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sample</strong></td>
<td>Employees from a merging hospital from Belgium (N=181)</td>
<td>N= 785 with 35 manufacturing companies in the People’s Republic of China in 2010</td>
<td>N = 375 non-commissioned employees in financial service</td>
<td>N = 2,081 employees from pharmaceutical company in Germany.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Key findings</strong></td>
<td>Positive influence of perceived CSR on employees job satisfaction, mediates by overall justice and organization identification.</td>
<td>Socially responsible HRM was positively and significantly related to task performance and extra-role helping behaviour and their relationships are fully mediated by organizational identification.</td>
<td>CSR activity through three corporate constituencies: society, employees, and customers can lead frontline employees to be customer oriented and perform well on the job.</td>
<td>Relevant factors constituting internal CSR are present and internal CSR has a strong effect on affective organisational commitment but a low effect on normative organisational commitment.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Compilation by Researcher
## APPENDIX D

**Findings of Internal Corporate Social Responsibility (CSR)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Authority / Body/ Author(s)</th>
<th>Description of CSR on employees/ Internal CSR/ internal CSR practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>Dow Jones Sustainability Index</td>
<td>Internal CSR relates to corporate governance, crisis and risk management, codes of conduct/ compliance/bribery and corruption, talent attraction/ employee retention and human capital development</td>
</tr>
<tr>
<td>1999</td>
<td>Corporate Social Accountability Management</td>
<td>Social Accountability 8000 (SA8000) adopted principles of international human rights norms with eight key areas: child labor, forced labor, health and safety, collective bargaining and free association, discrimination, penalty practices, working hours and reimbursement.</td>
</tr>
<tr>
<td>2000</td>
<td>Global Report Initiative (GRI)</td>
<td>Internal CSR practices are guided by six indicators for organisations, such as employment, industrial relations, occupational health and safety, diversity and equality in opportunities; and training and education.</td>
</tr>
<tr>
<td>2000</td>
<td>Spiller</td>
<td>10 keys ethical business practices with 6 main stakeholder groups: environment; community; suppliers; customers; employees; and shareholders. Ethical business practices pertain to employees are equality in employment opportunities, fair remuneration, effective communication, learning and development opportunities, safe work environment, job security, competent leadership, community minded, and integration of social mission.</td>
</tr>
<tr>
<td>2001</td>
<td>European Commission</td>
<td>Green Paper to promote CSR practices by ways of responsible and fair practices as well as information transparency in organisation with employees’ life-long training.</td>
</tr>
<tr>
<td>2001</td>
<td>Kok, VanDer, McKenna and Brown</td>
<td>Developed instruments for internal CSR practices. These instruments cover areas such as ethical awareness, safe working environments, diversity/ minorities, organisational structure and management style, employment management, training and education, and physical environment.</td>
</tr>
<tr>
<td>2004</td>
<td>Castka, Balzarova, and Bamber</td>
<td>SMEs used quality management, human capital management, health and safety standards, change and innovation adoption, environmental impacts management, natural resources and finances management to measure internal CSR.</td>
</tr>
<tr>
<td>2004</td>
<td>Maignan and Ferrell</td>
<td>CSR on employees encompass practices such as fair and respectful treatment for all employees, regardless of gender or ethnic background, provide all employees with fair and just salaries for their work, support all employees who want to pursue further education, assist all employees to coordinate their personal and professional lives and Incorporate all employees’ interests into business decisions.</td>
</tr>
<tr>
<td>2005</td>
<td>European SMEs’ Good Practice</td>
<td>Internal CSR involves working conditions (e.g. health and safety at work) and job satisfaction, work/life balance, equality in opportunities and diversity and training and staff development (e.g. career planning).</td>
</tr>
</tbody>
</table>
communication/information of employees and involvement in company decisions and responsible and fair reward system or financial support for employees.

2005 Carby-Hall Internal CSR practices in commercial companies as the common law applications of employer’s CSR towards employees.

2005 Welford Internal CSR practices includes human rights, fair treatment with no discrimination, equality in opportunities, and just wages, occupational education, and association.

2005 Papasolomou-Doukakis, Krambia-Kapardis, and Katsioloudes 9 CSR criteria for employees. There are: 1) a work staff and family friendly environment; 2) responsible human resource management; 3) equitable remuneration and wage system; 4) open and effective communication with employees; 5) provide Training and Education; 6) speech liberty and employees have the rights to speak out and report pertaining their work concerns; 7) offer child care support/maternity/paternity leave; 8) employment diversity and 9) humanitics and fair treatment for all employees.

2005 Bonoli Employees expect that CSR activities should encompasses areas such as health and safety issues at work, workers’ skills development, workers’ well-being and satisfaction, and social equity.

2006 Vives CSR practices for employees should concern for health and well-being of employees, work-family relationship, training and business participation, equal opportunities.

2006 ISO26000 Provide guidelines for organisations to acknowledge and respect human rights, employment relationships, work conditions and social protection, social discussion, workplace health and safety issues and human development. CSR on employees focuses on creation of jobs, wages and other remuneration based on work performance.

2006 Vuontisjärvi’s Employee-focused policies and practices involve staff training and development, remuneration packages, staff involvement, core values, health and well-being, policies measurement, employment procedures, employment security, work-life balance and equality in opportunities (diversity).


2007 Brammer, Millington, and Rayton Measures for internal CSR practices are Procedural justice and employee training.

2009 Lindgreen, Swaen, 6 indicators for CSR on employees, which are 1) support for further education, 2) procedures for health and safety of employees, 3) non-discrimination and respectful treatment for
and Johnston all employees, 4) work-life balance, 5) employees participation in business decisions, 6) just salaries and fair reward based on work performance.

2009 Turker Proposed eight employee related measures for CSR; health and safety; quality of employees’ lives, work-life balance, equality in opportunities; just managerial decisions, employees’ needs and wants, encourage skills and career development, support for employees further education

2016 Mory, Wirtz & Göttel It refers to socially responsible behaviour by a company towards its employees. This behaviour is mainly expressed through employee-oriented CSR activities such as fostering employment stability, a positive working environment, skills development, diversity, work-life balance, empowerment and tangible employee involvement.

Source: Compilation by Researcher
**APPENDIX E**

Summary of Measurement Scale for each construct in present research

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Measurement scale</th>
<th>Source</th>
</tr>
</thead>
</table>
| Entrepreneurial Orientation | Autonomy (AUTONOMY)  
1. Employees are permitted to act and think without interference.  
2. Employees perform jobs that allow them to make and instigate changes in the way they perform their work tasks.  
3. Employees are given freedom and independence to decide on their own how to go about doing their work.  
4. Employees are given freedom to communicate without interference.  
5. Employees are given authority and responsibility to act alone if they think it to be in the best interests of the business.  
6. Employees have access to all vital information.  
Competitive aggressiveness (COMPAG)  
1. Our business is intensely competitive.  
2. In general, our business takes a bold or aggressive approach when competing.  
3. We try to undo and out-maneuuvre the competition as best as we can.  
Innovativeness (INNOV)  
1. We actively introduce improvements and innovations in our business.  
2. Our business is creative in its methods of operation.  
3. Our business seeks out new ways to do things.  
Proactiveness (PROACTIVE)  
1. We always try to take the initiative in every situation (e.g., against competitors, in projects and when working with others).  
2. We excel at identifying opportunities.  
3. We initiate actions to which other organisations respond.  
Risk-taking (RISK)  
1. The term 'risk taker' is considered a positive attribute for people in our business  
2. People in our business are encouraged to take calculated risks with new ideas  
3. Our business emphasizes both exploration and experimentation for opportunities | Lumpkin and Dess (1996) |
<table>
<thead>
<tr>
<th>Constructs</th>
<th>Measurement scale</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Corporate Social Responsibility (CSR) Practices</strong></td>
<td><em>Employees’ voluntarily activities</em> 1. Our company encourages its employees to participate to the voluntarily activities. 2. Our company policies encourage the employees to develop their skills and careers. 3. The management of our company primarily concerns with employees’ needs and wants. 4. Our company implements flexible policies to provide a good work and life balance for its employees. 5. The managerial decisions related with the employees are usually fair. 6. Our company supports employees who want to acquire additional education.</td>
<td>Turker (2009a, 2009b)</td>
</tr>
<tr>
<td><strong>Perceived Role of Ethics and Social Responsibility (PRESOR)</strong></td>
<td>1. Being socially responsible is the most important thing a firm can do. 2. Social responsibility of a firm is essential to its long-term profitability. 3. The overall effectiveness of a business can be determined to a great extent by the degree to which it is socially responsible. 4. Social responsibility is critical to the survival of a business enterprise. 5. A company’s first priority should be employee morale. 6. Business has a social responsibility beyond making profit.</td>
<td>Singhapakdi, Vitell, Rallapalli and Kraft, (1996)</td>
</tr>
<tr>
<td><strong>Job satisfaction</strong></td>
<td>1. I fell fairly well satisfied with my present job. 2. Most days I am enthusiastic about my work. 3. Each day of work seems like it will never end. (reverse scored) 4. I find real enjoyment in my work. 5. I consider my job rather unpleasant. (reverse scored)</td>
<td>Brayfield-Rothe (1951)</td>
</tr>
<tr>
<td><strong>Organisational Commitment</strong></td>
<td><em>Affective Commitment</em> 1. I will be very happy to spend the rest of my career with this organisation. 2. I enjoy discussing my organisation with people outside of it. 3. I really feel as if this organisation’s problems are my won.</td>
<td>Meyer and Allen (1997)</td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>Perceived ease of movement</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
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<td></td>
</tr>
<tr>
<td>1. I often think of quitting my present job.</td>
<td>If you were to leave your current job,</td>
<td></td>
</tr>
<tr>
<td>2. I may leave this organisation and work for another organisation in the next year.</td>
<td>1. To what extent it would be difficult to find another job in your profession.</td>
<td></td>
</tr>
<tr>
<td>3. I plan to stay in this company to develop my career for a long time.</td>
<td>2. To what extent it would be difficult to find another job in your sector.</td>
<td></td>
</tr>
<tr>
<td>4. I may not have a good future if I stay with this organisation.</td>
<td>3. To what extent it would be difficult to find another job in your region.</td>
<td></td>
</tr>
</tbody>
</table>

Mobley, Griffeth, Hand, and Meglino (1979)

Source: Developed for present research