PREDICTING EMPLOYEES' HAPPINESS AND INNOVATIVENESS THROUGH THE LENS OF INTERNAL CSR PRACTICES

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DECLARATION

I hereby declare that:

(1) This Research Project is the end result of my own work and that due acknowledgement has been given in the references to all sources of information be they printed, electronic, or personal.

(2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) The word count of this research report is 20105.

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DEDICATION

I am thankful to Dr Low Mei Peng for guiding me and motivating me throughout the journey of the research. Therefore, I would like to dedicate this research to Dr Low Mei Peng. I will always be grateful for her help during the course of the research.

I would also like to dedicate my research to my family and close friends. They have always been there for me and their continuous support allowed me to build my confidence and self-esteem.

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LIST OF ABBREVIATION

CSR	Corporate Social Responsibility
E	Empowerment
ES	Employment Stability
H	Employees' Happiness
I	Employees' Innovativeness
MCO	Movement Control Order
NRP	National Recovery Plan
SD	Skills Development
TEI	Tangible Employee Involvement
UTAR	Universiti Tunku Abdul Rahman
WE	Working Environment
WD	Workplace Diversity
WLB	Work-life Balance

PREFACE

The research is conducted as a part of the course requirement for Master of Business Administration (MBA) programme in Universiti Tunku Abdul Rahman (UTAR), under the subject MKMA25106 – Research Project. The main title of the research project is Predicting Employees' Happiness and Innovativeness through the lens of Internal CSR Practices.

The objective of the research is to gain knowledge on the inter-relationship among Internal Corporate Social Responsibility practices (Internal CSR practices), employees' happiness and employees' innovativeness among employees in Malaysia during a pandemic.

The research also plans to investigate the most significant dimension of Internal CSR practices toward employees' happiness and employees' innovativeness. The seven dimensions of internal CSR practices used are employment stability, working environment, skills development, work-life balance, workplace diversity, tangible employee involvement and empowerment.

ABSTRACT

CSR refers to corporate actions and policies that are meant to have a good impact on the world. CSR is based on the premise that businesses should seek additional pro-social goals in addition to achieving profits. Despite the development of CSR gaining some foothold in the world, the focus on employee-related CSR activities has still not been extensively researched. Internal CSR refers to the steps an organization takes to meet employee expectations, proactively meet and improve the fairness of an employees' organization. The main idea behind internal CSR is to assist employees by providing fairness, increasing happiness, which can increase innovativeness in employees.

This research intends to investigate the inter-relationship among Internal Corporate Social Responsibility practices (Internal CSR practices), employees' happiness and employees' innovativeness among employees in Malaysia during a pandemic. The results found that Internal CSR practices have a significant positive relationship with employees' happiness and employees' innovativeness. The relationship between employees' happiness and employees' innovativeness is also significantly positive. Furthermore, the most significant dimension for Internal CSR towards employees' happiness is workplace diversity, while the most significant dimension for Internal CSR towards employees' innovativeness is empowerment.

This research provides useful information to organizations of the benefit in implementing internal CSR practices on employees' happiness and innovativeness. Besides that, the findings will add value to the existing body of knowledge and to the organizational behaviour researchers. The potential benefits to humanity arise from the examination of the dimensions under Internal CSR practices, such as employment stability during a pandemic. All parties concerned would be able to reap the benefit by understanding the importance of Internal CSR practices.

Chapter 1 Introduction

1.0 Overview

This chapter provides an overview on Predicting Employees' Happiness and Innovativeness through the lens of Internal Corporate Social Responsibilities (Internal CSR) Practices. The chapter will firstly discuss the background of the study, followed by the problem definition, the research questions, research objective and the scope of study. Chapter 1 will end with a discussion on the significance of the study.

1.1 Background of Study

Corporate social responsibility – CSR is a form of a business model that is self-regulating. CSR is also known as corporate citizenship and its purpose is to help organizations become conscious of their impact on society. It is an effective strategy to help organizations gain a competitive advantage over others in the market (Szelągowska-Rudzka, 2016). This includes different aspects such as economy, environment, social and government. CSR is commonly used to help organizations become socially accountable to the parties involved such as the organization, the public and the stakeholders of the organization (Fernando, Scott & Munichiello, 2021). According to Aguinis *et al.* (2020), for effective positive outcomes, organizations are recommended to select a CSR strategy that is embedded into the organizations' core competencies. It should be integrated within the organizations' strategy, routines, and operations.

Depending on the organizations, CSR strategy can take many different forms. CSR can help benefit the society and boost the organization's brands. These CSR programs can include philanthropy, volunteerism and charity. The main objective of CSR is to maximize profits by enrolling in programs that can promote volunteerism, donating to charity or minimizing environmental harm. CSR not only benefits the society but also the organizations, CSR can provide the organization with problem solving skills. Effective CSR will also encourage cooperation with different firms or organizations, thus provide a win-win situation for the parties involved (Barnett, Henriques & Husted, 2020). Nevertheless, organizations will need to take accountability for their actions; CSR is most often adopted when the organizations have grown into large corporations. The main objective is to sustain the organization and further retain their customers, this is due to the fact that once an organization becomes successful, the society will request them to be more responsible and follow the standard of ethical behaviour (Szelągowska-Rudzka, 2016).

Organizations view CSR as the main way to improve their brand image, this comes from the assumption that customers are more willing to cooperate and purchase from an ethical organization. Thus, CSR can help in corporate public relations (Kao *et al.*, 2018). On the other hand, some organizations engage in CSR practices due to their own moral and ethical values. Many organizations have taken steps in making their operations sustainable. This includes implementing renewable energy and removing unethical labour practices. CSR can provide organizations with competitive advantage as it can help improve the relationship of the organizations with the stakeholders (Barnett, Henriques & Husted, 2020).

The concept of CSR states that economic, political and social changes are the main issues for CSR. The concept was formed due to the changes in environment and globalization. This results in positive changes like growth of social movements, civil rights activism, increase in information based society and focus on consumer rights (Szelągowska-Rudzka, 2016). Öberseder *et al*. (2013) stated that there are also repercussions such as increased consumerism, unemployment, poverty, and inequality. CSR does not only focus on charity, as it is a method to help organizations fulfil their economic aim. This method of doing business has a number of advantages, one of which is the enhancement of an organization's ability to innovate. If CSR is implemented correctly, the organization will get multiple competitive advantages over their competitors. The organization will be able to improve the foothold in the capital market, increase the amount of sales and revenue, reduce the operational cost, improve the productivity and performance of employees, improve their brand image and customer loyalty, introduce a better human resource base, improve management of risk and decision making skills ("What is CSR? | UNIDO", 2021).

Figure 1.1 CSR issues
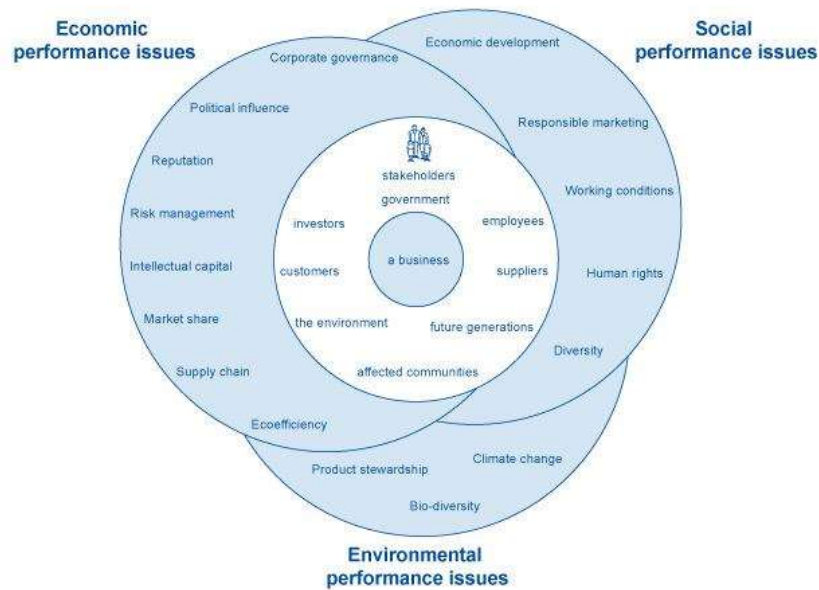
Source: ("What is CSR? | UNIDO", 2021)

The figure above illustrates the main issues for CSR namely economic, social and environment. With that said, the issues of CSR can be defined differently based on the context. Öberseder *et al*. (2013) defined CSR as focusing on environmental and social context, while Du, Bhattacharya & Sen (2010) focuses on philanthropy and social issues. Pacific (2012) breaks down CSR in 4 different kinds of responsibility, namely environmental, ethical, philanthropic and economic. With that said all the definitions of CSR are quite similar to one another and can be grouped together.

Economic Responsibility

For an organization, economic responsibility should not only mean maximizing profit for themselves. Economic responsibilities include financial decisions that can benefit society. This shows that the responsibilities of CSR are intertwined with one another (Carroll & Shabana, 2010). An organization can partner up with suppliers that use sustainable material even if it costs more. They could also commit to transparent salary systems. This means the employees of the organization will be compensated fairly depending on their work rather than getting discriminated against based on gender or race (Pacific, 2012).

Social Responsibility

The main responsibility of CSR is social responsibilities. Organizations should treat all employees, stakeholders and customers in the business ethically across the spectrum. This includes having a diverse workforce, participating in human rights and providing the best working conditions for the employees ("What is CSR? | UNIDO", 2021). Organizations should also ensure they set a higher minimum wage, ensure that all stocks and items are ethically obtained, and ensure that all employees are treated with respect while getting competitive wages and complete benefits (Pacific, 2012). Philanthropic responsibilities can also fall under social responsibilities. This is where organizations give back to the community and donate to others that align with the organization's goals. Philanthropic can range from supporting local fundraisers to donating a percentage of earnings to some causes (Du, Bhattacharya & Sen, 2010). For example, in 2020, Mr Beast – a popular Youtuber created a channel called Beast Philanthropy where 100% of the channel's profits will go towards their food pantry to help the community. He also raised $20 million with TeamTrees in 2019 to support planting more trees and has currently raised $20 million with TeamSeas in 2021 with the aim to remove sea pollution from the ocean.

Environmental Responsibility

Organizations committed to CSR must be aware of the environment and engage in environmentally friendly activities. This includes contributing in preventing and minimizing greenhouse gas leakage, pollution, waste and reducing the usage of natural resources (Öberseder *et al*., 2013). The organizations must take ownership of their impact on the environment. The impact in which the organizations can participate depends on the size of the organizations. For example, organizations can start using alternative energy resources and sustainable material (Tesla, 2021). Others could participate in recycling programs, donate or volunteer in local environmental-focused groups and seminars.

Statistics on CSR

Statistics acquired by Telford (2021) can be studied to illustrate the importance of CSR. According to the study, 76% of customers would not buy from or support a business with conflicting views on issues as themselves. 90% of customers are likely to switch their brands if they found a brand supporting a better cause and are more likely to trust brands that are socially responsible. The same percentage of customers are willing to boycott organizations involved in irresponsible activities. Around 91% of customers would support a brand with a positive cause and prefer organizations to contribute to society rather than just making a profit. However, only 55% of customers state that they would be willing to pay more for products that contribute positively based on their viewpoint. According to the data, an overwhelming majority of customers find CSR important. Customers are likely to change to brands that align with their values if the brand charges the same price for the products. Besides customers, CSR is also good to help maintain employee engagement. 67% of employees would rather work at an organization that engages in social projects. 70% of employees state that the organization's values were key factors that influenced their decision to choose the organization. Approximately 67% of employees would not work at an organization with bad CSR practices (Telford, 2021).

Internal CSR

Internal CSR refers to the steps an organization takes to meet employee expectations, proactively meet and improve fairness in the workforce. Internal CSR also includes the psychological and physiological well-being of the individual of the organization (Bibi *et al.*, 2021). The main idea behind internal CSR is to assist employees by providing fairness, increasing their happiness, providing welfare services and improving the overall satisfaction of the employees. The core idea of internal CSR is to benefit the employees and not to satisfy the organization's needs (Jia *et al.*, 2019).

Nguyen, Nham and Takahashi (2020) state that internal CSR can increase organizational innovativeness and creativity. The study stated that internal CSR can improve the organizations performance by exercising more internal CSR practices. Every employee in the organization should be involved in the creative process, with emphasis on internal CSR. Internal CSR can be effective in stimulating employees' commitment and encourage sharing of knowledge among employees in an organization (Mory, Wirtz & Göttel, 2015). An organization that follows the accurate guideline of internal CSR will benefit from the increase in idea flows from the employees. This can help boost the organization's productivity by creating a creative working environment in the organization (Çekmecelioğlu & Günsel 2013).

Past studies have been carried out on the impact of CSR towards organizations with different factors and dimensions of CSR. Forcadell, Úbeda and Aracil (2021), Szelągowska-Rudzka (2016) and Bibi *et al.* (2021) discussed the impact of internal CSR towards employees' innovativeness. On the other hand, Chia, Kern and Neville (2020) and Bibi *et al.* (2021) discussed the impact of CSR towards employees' happiness. Multiple researches have also studied the impact of innovativeness and happiness. Besides that, the dimensions of CSR also differ depending on different literatures. This research will focus on internal CSR practices, employees' innovativeness and employees' happiness. A seven-dimension internal CSR measures by Mory, Wirtz and Göttel (2015) will be adopted.

1.2 Problem Definition

The ever-changing global economic situation, political arena, society evolution and technological advancement have put organizations in a fierce competitive landscape to survive and grow due to global economic, political, social, and technical changes. Personnel are critical resources for an organization's success. They must be competent and skilled, have a positive attitude and be accountable to the organization; they must be passionate, change-resistant, collaborative, and content at work. Workplace happiness can lead to a positive attitude towards the organization, which leads to increased efficiency and achievement of corporate goals, that can hugely benefit the organization (Rahmi, 2018).

According to Revesencio (2015) happy employees are 12% more productive. This occurs because when a person feels positive, the brain will operate considerably better. The study also found that employees that are happy have 65% more energy than unhappy employees and are four times as likely to stay at their job compared to unhappy employees. This can be important to retain and attract potential employees to the organizations (Bibi *et al*., 2021).

Employees that are happy are more open to new ideas, can gain new skills and perform better. Besides that, the innovativeness of an employee is also more likely to increase when an employee is happier. Push factors for innovation include external affirmation, self-confidence and a sense of purpose. Employees with self-confidence and creativity are more willing to try new things and take calculated risk in order to turn their innovative ideas into distinctive products and services (Bibi *et al*., 2021).

In terms of employees' innovativeness, Szelągowska-Rudzka (2016) stated that innovativeness is an introduction of a new product that has not been created before. This includes new methods of production, targeting a new market or obtaining new raw materials for the products. Forcadell, Úbeda and Aracil (2021) stated that innovativeness can be triggered by CSR. This includes environmental and non-environmental innovations. Innovativeness can be split into

product, process, marketing and organizational innovativeness. Product innovation can help improve the product or service with significant changes. Process innovation is changing the method or improving the production by using better technology, equipment or software. Marketing innovation is altering the marketing strategy while organizational innovation is implementing new training, new systems or new tasks for the employees (Forcadell, Úbeda & Aracil, 2021).

Forcadell, Úbeda and Aracil (2021) stated that the implementation of CSR helps organizations generate new ideas, these innovations usually focus on social and environmental issues, which benefit both the society and the organization itself and move beyond the core concern of profit. The organizations will not be at risk of participating in unlawful activities if they focus on CSR. The research stated that the execution of CSR activities and the development of a CSR strategy is a novel approach to business. It takes into account the implementation of social and environmental goals, as well as the creation of new ideas and the ability of an organization to innovate. Ghanbarpour and Gustafsson (2021) stated that CSR does not affect financial earnings but it does affect customer satisfaction. It goes on to state that it underlines the necessity of informing customers about innovation, particularly using CSR efforts.

Hence, it is important to maintain a high level of employees' happiness and foster employees' innovativeness in an organization (Bibi *et al*., 2021). Few research has been conducted on internal Corporate Social Responsibility- internal CSR and employees' happiness or internal CSR and employees' innovativeness. However, there is still little research done on the relationship between internal CSR, happiness and innovativeness altogether. This research aims to examine the relationship between internal CSR, happiness and innovativeness among employees in Malaysia during a pandemic. Since March 2020, Malaysia has been practising Movement Control Order and lockdowns in order to control the spread of the COVID-19 virus. It will be interesting to explore the inter-relationship among internal CSR practices, employees' happiness and innovativeness. Thus, this research fills in the gap of exploring the relevance of internal CSR practices in influencing employees' happiness and innovativeness during a crisis.

1.3 Research Questions

This study aims to answer the following research questions:

1. What is the relationship between Internal CSR practices and employees' happiness?

2. What is the relationship between Internal CSR practices and employees' innovativeness?

3. What is the relationship between happiness and employees' innovativeness?

4. What is the most significant dimension of Internal CSR practices towards employees' happiness?

5. Which dimension of the Internal CSR practices is the most significant towards employees' innovativeness?

1.4 Research Objectives

The purpose of this research is to examine the inter-relationship among Internal CSR practices, happiness and innovativeness among employees in Malaysia during a pandemic.

The objectives of this research are:

1. To examine the relationship between Internal CSR practices and employees' happiness.

2. To study the relationship between Internal CSR practices and employees' innovativeness.

3. To investigate the relationship between happiness and employees' innovativeness.

4. To identify the most significant dimension of Internal CSR practices toward employees' happiness.

5. To determine the most significant dimension of Internal CSR practices towards employees' innovativeness.

1.5 Scope of the Research

The research will be studying the relationship between Internal CSR practices, happiness and innovativeness among employees in Malaysia during the COVID-19 pandemic. Currently, Malaysia is still fighting against the COVID-19 pandemic. Because of the COVID-19 pandemic, the Malaysian government has introduced a Movement Control Order - MCO to control the spread of the disease. The goal of the MCO is to contain the pandemic and reduce the daily cases of COVID-19. MCO started on 18 March 2020 and has been ongoing until today with different stages such as MCO, CMCO, RMCO and FMCO. Since late 2021, Malaysia has adopted National Recovery Plan - NRP to recover from the COVID-19 pandemic (Ong, 2021). Pandemic usually occurs once every 30 years, thus, it is important for organizations to be prepared during an outbreak and be aware of the steps to control the outbreak (Razeem, 2021). The research covers any individuals who are legally employed during this period of time. The primary target of the research are employees that work in organizations or organizations located in Malaysia.

There are multiple factors that influence internal CSR, however this research only focuses on the Internal CSR practices and their influence on both employees' happiness and employees' innovativeness. The most significant dimension of CSR towards employees' happiness and innovativeness will be discovered and analysed.

1.6 Significance of the Research

Internal CSR practices has become an essential part of an organization, this includes the organization's management and their responsibilities (Mory, Wirtz & Göttel, 2015). CSR is important in attracting employees, when an organization is committed to continuous improvement they are more likely to attract talent. This is evident from the fact that CSR is able to promote a positive work environment and increase productivity for the employees. Besides that, knowledge of CSR can help improve customer perception and enable better

customer engagement for the organization. CSR can help organization engage in customer feedback and increase customer satisfaction by having a positive impact on society. Build up customer's loyalty and showing that the organization does not solely focus on profits can help improve the image of the organization (Heyward, 2020).

In terms of happiness, happiness can increase the wellbeing of the employees, this includes emotional well-being, community happiness, societal happiness, quality of life and satisfaction in general. As happiness covers a wide spectrum, increasing one's happiness can help employees become more productive. Happier employees are more engaged in the organization, they will feel less stressed as they feel what they are doing matters for the success of the organization. High stress level can lead to physiological problems such as depression or anxiety, which can then lead to absenteeism or even resignation. Thus, employees' happiness should be a priority for organizations. Happy employees will be able to perform at their fullest and are eager to succeed with the organization rather than just waiting for a paycheck. These employees tend to have a better work-life balance and have a strong sense of belonging (Bibi *et al.*, 2021).

Employees' innovativeness is more common in happier employees. Innovativeness is important to help employees think outside the box. Innovative employees will usually stay ahead when giving recommendations and are forward thinkers. This can help the organizations succeed by providing creative and new solutions for different problems (Szelągowska-Rudzka, 2016).

Furthermore, studying the relationship between the Internal CSR practices could bring multiple benefits to organization. For instance, CSR could increase employees' happiness and thereby increasing their innovativeness (Bibi *et al.*, 2021). Dahiya and Rangnekar (2018) stated that happy employees will reduce turnover rates and therefore saving the organizations from incurring cost on recruitment exercises. Besides that, customers will also be more willing to engage organizations/ organizations that are socially responsible (Bibi *et al.*, 2021). This will also help organizations to retain talents and increase long-term revenue.

Lastly, the knowledge of internal CSR, employees' happiness and innovativeness could be valuable for further research. Other researchers that have interest in the topic are welcomed ro adopt and reference the paper for future studies. Additional information or factors can be added to improve the accuracy of the study.

1.7 Outline of the Study

The research project contains five chapters. This section describes a layout of each chapter.

Chapter one will introduce the topic and main focus of the research. This chapter includes background of study, problem statement, research questions, general objective, specific objectives, significance of study and outline of study. In chapter two, literature review on the topic of interest will be conducted. A conceptual framework, which includes the hypotheses of the research will be developed. Chapter three will outline the details of the methodology used in the research. Chapter four will be the analysis for the results of the data collected. The data will be analysed and discussed in the chapter. Finally, chapter five will provide a conclusion for the research, with relevant limitations and recommendations.

1.8 Chapter Summary

In this chapter, the definition and the problem statement of CSR and internal CSR practices will be outlined. Furthermore, the general objective and specific objectives of the research will be discussed. The next chapter will be focusing on the literature review. A conceptual framework along with the hypotheses will be developed in the following chapter.

Chapter 2 Literature Review

2.0 Introduction

This chapter covers the relevant literature of internal corporate social responsibilities (Internal CSR) practices, employees' happiness and employees' innovativeness. The chapter will begin with the concept of CSR and the seven core dimensions of internal CSR practices, which includes employment stability, working environment, skills development, work-life balance, workplace diversity, tangible employee involvement and empowerment. Next, the concept of happiness and innovativeness will be discussed, followed by a review of the relevant models of CSR, happiness and innovativeness. The chapter also discuss past theoretical frameworks on the topics. A conceptual framework will be developed along with the hypotheses of the study. Finally, the chapter will end with an empirical review on the relationship between internal CSR practices, employees' happiness and employees' innovativeness.

2.1 The Concept of Internal CSR

Internal CSR refers to practices directly related to the physical and psychological work environment for employees (Turker, 2009). Internal CSR takes into consideration the health and well-being of the employees. This includes giving the employees equal opportunities among others, providing training for the employees and allowing employees to participate in the business (Al-bdour et al., 2010).

CSR has helped improved multiple sectors of organizations, mainly with the introduction of policies regarding discrimination, abuse or harassment in the workplace. Fuentes-García, Núñez-Tabales, and Veroz-Herradón (2008) stated that the main reason for the continuous growth of CSR, mainly in the human resource field, is the fact that CSR includes and takes into consideration the well-being of everyone involved in the organization. This includes customers, employees and all stakeholders of the organization. On the same note, internal CSR encompasses the responsibilities of employees in terms of multiple different areas of safety, health, training, opportunity and engagement in the organization (Vives, 2006). The research stated that the biggest economic and social consequences for an organization is the importance of employment with focuses on pay and remuneration received for the job (Al-bdour et al., 2010).

In Malaysia, Bursa Malaysia (2006) provided a CSR framework for all the firms listed on the Bursa Malaysia exchange. The framework focuses on four different aspects of CSR and is optional for the organizations in Malaysia. These aspects include marketplace, workplace, environment and the community. The framework serves as a roadmap and guideline for organizations in Malaysia to understand and incorporate CSR into their operations and in their organization. Bursa Malaysia does not force participation from the organizations but encourages the organizations to submit CSR reports on a voluntary basis. As a result, Bursa Malaysia has identified eight essential elements to boost enterprises' awareness and participation in internal CSR: employee involvement, workplace diversity, gender problems, human capital development, quality of life, labour rights, human rights, health and safety.

Bursa Malaysia also played their part in supporting CSR; currently Bursa Malaysia introduced the Yayasan Bursa Malaysia Scholarship, which supports individuals who wish to further their education but do not have the funds to do so.

Furthermore, Dow Jones Sustainability World Indexes Guide (DJSIs) (1999) established the Sustainability Indexes that focuses on constructing the global indexes to track the financial performance of the biggest firms in the world. DJSIs focuses on the economic, social and environmental factors for sustainability. It emphasises on the importance of long-term business success and for organizations to achieve long-term viability. When it comes to internal CSR, DJSIs discusses implications on corporate governance, crisis management, code of conduct, human resource development and employee retention.

SA8000: Corporate Social Accountability Management (2000) introduced the Social Accountability 8000, which has that principle of international human rights. It was outlined in the United Nations Convention on the Rights of the Children and the Universal Declaration of Human Rights. The main criteria for the SA8000 include the eight crucial areas, which are child labour, forced labour, health and safety, free association and collective bargaining, discrimination, disciplinary processes, working hours, and remuneration. In the same year, Global Report Initiative (GRI), (2000) introduced the Sustainability Reporting Guidelines (GRI). These frameworks defined the concepts and indicators for measuring and reporting economic, environmental, and social performance for organizations. Apart from training and education, GRI identified six indicators for firms based on internal CSR, including employment, labour/management relations, workplace health and safety, diversity, and equal opportunity.

Internal CSR is an interesting topic that has been gaining popularity according to the literature review that has been discussed. Most of the studies focus on the interest of corporate concern. Vives (2006) stated that Internal CSR includes the social and ecological responsibilities of organizations. The research stated that health and well-being of employees, their training and engagement in the business, equality of opportunity, work-family relationships, and some corporate governance measures are all major concerns of CSR.

2.2 The Seven Core Dimension of Internal CSR

This research will adopt the seven core dimensions of internal CSR by Mory, Wirtz and Göttel (2015), which consist of the dimensions employment stability, working environment, skills development, work-life balance, workplace diversity, tangible employee involvement and empowerment. The research describes internal CSR as actions that are tied to the employees' physical and psychological working environment. Different academic studies in the past have adopted different numbers of internal CSR dimensions, this ranged from two to ten dimensions. For current research purpose, the internal CSR dimensions are adopted from Mory, Wirtz and Göttel (2015) as it matches the research objectives.

2.2.1 Employment Stability

Employment stability measures how well an organization delivers and protects the employees in terms of keeping them in their job. According to Mory, Wirtz and Göttel (2015), organizations can offer comfort to employees by supporting them, giving them job security and ensuring the employees have a stable job without the worry of getting fired. Lin and Wei (2006) agreed with the statement claiming that in the context of CSR, employment security is the most popular topic amongst organizations as it affects the completely global economy. The study claimed that employment stability is related to the social exchange process, it stated that employees supply services to organizations, and in returns asking for payment and job security.

Human rights is a major topic in ensuring employment stability. All organizations must take responsibility for addressing situations in which human rights have been violated appropriately, quickly, and respectfully (Joscelyne *et al.*, 2015). In every circumstance, organizations should react to discrimination by responding immediately. The organizations should ensure they provide a safe workplace for the employees. Organizations should also communicate with the employees when there is a complaint to ensure the employees are happy with the job and ensure that they know they will not get laid off easily (Lin and Wei, 2006). Employees should be protected at all phases of their employment, including during negotiation on flexible work schedules, being provided unjustified working terms and conditions, and being unfairly

retrenched, degraded, or terminated, etc. (Hutchinson, 2010). In other words, organizations have a legal responsibility to guarantee that their employees are treated fairly and respectfully.

Organizations will get the biggest benefits if they are able to attract and retain the best employees. The organizations will be able to increase the potential of the employees if they were to provide a stable job for the employees. In general, employees should be treated equally and fairly to avoid conflict from occurring in the organization. Employees' stability can be increased if organizations take steps in improving the relationship with their employees (Joscelyne *et al*., 2015).

2.2.2 Working Environment

The working environment element relates to workplace health and safety concerns. Al-bdour *et al*. (2010) stated that internal CSR activities ties heavily to the physical and psychological working environment of the employees. The social exchange theory can be applied in which organizations should use their resources to provide a safe and healthy working environment to their employees. Employees productivity and organizational dedication can be benefited from a more efficient and effective work environment. This is important as employees are an organization's biggest asset. Organizations have a responsibility to take reasonable precautions to ensure the health and safety of all employees in the workplace (Gibbins & MacMahon, 2015).

Besides that, organizations should not engage in unethical behaviour that might ruin the reputation of the organization or harm any of the stakeholders. Organizations must disclose any defects in the workplace or products that could jeopardise employees' health and safety. Poor working conditions will reduce productivity and have an impact on employees' attitudes and productivity towards the organization. Furthermore, unsafe activities or personnel in bad health might result in low productivity, increase in absenteeism, a high turnover rate and higher costs of production in general (Tawiah & Baah, 2014). Lin and Wei (2006) agreed with the statement declaring that safe working circumstances are important for the social exchange process.

Providing employees with a safe and secure workplace is very important to ensure employees are satisfied with their work. According to Kunyk *et al*. (2016), providing a secure workplace is also the best way for organizations to retain their personnel and increase their organizational commitment. In the end, this can help organizations maximize their revenue by not needing to hire new personnel. Since the consequences of failing to invest in health and safety can be disastrous for organizations, it is important for them to implement and install the newest and safest security, technology and implement safety procedures regardless of how much it costs. It is more expensive to solve a problem rather than preventing the problem from occurring.

2.2.3 Skills Development

Skills development is helping individuals in an organization to discover and improve specific abilities for the benefit of the individual and the organization (Mory, Wirtz & Göttel, 2015). According to the social exchange theory, development of employees' abilities and skills can be done through training and further education. The importance of skill development has been investigated by multiple sources with Al-bdour *et al*. (2010) stating that skills development can help organizations develop talent and is a crucial dimension of internal CSR.

Skills development or mainly, employees training and development is a critical component that can help employees broaden their knowledge on different topics. Some organizations might be reluctant to invest in skills development programmes since it might be quite costly. Some other organizations think that attending skills development programs might reduce the productivity of the employee. According to Detsimas *et al*. (2016), these organizations find skills development redundant and just a waste of resources. Nevertheless, despite the unfavourable perceptions on skills development, it is an important tool for organizations to help improve their employees' competence and performance (Mory, Wirtz & Göttel, 2015).

Employees may improve their productivity through continuous learning, which may further leads to increased work satisfaction and more projection for the organization (Halpin, Curtis, & Halpin, 2015). This would undoubtedly help employees perform better and examine fresh ideas that would help them excel at their jobs. As a whole, integrating skill development in an

organization can help them increase the productivity rate of the organization while providing the employees an advantage over others. This will help them foster a positive work environment and increase the employees dedication to their craft (Lin and Wei, 2006). Employees will feel more fulfilled in their jobs if they feel respected, appreciated, and valued by their employers as they are able to improve themselves in the organization.

2.2.4 Work-life Balance

Work-life balance is defined as attainment of a good balance of an employees' personal life and work-life (Jyothi and Jyothi, 2012). Work–life balance states that an individual's professional and personal lives should be complementary to one another. Thus can ensure the person to achieve work excellence, meanwhile satisfied with their lifestyle. In addition, men and women use flexible working in different ways, resulting in different levels of well-being and work–life balance (Chung & van der Lippe, 2018).

Being satisfied with the work-life balance is a general sense of well-being arising from an assessment of one's level of success in balancing work and family responsibilities (Jackson & Fransman, 2018). Providing flexible working options may benefit both employees and organizations. Flexible work options, when supplemented with regular childcare measures, can help to bring work and family life closer. Employees, particularly females, do not have to take a professional hiatus or quit the industry totally to care for their children (Jyothi & Jyothi, 2012). Employers, even small and medium-sized organizations, benefited from these programmes because they enhanced employees' retention, motivation, and engagement without incurring high expenses or posing implementation issues. The element of work-life balance comprises all efforts made by the organizations to ensure that employees work and life does not clash with each other. This includes allowing employees to spend time with their family and have leisure activities.

Employees nowadays frequently have several competing duties throughout their lives. When there is an imbalance between workers' job responsibilities and their many duties, it can lead to anxiety, excessive absenteeism, and low productivity. Organizations slowly understand that

poor work-life balance can negatively affect the employees (Mory, Wirtz & Göttel, 2015). This includes negatively affecting the employees' productivity, happiness, innovativeness and likelihood of retention. Employees that have a better work-life balance will be more conscious of the organizations' commitment (Kaliannan, Perumal, & Dorasamy, 2016). They will become more focused on their job and are more likely to stay at the organizations. Organizations who strive to achieve a healthy work-life balance can better understand that minimising stress and frustration caused by a bad work-life balance can benefit both parties.

2.2.5 Workplace Diversity

Workplace diversity is about the dissimilarity amongst the employees working for the same organization, which includes different attributes of employees. These attributes can be classified as, age, gender, race, ethnicity, subjective style, place of residence, education level, position in organizations, hierarchical capacity, background of the employee and much more (Enehaug, Helmersen, & Mamelund, 2016). In addition, diversity encompasses the way employees view themselves and the way they view others.

In the context of CSR, diversity is the scope in which organizations will promote gender equality, avoid prejudice against specific groups and promote equal rights to everyone in the organization (Mory, Wirtz & Göttel, 2015). To avoid workplace prejudice, aA varied workplace is important, however organizations will have to balance between providing workplace diversity and hiring competent employees. An organization with diverse and incompetent employees will not succeed. However, an organization with competent employees that happens to be a diverse class of personnel will succeed (Inegbedion *et al*, 2020).

Organizations must be able to communicate and connect with their personnel in order for them to function effectively together. According to Grivastava and Kleiner (2015), an organization's success is determined by their ability to embrace certain attributes that can benefit their organization. Organizations will get multiple advantages once they are able to properly deal with the concerns of their organization and embrace diversity plans appropriately. Furthermore, being able to handle and integrate different cultures to an organization can help their problem

solving and decision making skills more effectively. This is because the organization will be able to integrate different cultures and solve problems using different techniques based on the diverse cast of employees (Abu-Febiri & Quinless, 2010). The study stated that employees; organization commitment will usually increase when the workforce is diverse.

2.2.6 Tangible Employee Involvement

Employee involvement is the direct impact of an employee in influencing the organization and help the organization to achieve their objectives. Employee involvement can help organizations by having the employees apply their own expertise, ideas and efforts towards solving the issues (García *et al*., 2019). The employee involvement process can be effective when the employee is given the authority to participate in decision-making (Naqshbandi, Tabche & Choudhary, 2019).

Some employees need to have the appropriate amount of training to be able to gain the experience needed for making appropriate decisions (Naqshbandi, Tabche & Choudhary, 2019). Employee involvement is important as it can improve the decision-making skills of the organization, improve the employees' attitude at work, improve the general well-being of the employees, reduce the cost for the organization, increase job satisfaction, commitment and creativity and increase productivity of the employees (Jones, Kalmi, & Kauhanen, 2010).

In the sense of CSR, tangible is where the organization financially rewarding the employees for their participation. Incentives which are either implicit or explicit should be present to increase participation of employees (García *et al*., 2019). Employees who are being given financial participation by the organization tend to have stronger bonds with the organization. Thus, it is important for organizations to introduce tangible employee involvement where employees are given incentives for involving themselves in organizational activities (Mory, Wirtz & Göttel, 2015).

2.2.7 Empowerment

Empowerment is giving or delegating the power, authority or responsibility to others to do something (Baird, Tung & Su, 2020). In an organization, this can be a delegation where the employer will give power to their employees. Empowerment can include a range of giving no empowerment to giving total empowerment. In terms of no empowerment, the employees will not be given the right to make any decision about their work. For total empowerment, the employees are free to express themselves and free to do their job as they wish. Organizations should balance between giving power to their employees to ensure the employees are happy with their job. Giving too much power might apply too much stress to the employees, while giving no power will cause the employees to feel unappreciated (Hanaysha, 2016).

According to Ivanova and von Scheve (2019) empowerment can bring multiple benefits to the employees. This includes improving the procedures of the organization, increasing job satisfaction, increasing problem solving and having employee accountability. The Job Characteristics Model state that employees prefer jobs that give them control. This includes having skill variety, task identity, task significance, autonomy and feedback. Empowering the employees can give employees a chance to work while having control of their work (Mory, Wirtz & Göttel, 2015).

When an employee is able to decide their own operations in the organization, the employee will be able to perform their task better with a higher work performance. Involving employees in decision-making will instill that the organization trusts the employee. Employees require autonomy, respect and responsibility to perform at their highest level (Hanaysha, 2016). Thus, organizations should give employees feedback for their actions, provide more autonomy and responsibilities to the employee, recognise their achievements and provide necessary training and tools for the employees to succeed (Baird, Tung & Su, 2020).

2.3 The Concept of Employees' happiness and Employees' innovativeness

2.3.1 Employees' happiness

According to Fisher (2010), happiness is the pleasant emotions, well-being and overall positive outlooks on different situations. Happiness is a widely regarded topic in psychology and in recent times, the topic of happiness has extended to the business sector with happiness in the workplace (Chan, 2013). In the research, the focus will be on employees' happiness rather than happiness in general as happiness covers a wide scope of topics including eudaimonic views and favourable judgements. In the business sense, the term happiness has not been used extensively. However, multiple different constructs of happiness have appeared with job satisfaction being used most frequently. Job satisfaction has a long history in the business world, becoming relevant as the independent or dependent variable in relevant business studies. Phuong and Vinh (2020) stated that job satisfaction is relevant as it provides insight of the employee employer relationship.

Happiness can be described in three different levels, which are the transient level, person level and unit level (Fisher, 2010). Transient level is momentary happiness, this means the employee is happy because of something that has occurred or an achievement. This includes task completion, flow state, momentary happiness at work or state engagement. Person level is self-explanatory in which the employee at the organization is happy due to variance of interest between individuals. This includes job involvement, job satisfaction, engagement, flourishing moods at work, organizational commitment and well-being in the organization. Unit level involves the employee-employee relations. It focuses on groups or teams and their inter-team interactions. This includes group mood, group morale and satisfaction, unit engagement and group task satisfaction (Salas-Vallina, Alegre & Fernández Guerrero, 2018).

Dahiya and Rangnekar (2018) stated that it is important to ensure employees are happy, as employees' happiness can be a valuable tool to drive organizations to succeed. Employees' happiness can be increased and maintained by following the five fundamental rules, which include credibility, camaraderie, pride, respect and fairness. Credibility is the trustworthiness of the employee to the organization. Organizations should appreciate employees' efforts by

rewarding them appropriately for their contributions to the organization (Atkinson & Hall, 2011). Camaraderie is the friendship between employees at work. It can increase employees' participation in workplace activities and create a better workplace for the employees. Pride is the sense of honour; it is when the employee is proud of working in the organization (Dahiya & Rangnekar, 2018). Pride can be increased by frequently praising the employees and conducting motivational talks or seminars. Besides that, respect is crucial because a respectful workplace can boost the overall job satisfaction of employees and increase their productivity by more than half (Lee *et al*., 2021). In terms of fairness, favouritism should be avoided. Employees should be promoted and compensated based on their skills and not their race or other discriminatory factor (Pacific, 2012).

Improving employees' happiness in an organization can bring multiple benefits for the organization. Firstly, a happy employee is more likely to voice their opinions, this is due to the fact that happy employees feel their opinion is valued and they will have the chance to express themselves and contribute to the organization (Dahiya, 2021). Besides that, happy employees are more likely to stay at the organization. This can help organizations save cost and time in hiring new employees (Bibi *et al*., 2021). Furthermore, happy employees are better at handling adversity and tend to be more creative. Lyubomirsky (2007) conducted an experiment, which concluded that happy employees could recover from hardship faster than employees that are sad or in any other state of mind. Abdullah *et al*. (2016) stated that employees' happiness is essential in increasing an employees' innovativeness in an organization.

2.3.2 Employees' innovativeness

The dictionary definition of innovativeness is the originality in creating or introducing new ideas and the ability to act and think independently. Ramamoorthy *et al*. (2005) defined employees' innovativeness as engaging in inventive behaviour or innovative processes. This definition includes idea generation, idea promoting, realization of the idea and producing a new innovation. Employees' innovativeness includes the early process of the concept creation to when the product is marketed (Parzefall, Seeck & Leppänen, 2008). This means innovation can occur during any stages of a product including, concept stage, product research, product

development, product adaptation, product commercialization, procedure of processes and any new procedure that can be implemented.

Innovativeness and creativity are usually clustered together as creativity is usually the centre of an innovative process (Parzefall, Seeck & Leppänen, 2008). However, innovativeness occurs when successful implementation of creativity that produces economic value to the society is created. This means creativity is related to the idea generated or process in which the idea is created. Therefore, it is argued that innovativeness requires creativity, but creativity is not essential to have innovation. One can produce or implement innovative ideas without the need of creativity (Thomas & Murphy, 2020).

Organizations can promote employees' innovativeness by giving all employees the opportunity to innovate (Bibi *et al*., 2021). A diverse organization can assist in providing different innovative ideas that can bring a fresh perspective for the organization. Organizations could implement different brainstorming ideas to introduce innovation to the employees. Alzuogool (2019) stated that creating an environment where the customers preference is the focus can increase innovativeness in employees. This is because the employees will think in the customer's point of view and introduce a new perspective for the organization. Olson, Walker and Ruekert (1995) stated that it is one thing to introduce innovation and it is another to act on the ideas itself. The study stated that nurturing new ideas is important, but it is more crucial to build on the ideas and foster an innovative culture.

Employees' innovativeness can help organizations in improving their productivity (Seeck & Lavento, 2009). Employees will use the resources more effectively and innovate in different ways in the job process, which can then increase the overall work rate of the organization (Lintukangas, Kähkönen & Hallikas, 2019). Innovative employees are also less likely to quit their jobs as they are able to perform new tasks and not be stuck with mundane meaningless tasks. Besides that, it can increase the competitiveness of the organization. Innovative minds are more likely to come up with ideas and products that can improve the organization and help the organization in creating better products (Konuk, 2019). This can help organizations to save

costs and increase their revenue. On the flip side, organizations that do not implement innovation for their employees are likely to decrease in productivity and efficiency, lose their employees to competitors and gain less profits (Lintukangas, Kähkönen & Hallikas, 2019).

2.4 Review of Relevant Models

Based on the above discussion, a number of relevant models are reviewed.

2.4.1 Carroll's Pyramid of Corporate Social Responsibility

Figure 2.1 Carroll's Pyramid of CSR
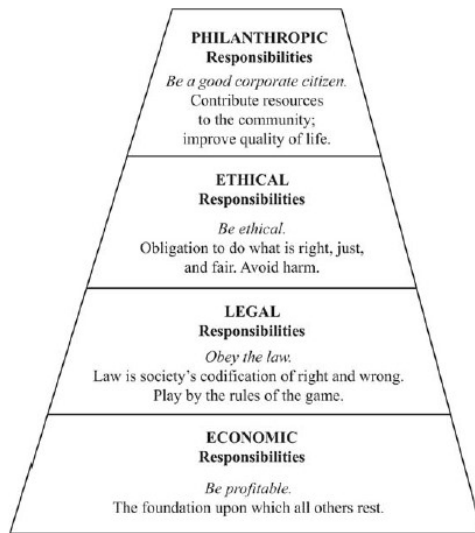
Source: Carroll (1991)

Carroll's CSR pyramid is a framework on the ways organizations in tackling corporate social responsibility. The pyramid highlights four different levels, which started from economic, legal, ethical to philanthropic responsibilities (Carroll, 1991). The bottom layer is the economic responsibilities, which acts as the foundation for other responsibilities. Carroll stated that it is necessary for an organization to be profitable before pursuing other responsibilities. Legal responsibility stated that the organization should obey the law where the law is the guidelines created by the society. It is an organization's responsibility to always follow the law. Carroll (1991) stated that it is also important to be ethical. This includes avoiding harming the

environment, society, the organization or others, as it is the obligation for the organization to pursue justice, righteousness and fairness. Finally, the pinnacle of the pyramid is philanthropic responsibilities. This is to contribute to society and improve the quality of life for others. This is where organizations give back to the community and donate to others that align with the organization's goals. Claydon (2011) stated that Carroll's CSR pyramid model can be improved with a new model.

2.4.2 Corporate Social Responsibility – Universal Model

Figure 2.2 Universal CSR Model
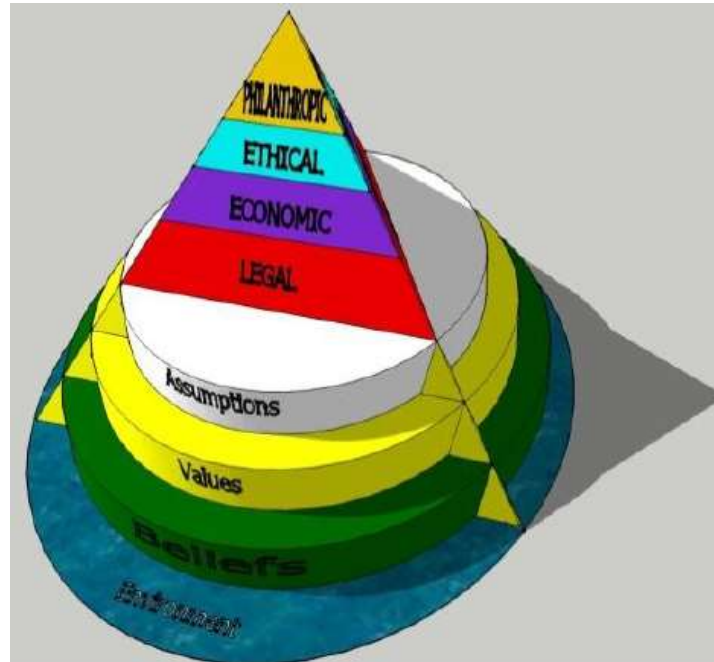
Source: Nalband & Kelabi (2014)

Nalband and Kelabi (2014) reimagined Carroll's CSR model to which it can be applied universally. The model has the environment as the base followed by beliefs, values, assumptions, legal, economical, ethical and philanthropic. The research believes that the environment will affect the stakeholders and the decision makers of the organization. Based on the environment, the organization will be able to assimilate their beliefs into the organization using the CSR framework. The employees should align their values to the organization for the

organization to thrive. These values will then turn into assumptions that can help the organization in producing the strategic decision to pursue. Nalband and Kelabi (2014) disagreed with Carroll's model stating that legal responsibility should come before economic responsibility. The research argued that the main purpose of organizations is to make profit in a legal way. They viewed legal responsibility as a basic responsibility for an organization as an organization will have to follow the law even when starting a business. The model will then be followed up by ethical and philanthropic which is similar to Carroll's model.

2.4.3 Eudaimonic Activity Model

Figure 2.3 Model of Happiness
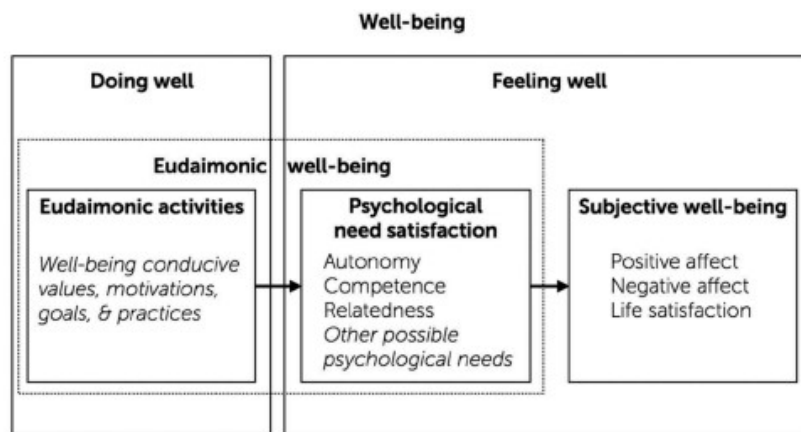
Source: Sheldon & Lyubomirsky (2019)

Sheldon and Lyubomirsky (2019) stated that happiness can be described as doing well, which can influence an individual to feel well. An employees' well-being can be increased by providing eudaimonic activities, which include conductive values, motivation, providing goals and practice for the employee. Once employees' eudaimonic needs are satisfied, an organization can improve their psychological needs. This includes providing autonomy, introducing jobs that can increase their competence and increase the employees' relatedness to the job. Based on the model, once both the needs are achieved, the employees will be affected positively and achieve happiness.

2.4.4 Use Innovativeness Model

Figure 2.4 Innovativeness Model
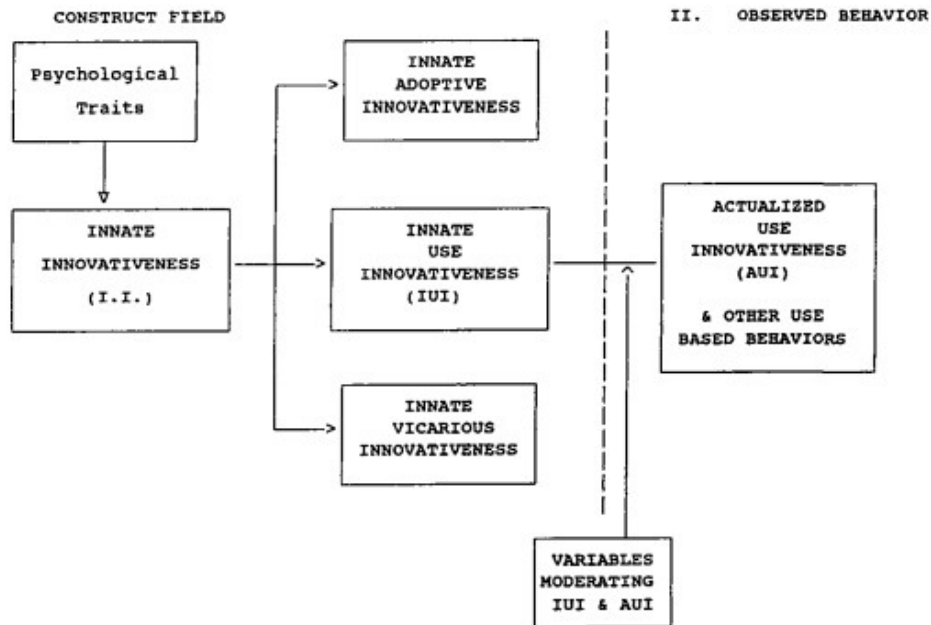
Source: Ridgway & Price (1994)

The model developed by Ridgway & Price (1994) stated that the psychological traits of an individual would affect their innovativeness in adopting new products. This means that when an individual is psychologically happy, they will be more inclined to adopt innovative products. For employees' innovativeness, providing an environment and resources to ensure the employees are happy might help increase employees' innovativeness (Parzefall, Seeck & Leppänen, 2008). Thus, organizations should promote innovativeness to the employees at all levels of the business.

2.5 Past Theoretical Frameworks

Figure 2.5 Internal CSR and Commitment
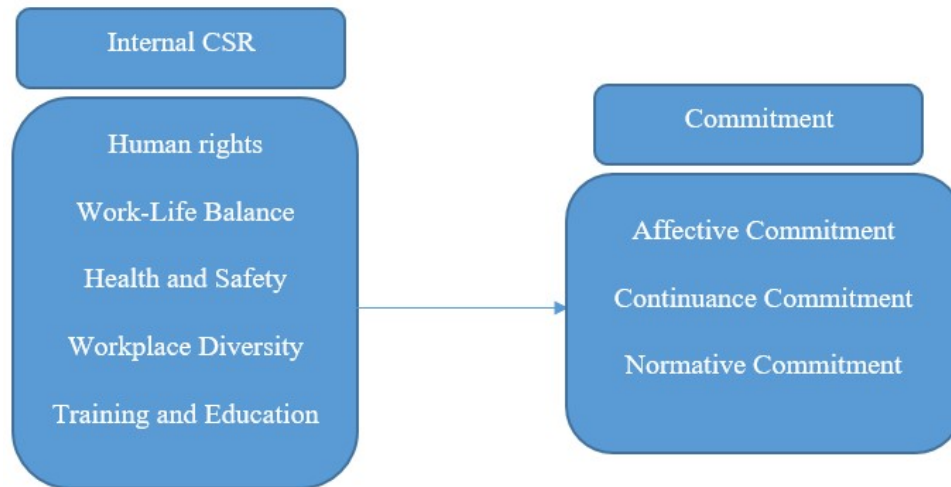
Source: Al-bdour *et al*. (2010)

The figure above shows the relationship between Internal CSR and Commitment. Al-bdour *et al*. (2010) introduced a model with 5 dimensions for Internal CSR and 3 dimensions for commitment. The study found that all the dimensions of Internal CSR had a positive relationship with affective commitment. High-order needs of esteem can be attributed to strongly affecting the level of affective commitment. Besides that, all the dimensions of Internal CSR are also found to have a positive relationship with normative commitment. Normative commitment is the sense of duty, thus it is not surprising that there is a positive relationship. Finally, in terms of the relationship between Internal CSR and continuance commitment, the study found that there is no significant positive relationship between the factors. Al-bdour *et al*. (2010) stated that this is because employees might perceive a lack of alternatives and thus staying in the organizations as leaving might cost them more.

Figure 2.6 Seven dimensions of Internal CSR and Commitment
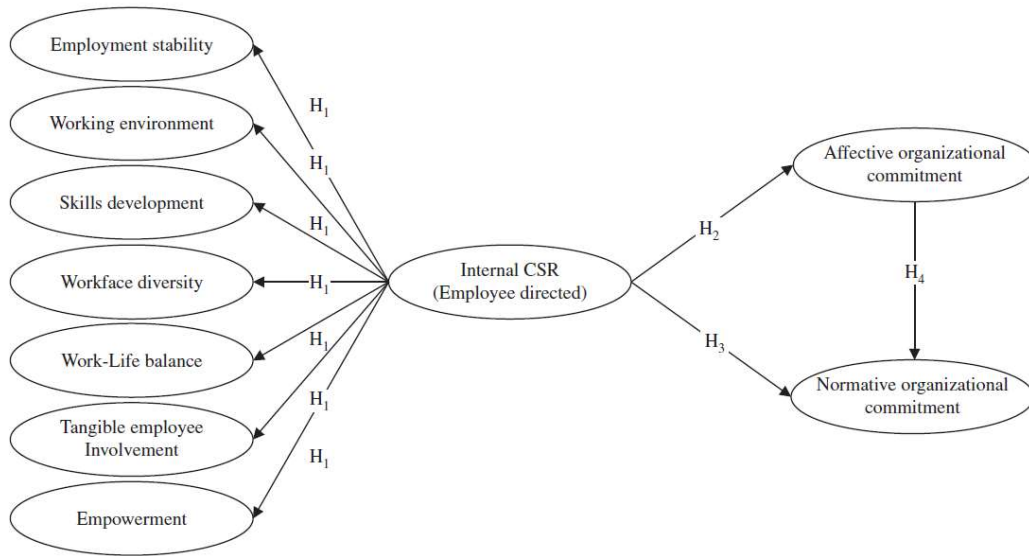
Source: Mory, Wirtz & Göttel (2015)

Similarly, Al-bdour *et al.* (2010), a research was done by Mory, Wirtz and Göttel (2015) which studied the relationship between Internal CSR and organizational commitment. According to the figure, Mory, Wirtz & Göttel (2015) used a seven-dimension CSR model and 2 dimensions for organizational commitment, namely affective and normative. The study found that in terms of Internal CSR, skills development is the most significant factor followed by, work-life balance, working environment, employment stability, empowerment, workface diversity and tangible employee involvement. In terms of the relationship between the factors, Mory, Wirtz & Göttel (2015) found that internal CSR has a direct positive relationship with affective organizational commitment of employees. The study also found that internal CSR has a significant positive relationship with normative organizational commitment of employees. In terms of the relationship between affective organizational commitment and normative organizational commitment, affective organizational commitment has a mediating effect on normative organizational commitment.

Figure 2.7 CSR towards happiness and innovativeness
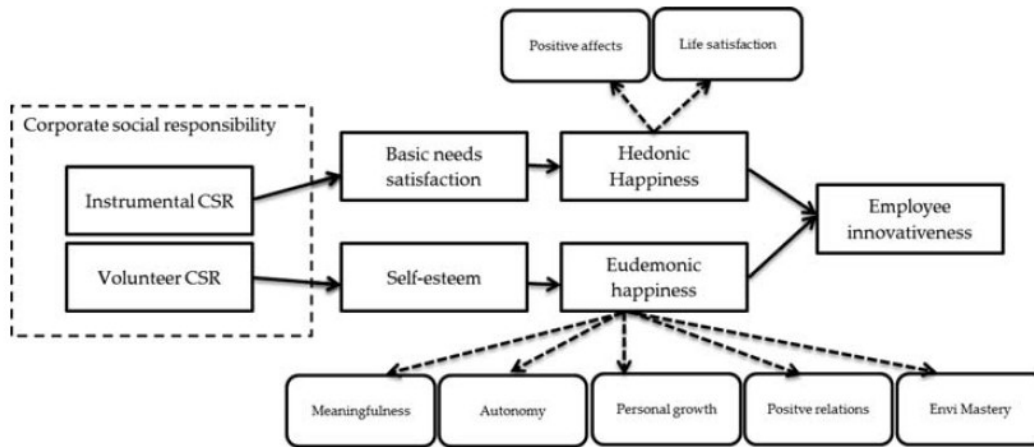
Source: Bibi *et al*. (2021)

The figure shows the theoretical framework produced by Bibi *et al*. (2021). The research introduced six hypotheses from the figure. The study found that instrumental CSR potentially has a positive impact on hotel employees' basic needs satisfaction. On the other hand, volunteer CSR has a positive significant impact on hotel employees' self-esteem. Need satisfaction has a significant positive impact on hedonic happiness, while self-esteem has a significant positive impact on eudemonic happiness. Bibi *et al*. (2021) found that both hedonic happiness and eudemonic happiness has a positive impact on employees' innovativeness.

2.6 Conceptual Framework

A conceptual framework is created for this research based on past literature reviews, models and past theoretical frameworks. The factors in the conceptual framework consist of internal CSR, employees' happiness and employees' innovativeness.

Figure 2.8 Research Framework
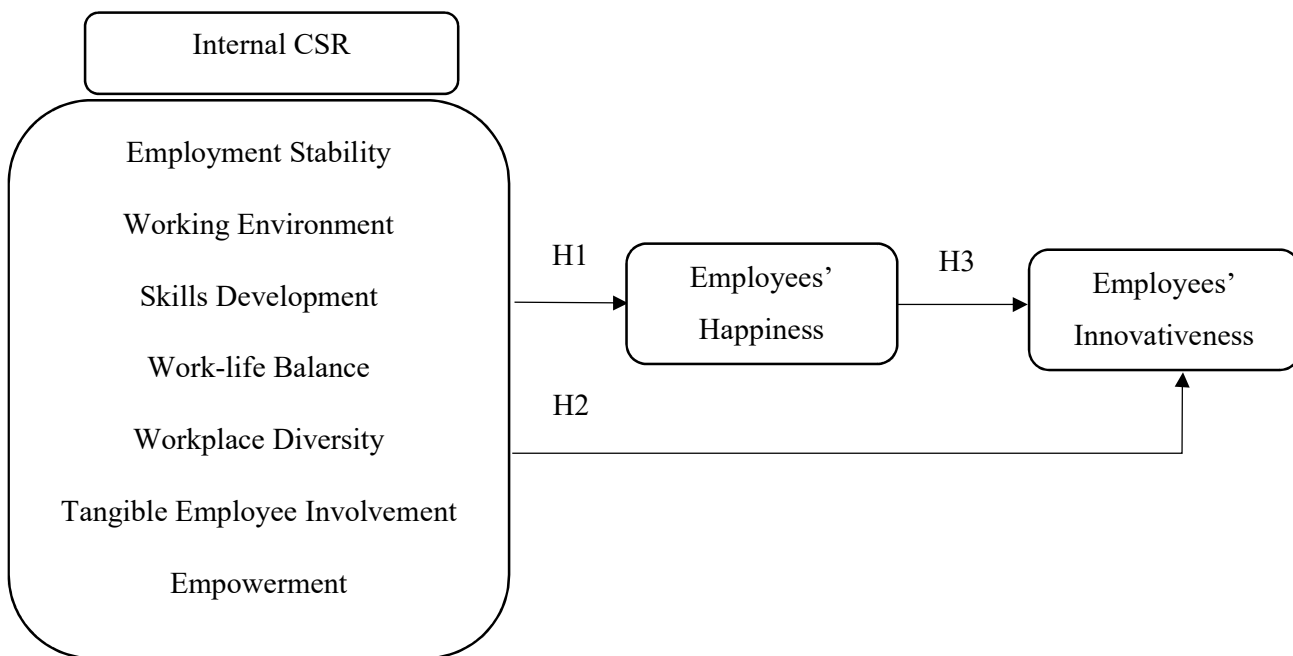
Source: Self-Developed

2.7 Hypotheses Development

2.7.1 Internal CSR and Employees' happiness

Espasandín-Bustelo, Ganaza-Vargas and Diaz-Carrion (2021) studied the relationship between Internal CSR and the level of happiness of employees. The study performed partial least squares on 921 employees of different firms in Spain. The study found that internal CSR indeed enhances the happiness of employees. Organizations could play a role in fostering internal CSR into their culture and provide employees with feature and ad hoc culture like flexibility, increase in innovation and creativity, autonomy and communication with employees and employee training.

Gorovei (2020) studied what made employees happy and the role of CSR in solving the problems. The research stated that job insecurity is the main factor that causes employees to feel unhappy. This is followed by working hours, stating that overtime could negatively affect an employees' happiness. An employee perceived to have control on their work is more likely to feel a degree of satisfaction and increase their happiness. Increased pressure from the management will also negatively affect the employees' well-being. Thus, internal CSR practices can be used to prevent or reduce employee sadness (Kirmeyer & Dougherty, 2006).

Furthermore, Bauman and Skitka (2012) discussed the effects of CSR on employees and the way it can affect an organization. It concluded that CSR has an effect on employees' happiness. A framework was created that links the relationship between CSR and employees, activities of the organizations and behavioural outcome. The study stated that those activities that created happiness are linked with psychological processes. Bibi *et al*. (2021) also agree with the findings stating that Instrumental CSR has a slight positive relationship with hedonic happiness and volunteer CSR has a significant positive relationship with eudemonic happiness. With this in mind, the following hypothesis is developed:

H_1: There is a significant positive relationship between Internal CSR and employees' happiness.

2.7.2 Internal CSR and Employees' innovativeness

Szelągowska-Rudzka (2016) discussed the relationship between CSR and innovativeness in an organization. The study stated that CSR strategies can bring an innovative approach to organizations. Implementing CSR will take into consideration the social and environmental goals, which will create an innovative mind-set for the employees and increase organization innovativeness. CSR practices can be used to foster responsible activities and provide a groundwork for innovative ideas, thus have a competitive advantage. Innovation or partial innovation will be more natural as organizations start to implement new innovations based on CSR. This can lead to the creating and increasing of innovativeness. Environmental CSR can also enhance the innovativeness of SMEs (Forcadell, Úbeda & Aracil, 2021). The study also stated that ECSR promotes innovativeness in firms and can be the catalyst for non-innovative organizations to start innovation. Such as promoting green energy that help improving the organization's image while saving the environment.

Luo and Du (2014) investigated the link between CSR and innovation in firms. CSR programs can enable organizations to facilitate sharing of external knowledge to each other, which can increase organizational innovativeness. The data found that organizations with greater CSR activities tend to have higher innovative capability. This includes launching new products or services more frequently. Thus, the study concluded that there is a positive relationship between CSR and innovativeness, where organizations invested in research and development have a competitive advantage. The results are similar to Korra, Giotopoulos and Tsakanikas (2018) which stated that CSR practices can become drivers of innovation when the organization lacks resources such as during the crisis in Greece. Bibi *et al*. (2021) stated that employee innovation can increase if the employee is happy. The study shows that CSR has an indirect positive relationship with employees' innovativeness. For this study, Internal CSR is hypothesised to have a positive relationship with employees' innovativeness. Hence, H2 is formulated as follows:

H_2: There is a significant positive relationship between Internal CSR and employees' innovativeness.

2.7.3 Employees' happiness and Employees' innovativeness

Abdullah *et al*. (2016) identified the influence of employees' happiness on employees' innovativeness. The study was conducted in Malaysia and studied the impact of happiness on innovativeness and commitment. The study concluded that there is a positive relationship between happiness and innovativeness. When an employee is happy, they become more creative and innovative. This can enhance the participation of the employee and positively affect the organization.

Aldieri, Bruno and Vinci (2020) addressed the relationship between innovativeness and the well-being of individuals. The study used income, technology, inequality and unemployment for elements of innovativeness. It was concluded that there is a significant relationship between innovativeness and well-being. Thus, innovativeness and happiness are drivers that foster entrepreneurial initiative and intellectual property (Usai, Orlando & Mazzoleni, 2020).

Bibi *et al*. (2021) stated that hedonic happiness and eudemonic happiness has a significant positive relationship with employees' innovativeness. Employees' innovativeness requires the employees' willingness to innovate. Willingness requires the employee to be motivated and satisfied, thus happiness can positively affect innovativeness. Maslow's needs theory supports this idea where satisfaction starts with basic needs and growth needs. This includes concerns on the employees' well-being. The employee can reach the stage of self-realization only when the needs are achieved. This is when the employees are able to utilize their full potential and innovate while becoming more creative in the job (Maslow, 1943). Happiness can motivate individuals for personal growth and contribute to organization and society and can lead the employee to perform beyond their expectation (Bibi *et al*., 2021). Henceforth, the H3 is formulated:

H_3: There is a significant positive relationship between employees' happiness and employees' innovativeness.

2.8 Chapter Summary

This chapter provides the literature review on the relevant topics covered in the research such as Internal CSR practices, employees' happiness and employees' innovativeness. The theories and concepts of internal CSR practices, employees' happiness and employees' innovativeness has been discussed. A conceptual framework was created with the knowledge of the relevant models and past theoretical frameworks. The hypotheses of the study are then developed based on the extensive literature reviews. The methodology of the research will be discussed in the following chapter.

Chapter 3 Methodology

3.0 Introduction

A research methodology is an experimental and precise search for relevant facts. Characterizing and redefining topics, developing a theory or hypothesis, acquiring, sorting, and evaluating data, and reaching conclusions are all part of research. Finally, the results will be tested to see whether they matched the assumptions that were made for the study.

The main objective of this research is to examine the inter-relationship among internal CSR practices, happiness and innovativeness among employees in Malaysia during a pandemic. The chapter covers the research design, data collection methods, sampling design, research instrument, construct measurement, data processing and data analysis.

3.1 Research Design

Research design is the strategy used to combine multiple elements of a study to ensure the research is coherent and logical. Having a good and accurate research design is essential as it acts as a blueprint for the whole research. Thus, a research described as the master plan that provides logical decision-making and problem solutions for a course of action (Zikmund, Babin, Carr & Griffin, 2010). The study outline determines the type of research to be conducted. This includes, descriptive or experimental, the research questions, the variables chosen, the hypotheses, data collection techniques and the ways to analyse the data (Jalil, 2013).

Research can be divided into multiple different kinds of research types, the more common research types can be classified as descriptive, correlation, causal and experimental research (Sekaran & Bougie, 2013). The research conducted will be focusing on quantitative research and descriptive study.

3.1.1 Quantitative Research

A quantitative research is the process of assembling and interpreting numerical data (Bhandari, 2021). This can include interpreting patterns, calculating averages, making predictions and evaluating causal linkage. A quantitative research method is used to conduct hypothesis testing on the information collected for the research purpose. This data collection method is usually via distribution of questionnaires to the target respondents (Sekaran & Bougie, 2013). The purpose of selecting quantitative research is to generate and apply multiple numerical models on the quantifiable information gathered in the form of numbers such as percentage, rates etc. (Zikmund, Babin, Carr & Griffin, 2010). Quantitative research is commonly used in the business field as the data can be easily analysed. This is completely opposite of qualitative research which presents itself non-numerically in the form of text, audio or video.

In this research, self-developed closed-ended questionnaires are used to collect the data information. The data calculated will then be analysed and tabulated in a statistical manner.

Self-developed questionnaires are commonly used as it can save time for the respondents to answer without the assistance of others (Zikmund, Babin, Carr & Griffin, 2010). Besides that, most respondents will be unwilling to give long feedback answers or individual interviews as they tend to be troublesome. This can be avoided by using questionnaires. Furthermore, the method encourages participation from respondents as it provides confidentiality on the respondents' information and can provide more accurate results from the respondents (Creswell, 2013).

3.1.2 Descriptive Study

Descriptive study is often used to characterise a population or context through a precise research manner. Descriptive study can be used to answer different questions on what, where, when, and how. However, it cannot be used to answer questions concerning why. Descriptive study can help paint the bigger picture of the results regarding Internal CSR practices, happiness and innovativeness in employees of different backgrounds. A descriptive research plan can be used to study multiple variables using a wide range of different research methodologies. In the research, demographic questions are included such as gender, age, study qualification etc. These questions can be further analysed in the study such as finding out the difference between genders in terms of the results.

3.2 Data Collection Methods

3.2.1 Primary Data

Primary data is collected directly from primary sources utilising methods such as interviews, surveys, and experiments (Ajayi, 2017). Primary data is the data obtained directly from the source. In this instance the survey questionnaires will be given to different individuals for the purpose of the research. Primary data sources are frequently chosen and tweaked to meet the goals and criteria of a research project, whereby the target population will be set before the collection of data. Primary data is acquired in this study by the distribution of self-administered questionnaires. The use of a questionnaire is to obtain the most up-to-date information and enable response in a short span of time. Primary data will be gathered for the research purposes

through questionnaires that are developed for the specific objective. Structured questionnaires will then be used to collect the quantitative data.

3.2.2 Secondary Data

Secondary sources, on the other hand, relate to data that has already been obtained by someone else (Ajayi, 2017). Secondary data is information obtained by a third party who is unrelated to the study effort and who did it for a different cause and at a different time in the past. In this research, journals from multiple sources such as UTAR search engine, Emerald, Scopus and ScienceDirect are used. The information utilized are from past literature reviews, journals, books or other relevant sources. The structured questionnaires will be based on reliable journals to ensure reliability and validity (Oden, 2021). Secondary data such as journals will be studied to provide insight for the research.

3.3 Sampling Design

3.3.1 Target Population

The complete collection of units from which survey data will be utilised to make inferences is referred to as the target population for a survey. Thus, the definition of the target population will directly decide whether respondents are eligible for the survey (Lavrakas, 2008). For this research, the target population are employees currently employed in Malaysia during the time period of 2021 to 2022. The sampling size of the survey is estimated to be around 350 respondents, as the survey forms will be sent to respondents via an online form service - Microsoft Form.

3.3.2 Sampling Size

The target sample size for this study is around 350 respondents from Malaysia that are currently employed during the data collection time period. The respondents were selected randomly from the target population. According to Sekaran and Bougie (2010), the sample size has to be at least 30 respondents to satisfy the Central Limit Theorem. Central Limit Theorem explains that once a sample size gets larger, the distribution of the sample will approximate to normal

distribution regardless of the distribution of the population. Thus, it is important for the research to satisfy the criteria of the Central Limit Theorem. Additionally, according to Saunders *et al*. (2012), 350 respondents are sufficient to represent the total population.

3.3.3 Sampling Elements

During the sampling phase, it is virtually impossible for the research to reach all individuals in the target population. According to the Department of Statistics Malaysia (2021), 68.3% of employable Malaysians are currently working. Converting to figures, this is around 15.97 million people. It is nearly impossible to be able to survey everyone in the target population since the number of respondents is too large. As a result, a smaller sample is used to represent the entire population. This implies that any employees from organizations that are related to the research's goal will be chosen as sample units.

3.3.4 Sampling Technique

Sampling techniques can be split into two different categories, namely probability sampling and non-probability sampling. Probability sampling selects respondents based on statistical methods such as randomization or computer generation. This can be more accurate but time-consuming and costly. On the other hand, non-probability sampling is selection of participants based on non-randomized methods. The respondents will be picked subjectively and there is a risk of conceivable bias (Sekaran & Bougie, 2010).

For the current research, the non-probability method is more suitable. Non-probability techniques tend to be more efficient in gathering feedback, as it does not depend on randomization. The method is also convenient in gathering information and costs less compared to probability methods. Besides that, non-probability techniques can save time and are more suitable due to the time constraint of the research.

Current research uses convenience sampling and snowball sampling. Convenience sampling is a non-probability sampling technique whereby samples can be gathered from a group of people

that are easy to reach (Saunders, Lewis & Thornhill, 2012). In this research, the researcher will send the questionnaire/ survey through online means such as Facebook, WhatsApp, Twitter and other means to the respondents. Online surveys are used rather than face to face surveys to adhere with the government's policies of social distancing and standard operation procedure during the Covid-19. Besides that, a sub-method for snowball sampling called virtual snowball sampling will also be used. Snowball sampling is also a non-probability sampling technique where respondents will recruit their friends or acquaintances to conduct the survey (Goodman, 1961). With the nature of online surveys, respondents with numerous friends are more likely to be included in the sample, because this will increase the sample size as it is natural for respondents to send the survey to their contacts.

3.4 Research Instrument

3.4.1 Questionnaire Design

A questionnaire design should be clear and straightforward for respondents. This is because a good questionnaire design can enable respondents to pick and choose the most appropriate response based on their perspectives. A suitable questionnaire design can also assist in enabling smoother data collection and calculation of results. In this study, the questionnaires consist of section A, B and C.

Section A includes general demographic questions. The main aim is to gather the respondent's details to analyse the results. This section comprises 6 questions which include, gender, age, ethnicity, marital status, highest education level, years working with current organization and job position. Respondents are required to choose the most appropriate fixed answer for the questions.

Section B focuses on the seven core dimensions of Internal CSR practices. The seven components of CSR comprises working environment, employment stability, skills development, workplace diversity, work-life balance, tangible employee involvement and empowerment. Section C includes questions concerning employees' happiness and employees'

innovativeness. Seven-point Likert scale questions are used in Section B and Section C to determine the importance of the factors stated by respondents. Respondents can express or rate statements in terms of how significant they are by utilising Likert scale questions in the questionnaire.

3.4.2 Pilot Test

Bird and Dominey-Howes (2008) stated that it is important to conduct a pilot test before releasing the actual questionnaire. A pilot test is used to make sure the data is accurate and worthwhile. Pilot test is often used before publishing the actual questionnaires to improve the efficiency and reduce errors such as typing error, sentence error or other errors. To conduct the pilot test, 10% of the actual sample size is usually used. In this case, 30 respondents were surveyed. The pilot test's reliability is tested using SPSS, and the results are as follows:

Table 3.1 Pilot Test

Variables	Cronbach's Alpha
Employment Stability	0.942
Working Environment	0.922
Skills Development	0.943
Work-life Balance	0.724
Workplace Diversity	0.903
Tangible Employee Involvement	0.904
Empowerment	0.934
Happiness	0.921
Innovativeness	0.925

Source: Self-Developed

The table shows that most of the variables have a Cronbach alpha value of above 0.90 except for Work-Life Balance. The Cronbach Alpha value for Work-Life Balance is 0.724. According to Bird and Dominey-Howes, (2008), a Cronbach Alpha value of above 0.7 is considered as highly reliable and consistent. Thus, all the variables have good reliability. With that said, the inter-item analysis for Work-Life Balance is checked to see if the value can be improved.

Table 3.2 WLB Cronbach Alpha

Item	Cronbach's Alpha If Item Deleted
WLB1	0.611
WLB2	0.543
WLB3	0.662
WLB4	0.816

Source: Self-Developed

According to the table, removing item 4 will increase the Cronbach Alpha value to 0.816 from 0.724. This can be taken into consideration during the actual results if the Cronbach's Alpha value is not satisfactory for Work-Life Balance.

3.5 Construct Measurement

3.5.1 Scale Measurement

In this research, questionnaire is used as the instrument to collect data from respondents. There are four common scales of measurement, which are nominal, ordinal, interval and ratio scale. In this research, nominal, ordinal and interval scale will be used. For the demographic questions, both nominal and ordinal scale will be used. Nominal scales require no quantitative value and can only be classified, while ordinal scales are classified and ordered.

As for Section B and C, an interval scale which is the seven-point Likert scale will be conducted. Interval scale can be labelled in numerical value, classified and ordered. It provides a specific interval for the options of the variable. Section B is based on CSR, while Section C is based on happiness and innovativeness. Using a Likert scale will allow respondents to select how much they agree or disagree with the statement of the question. A 7-point Likert Scale is shown below:

Table 3.3 Likert Scale

	Strongly Disagree	**Disagree**	**Somewhat Disagree**	**Neutral**	**Somewhat Agree**	**Agree**	**Strongly Agree**
Coded Value	1	2	3	4	5	6	7

Source: Self-Developed

3.5.2 Origin of Construct

Table 3.4 Origin of Construct

Section	Information	Items	Adopt from
A	Demographic Profile	7	-
B	Internal Corporate Social Responsibility (CSR)		Mory, Wirtz & Göttel (2015)
	- Employment Stability	5	
	- Working Environment	5	Al-bdour *et al.*(2010)
	- Skills Development	5	
	- Work-life Balance	4	
	- Workplace Diversity	4	
	- Tangible Employee Involvement	4	
	- Empowerment	4	
C	Happiness	5	Chaiprasit & Santidhiraku (2011) Hills & Argyle (2002)
	Innovativeness	4	Unsworth, Wall & Carter (2005) Goldsmith (1991)

Source: Self-Developed

In terms of the origin of the construct, the journals where the questions are adopted from are appropriately referenced. Section A was self-developed with inspiration from past journals. Section B was adopted from Mory, Wirtz and Göttel (2015) and Al-bdour *et al*. (2010). Section

C includes happiness and innovativeness. Happiness was adopted from Chaiprasit and Santidhiraku (2011) and Hills and Argyle (2002), while innovativeness was adopted from Unsworth, Wall and Carter (2005) and Goldsmith (1991).

3.6 Data Processing

Data processing is a critical step in improving the accuracy and quality of the final questionnaire. It might ensure that the main data used in the study is usable and beneficial for the study.

3.6.1 Questionnaire Checking

Questionnaire checking is used to avoid problems such as incorrect spelling, phrases, and misreading questions in questionnaires (Zikmund *et al*., 2010). The checking is done to ensure questions are straightforward and understandable and so that any errors or mistakes will be avoided during the data collection procedure.

3.6.2 Data Editing

This step assists in fixing the problem that was discovered earlier in questionnaire checking by altering it to improve the readability of the output before the data is registered into the system (Zikmund *et al*., 2010). Incomplete and inconsistent questionnaires will be handled. Incorrect information filled by the respondent will also be eliminated to ensure the data's reliability and truthfulness. While using the online survey questionnaire, specific settings have been established to prevent respondents from skipping any questions before proceeding.

3.6.3 Data Coding

Data coding is the process of converting variables and data into numbers so that it can be analysed easily by using analysis programs. For section B and section C, the answers are coded as strongly disagree as 1, disagree as 2, somewhat disagree as 3, neutral as 4, somewhat agree as 5, agree as 6 and strongly agree as 7.

3.6.4 Data Testing

Using analysis programs, the data and the results will be tested. The data will be validated as it is sensible and should be accepted. Invalid data will be removed from the program alongside extreme values that fall beyond the boundaries. This includes checking variables that are redundant and can be removed.

3.6.5 Data Cleaning

Data cleaning is a process that checks, detects and takes action to omission response (Sharma, 2020). Using either Microsoft Excel or SPSS, incorrect values and outliers can be identified easily. Thus, it would be easy to check the mistakes in the coded questionnaires and remove or transform missing values. Data cleaning can remove irrelevant values, getting rid of duplicate values, checking typos, converting data type and taking care of missing values (Sharma, 2020). This can be done by either removing the missing value or transforming the missing value using mean or median. In this study, the data will be checked thoroughly before removing or transforming values.

3.7 Data Analysis

3.7.1 Descriptive Analysis

Descriptive analysis is the process of summarising demographic information from respondents in a study using tables, graphs, bar charts, pie charts, and other visual aids. A clearer picture of the demographic data and a better comprehension of the respondents will be discovered using this analysis. For the demographic questions, descriptive analysis will be done to visualize the data. Frequency table is also used to tabulate the data. The maximum frequency of the result was clearly represented in the frequency distribution table, which is typically used to illustrate the demographic information.

3.7.2 Internal Reliability Test

The degree of consistency of the data obtained is shown in a reliability analysis. Every variable is subjected to a reliability examination, and Cronbach's Alpha is the most appropriate metric for calculating the average coefficient resulting from the combination of all variables of the study. The Cronbach's Alpha degree of strength is shown in the table below, with the greater the coefficient, the more dependable the result will be. Cronbach Alpha is used to identify the components of the study, as shown below.

Table 3.5 Cronbach Alpha Strength Association

Alpha Coefficient	Strength of Association
<0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
≥ 0.9	Excellent

Source: Hair *et al*. (2007)

3.7.3 Pearson Correlation Matrix

Sekaran and Bougie (2013) stated that the Person Correlation Matrix can be used to identify the strength of correlation along with the direction. A positive correlation implies that there is a positive link between the variables, while a negative correlation coefficient implies that the variables have a negative correlation. The strength of correlation becomes stronger when the value is nearer to 1.0, which is explained in the table below.

Table 3.6 Pearson Correlation Table

Correlation Coefficient	Strength of Correlation
$1.0 = |r|*$	Perfect Correlation
$0.6 \leq |r| < 1.0$	Strong Correlation
$0.4 \leq |r| < 0.6$	Moderate Correlation
$0.0 < |r| < 0.4$	Weak Correlation
$0.0 = r$	No Correlation

Source: Mcseveny *et al*. (2009)

3.7.4 Collinearity Assessment

Collinearity analysis is to test whether the model has multi collinearity. Variance inflation factor (VIF) can be used to identify the correlation between the variables. VIF can also be used to check the strength of the correlation. Variance Inflation Factor (VIF) and tolerance is used to determine multicollinearity. A tolerance value of below 0.1 and a VIF value that is greater than 10 is considered to be multi-collinear.

3.7.5 Linear Regression

A method for determining the relationship between a dependent variable and multiple independent factors is known as multiple regression analysis (Sekaran & Bougie, 2013). A comprehensive understanding of the association between independent factors and dependent variables can be acquired. For this study, the three separate models. H_1 is where the seven CSR dimensions are the independent variable while happiness is the dependent variable. H_2 takes the seven CSR dimensions as the independent variable and innovativeness as the dependent variable. Finally, H_3 is where happiness is the independent variable and innovativeness is the dependent variable.

This study will include the coefficient of correlation (R), coefficient of determination (R^2), Beta coefficients (βi) and p value. R is the correlation between the independent variable and the dependent variable(s), while the R^2 indicates the percentage of variation in the dependent variable that can be explained by the independent variables. A larger percentage value indicates that there is a strong power between the independent and dependent variables.

β explains that if the independent variable increases by one unit, the dependent variable will increase by one unit. Among those three variables, the independent variable that has the greatest effect on the dependent variable will be determined. α is the intercept value, this explains the dependent variable starting value when all the independent variables are valued at 0. The relationship between the independent variable and the dependent variable is acknowledged when the significance value is met or when the P value of the variable is less than 0.05. Thus, the significant level is 0.05. Therefore, if the p value is less than 0.05, the H_0

is rejected and there is sufficient evidence to conclude that there is a significant relationship between the variables. For cases in which the P value is greater than 0.05, do not reject H_0, there is insufficient evidence to conclude that there is a significant relationship between the variables.

3.8 Chapter Summary

The methods to carry out the research were specified in the chapter. This includes the research design, data collection method, sampling design, research instrument, construct measurement, data processing and data analysis. Analysis of data will be described and explained in the following chapter.

Chapter 4 Data Analysis

4.0 Introduction

The main objective of the research is to study the relationship between internal CSR practices, employees' happiness and employees' innovativeness. This chapter will analyse the data collected from the questionnaire developed in the previous chapter. A total of 305 questionnaires were answered remotely online via Microsoft Form. Next, Microsoft Excel, SPSS and SmartPLS was used for data analysis. The findings of the research will be presented in this chapter.

Firstly, this chapter will cover the frequency analysis and descriptive analysis in the form of tables and figures. Inferential analysis will then be used to explain the measurements and models developed for the research. Finally, the results will be discussed and used to explain the relationship between the variables studied. This will include the hypotheses testing and a concluding framework.

4.1 Frequency Analysis

305 respondents were collected from the distribution of survey forms. As the target sampling size is 350 respondents, the response rate of the survey is 87.14%. Section A of the survey forms consist of the demographic profile. This includes gender, age, ethnicity, marital status, highest education level, years working with the current organization and job position. The demographic profile of the respondents will be analysed and presented using charts and tables.

4.1.1 Gender

Table 4.1 Frequency Table for Gender

Gender	Frequency	Percentage (%)
Male	144	47.21
Female	161	52.79
Total	305	100

Source: Self-Developed

Figure 4.1 Pie Chart for Gender
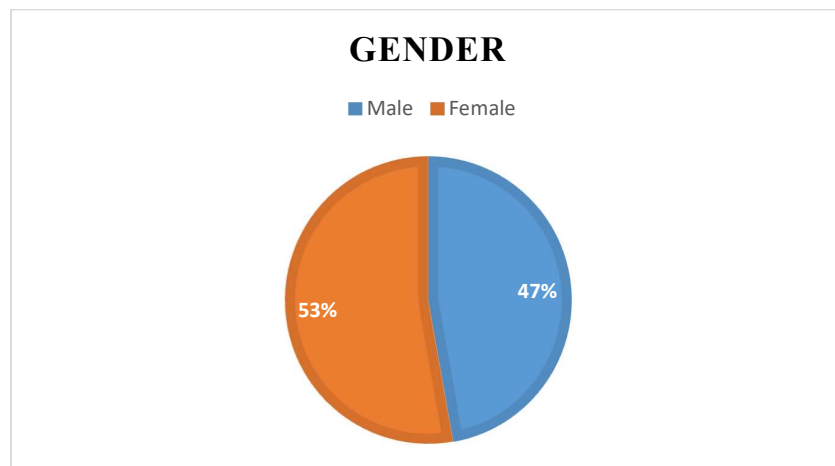
Source: Self-Developed

The table and figure above shows the gender of the respondents. The results show that there is a slight majority of respondents that are female. 144 respondents (47.21%) are male, while 161 respondents (52.79%) are female.

4.1.2 Age

Table 4.2 Frequency Table for Age

Age	Frequency	Percentage (%)
19 and below	13	4.26
20-25	127	41.64
26-30	45	14.75
31-35	30	9.84
36-40	25	8.20
41 and above	65	21.31
Total	305	100

Source: Self-Developed

Figure 4.2 Bar Chart for Age
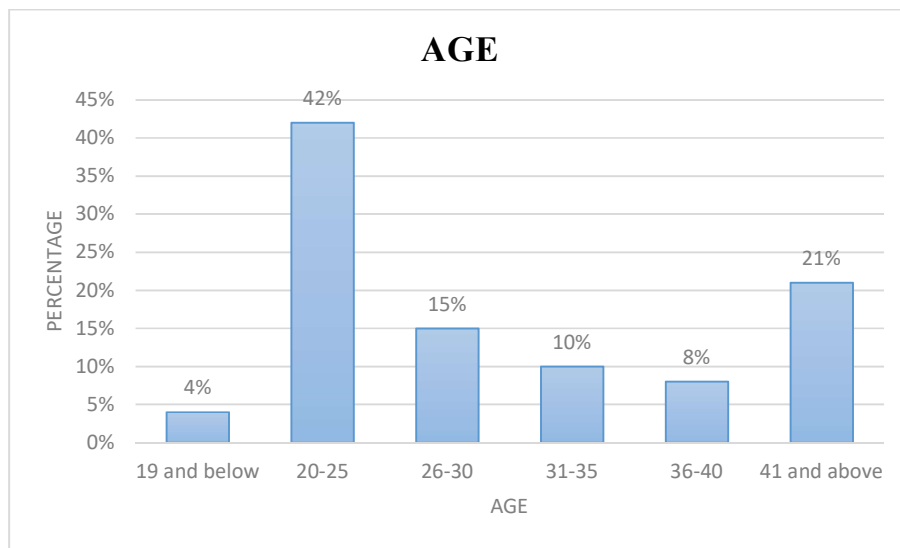
Source: Self-Developed

The table and figure above represents the age group of the respondents. A majority of respondents are aged 20-25, which is 41.64% (127 respondents). The second highest frequency is 41 and above at 65 respondents (21.31%). This is followed by 26-30 at 45 respondents (14.75%), 31-35 at 30 respondents (9.84%), 36-40 respondents at 25 respondents (8.2%) and finally 19 and below at 13 respondents (4.26%).

4.1.3 Ethnicity

Table 4.3 Frequency Table for Ethnicity

Ethnicity	Frequency	Percentage (%)
Chinese	175	57.38
Malay	81	26.56
Indian	49	16.07
Total	305	100

Source: Self-Developed

Figure 4.3 Pie Chart for Ethnicity
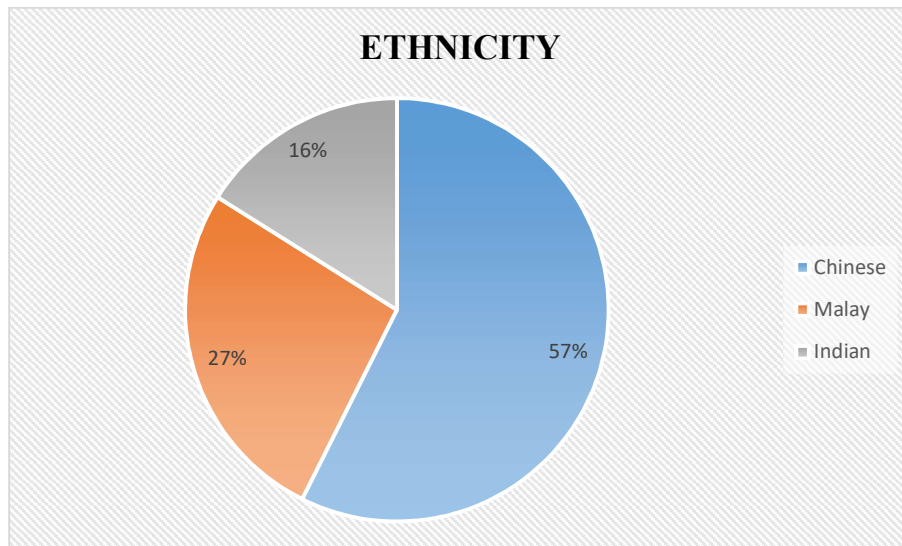
Source: Self-Developed

As presented in the frequency table and pie chart above, most of the respondents are Chinese at a respondent count of 175 (57.38%). This is more than half of the respondents of the questionnaires. This is followed by Malay and Indian at 81 (26.56%) and 49 (16.07%) respondents respectively.

4.1.4 Marital Status

Table 4.4 Frequency Table for Marital Status

Marital Status	Frequency	Percentage (%)
Single	203	66.56
Married	98	32.13
Other	4	1.31
Total	305	100

Source: Self-Developed

Figure 4.4 Bar Chart for Marital Status
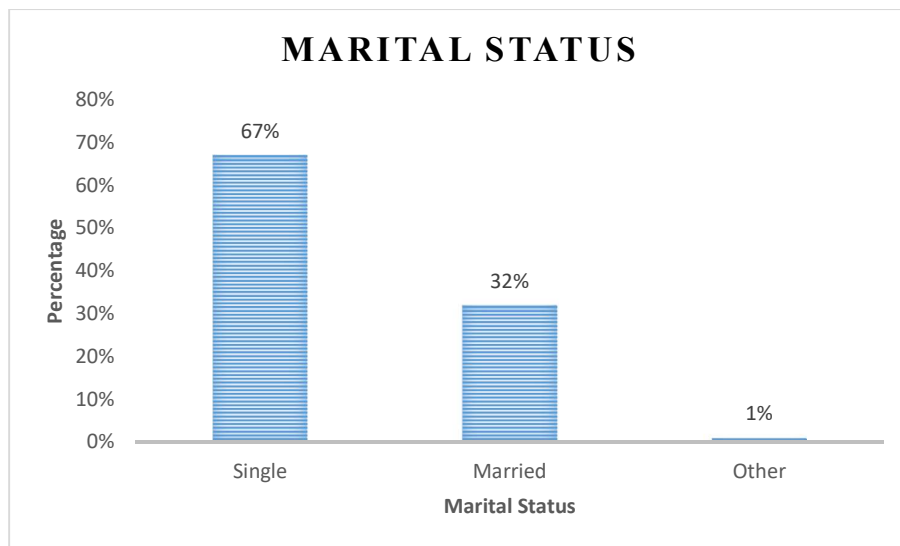
Source: Self-Developed

The bar chart and table above represents the marital status of the respondents. A large majority of respondents – 203 respondents (66.56%) are single. 98 respondents (32.13%) are currently married. In terms of the respondents that chose others, 3 respondents (0.98%) are divorced, while 1 respondent (0.33%) is a widower.

4.1.5 Highest Education Level

Table 4.5 Frequency Table for Highest Education Level

Highest Education Level	Frequency	Percentage (%)
SPM and equivalent	72	23.61
Diploma and equivalent	40	13.11
Bachelor Degree/ Professional Degree and equivalent	150	49.18
Masters/ PhD and equivalent	43	14.10
Total	305	100

Source: Self-Developed

Figure 4.5 Bar Chart for Highest Education Level
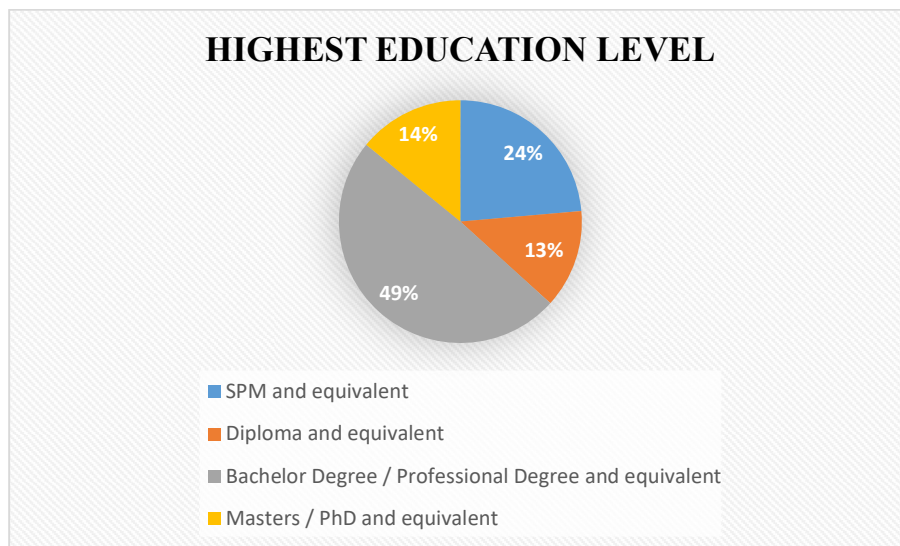
Source: Self-Developed

The table and figure above represents the highest education level achieved by the respondents. Almost half of the respondents currently hold a Bachelor Degree/ Professional Degree and or equivalent at a frequency of 150 respondents (49.18%). This is followed by SPM or equivalent at 72 respondents, 23.61%, Masters/ PhD or equivalent at 43 respondents (14.10%) and Diploma or equivalent at 40 respondents (13.11%).

4.1.6 Year(s) working with current organization

Table 4.6 Frequency Table for Year(s) working with current organization

Year(s) working with current organization	Frequency	Percentage (%)
Less than 1 year	122	40.00
1-3 years	93	30.49
3-5 years	26	8.52
More than 5 years	64	20.98
Total	305	100

Source: Self-Developed

Figure 4.6 Bar Chart for Year(s) working with current organization
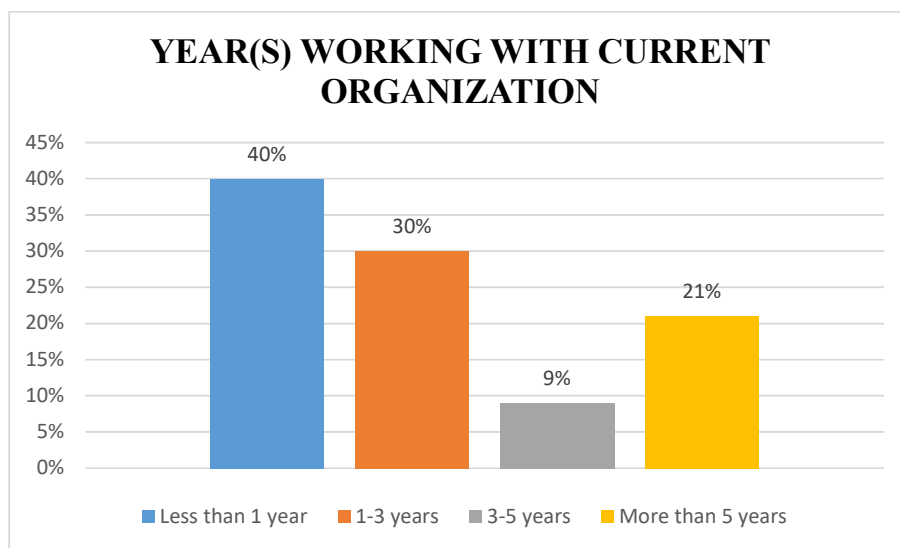
Source: Self-Developed

The bar chart and frequency table above represents how long the respondents have worked in their current organization. A majority of respondents work for less than 1 year at a frequency of 122 respondents (40%). 30.49% of respondents (93 respondents) have worked in their organization for 1 to 3 years. 20.98% of respondents (64 respondents) have worked for over 5 years in their respective organization. Finally, 8.52% of respondents (26 respondents) have worked around 3 to 5 years in their organization.

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4.1.7 Job Position

Table 4.7 Frequency Table for Job Position

Job Position	Frequency	Percentage (%)
Non-Management Level	139	45.57
Lower Level Management	66	21.64
Middle Level Management	45	14.75
Higher Level Management	55	18.03
Total	305	100

Source: Self-Developed

Figure 4.7 Pie Chart for Job Position
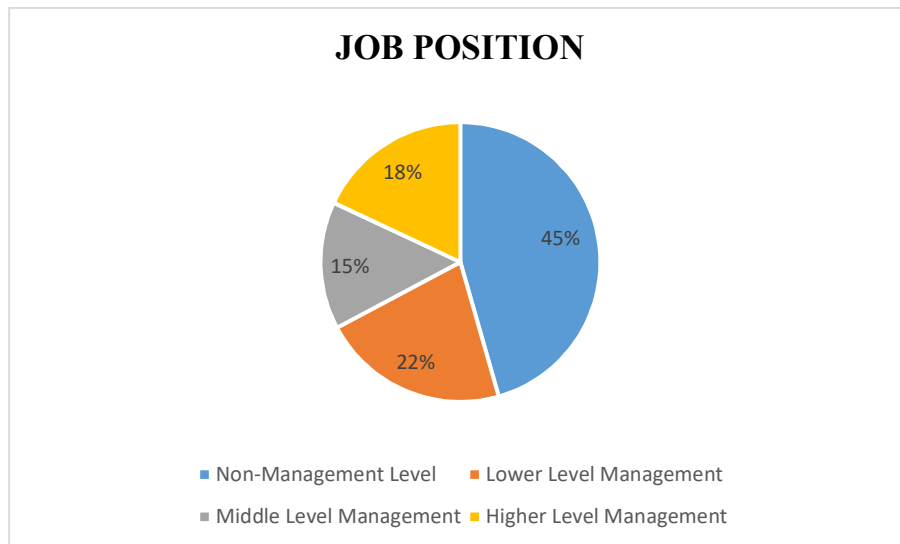
Source: Self-Developed

The pie chart and frequency table above indicates that 139 respondents (45.57%) are working at a non-management level. This means the remaining 166 respondents (54.43%) have a management level position in the organization. 66 respondents (21.64%) are currently lower level management employees, while 55 respondents (18.03%) are currently at a higher level management position. Finally, 45 respondents (14.75%) have a middle level management job position.

4.2 Descriptive Analysis

Descriptive analysis analyses the characteristics and reactions of the respondents to the particular topic. The analysis will allow the data collected from the survey to be presented in a summarized fashion.

4.2.1 Abbreviation Representation

In terms of the demographic profile, G represents gender, A represents age, E represents ethnicity, MS represents marital status, HEL represents highest education level, Y represents years working with the organization and JP represents job position.

The dimensions of internal CSR practices consist of employment stability (ES), working environment (WE), skills development (SD), work-life balance (WLB), workplace diversity (WD), tangible employee involvement (TEI) and empowerment (E). Employees' happiness is represented by H and employees' innovativeness is represented by I.

4.2.2 Construct Analysis

Table 4.9 Construct Analysis

	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
ES	5.276	5.6	1	7	1.244	1.287	-1.309
WE	5.275	5.6	1	7	1.287	1.43	-1.36
SD	5.115	5.6	1.2	7	1.321	0.618	-1.131
WLB	5.08	5.5	1	7	1.325	0.508	-1.084
WD	5.131	5.5	1	7	1.397	0.177	-1.037
TEI	5.14	5.5	1	7	1.445	0.773	-1.242
E	5.233	5.75	1	7	1.41	0.765	-1.259
H	5.199	5.6	1.4	7	1.351	0.68	-1.242
I	5.37	5.75	1	7	1.322	1.357	-1.444

Source: Self-Developed

The table above explains the construct analysis for the variables. The mean and the median of all the constructs are between 5 and 6, this means the average and middle point of the constructs is between somewhat agree and agree. All the constructs are represented in a 7 point Likert Scale. When taking into consideration the average of the constructs, the minimum and maximum value might vary. Thus, SD has a minimum value of 1.2 and employees' happiness has a minimum value of 1.4. Other constructs have a minimum and maximum of 1 and 7 respectively.

Standard deviation explain that the constructs deviate around one to two points from the average, this means the data is less favourable for strongly disagree and disagree. Excess kurtosis measures if the data is flatter or pointier than the normal bell shaped curve where a positive number signifies a taller histogram and a negative number signifies a flatter histogram (Bao, 2013). The excess kurtosis for all the constructs are positive, meaning the histogram is pointy. Skewness measure the symetricalness of the data. Positive skewness is when the data is skewed to the left side while negative skewness is when the right side of the histogram is more frequent (Bao, 2013). All the constructs are negative in skewness, which means the data is more prevalent on the right side (agree). The results state that the respondents agree more often than disagree for the survey questions.

4.3 Measurement Model Analysis

Table 4.10 will be used to represent the constructs and measure of the research. The loading, Cronbach's Alpha, rho_A, composite reliability and average variance extracted (AVE) will be discussed.

Table 4.10 Table of Factor Loading, Reliability and Validity

Construct	Measure	Factor Loading	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Empowerment	E1	0.935	0.938	0.939	0.956	0.844
	E2	0.929				
	E3	0.928				
	E4	0.883				
Employment Stability	ES1	0.899	0.914	0.916	0.935	0.744
	ES2	0.845				
	ES3	0.882				
	ES4	0.819				
	ES5	0.866				
Employees' Happiness	H1	0.942	0.942	0.947	0.956	0.813
	H2	0.933				
	H3	0.889				
	H4	0.912				
	H5	0.827				
Employees' Innovativeness	I1	0.916	0.924	0.924	0.946	0.815
	I2	0.918				
	I3	0.892				
	I4	0.884				
Skills Development	SD1	0.881	0.921	0.925	0.941	0.761
	SD2	0.879				
	SD3	0.813				
	SD4	0.887				
	SD5	0.898				
Tangible Employee Involvement	TEI1	0.910	0.93	0.931	0.950	0.826
	TEI2	0.918				
	TEI3	0.898				
	TEI4	0.909				
	WD1	0.852	0.914	0.914	0.940	0.796

Workplace Diversity	WD2	0.884				
	WD3	0.922				
	WD4	0.909				
Work-life Balance	WLB1	0.816	0.823	0.832	0.883	0.654
	WLB2	0.857				
	WLB3	0.808				
	WLB4	0.75				
Working Environment	WE1	0.917	0.924	0.930	0.943	0.768
	WE2	0.900				
	WE3	0.773				
	WE4	0.883				
	WE5	0.900				

Source: Self-Developed

4.3.1 Factor Loading

According to the table, the factor loading of the measure was shown in the measurement models of SmartPLS. Hair *et al*. (2010) stated that a factor loading of above 0.500 is considered a good and acceptable indicator for loading. From the table, WLB4 has the lowest loading value of 0.75 followed by WE3 at 0.773. The highest loading value is from H1 at a value of 0.942. All the values are above the threshold set by Hair *et al*. (2017) which is above 0.500. The loading values are considered reliable and efficient.

4.3.2 Reliability and Internal Consistency

The reliability and internal consistency of the research can be done using the Cronbach Alpha, rho_A and composite reliability. Lee Cronbach developed Cronbach's alpha in 1951 and it is used to measure the reliability and internal consistency of multiple question Likert Scale surveys (Salkind, 2015). The rule of thumb for Cronbach alpha states that a value above 0.7 is considered acceptable. Based on the table above, work-life balance has a value of 0.823, which

is considered good. All the other variables have a Cronbach's alpha value of above 0.9, which is considered excellent.

Raykov (1997) developed the Raykov's rho A, which is similar to Cronbach's Alpha. Rho A is also known as reliability rho and the purpose is to determine the reliability of a construct. Cicchetti (1994) stated that a rho value of above 0.8 is a good indicator for internal consistency, while 0.7 is the lower limit of an acceptable construct. The rho A value for all the constructs is above 0.9 besides work-life balance at 0.832. Thus, this indicates that the internal consistency of the constructs is reliable.

Composite reliability is another way to measure internal consistency. A reasonable threshold value can be anything above 0.6. The higher the number of items in the scale, the higher the reliability level will be (Fornell & Larcker, 1981). It is determined that the minimum threshold for a construct with four or more items is 0.8. All of the constructs in the table have a score of above 0.8, thus they are reliable constructs.

4.3.3 Convergent Validity

Convergent validity explains the closeness of the construct to other measures in the same construct. The construct should correlate with related variables and should not be related to non-similar variables (Krabbe, 2017). The average variance extracted (AVE) value can be used to check the convergent validity of the constructs. An AVE value is accepted if it is above 0.500 (Hair *et al.*, 2019). A convergent validity value of above 0.7 is preferred but a value of above 0.5 is still acceptable (Low & Bu, 2021). According to the table, all the AVE values are above the acceptable threshold of 0.5 with the lowest being 0.654 for work-life balance and highest being empowerment at 0.844.

4.3.4 Discriminant Validity

Table 4.11 Fornell and Larcker Criterion Table

	E	ES	H	I	SD	TEI	WD	WLB	WE
E	*0.919*								
ES	0.793	*0.862*							
H	0.871	0.844	*0.902*						
I	0.847	0.840	0.889	*0.903*					
SD	0.844	0.842	0.875	0.84	*0.872*				
TEI	0.875	0.848	0.881	0.832	0.868	*0.909*			
WD	0.862	0.808	0.886	0.834	0.872	0.893	*0.892*		
WLB	0.862	0.834	0.886	0.854	0.87	0.903	0.881	*0.808*	
WE	0.819	0.889	0.864	0.846	0.843	0.857	0.831	0.844	*0.876*

Source: Self-Developed

Note: Diagonals represent the square root of the average variance extracted while the other entries represent the correlations.

Fornell and Larcker (1981) developed the Fornell and Larcker Criterion to evaluate discriminant validity of structural models. The objective is to ensure there is no significant variance between the different variables. The results of discriminant validity by using the Fornell-Larcker criterion is shown in Table 4.11, where the square root of the AVEs on the diagonals, as represented by the bolded values, are higher than the correlations between constructs (corresponding row and column values). This indicates that the constructs are strongly related to their respective indicators compared to other constructs of the model (Fornell & Larcker, 1981), thus suggesting a good discriminant validity (Hair *et al.*, 2017). Hence, the discriminant validity of all constructs is achieved.

4.4 Structural Model Assessment

4.4.1 Collinearity Assessment

Table 4.12 VIF value table

Construct	H	I
E	5.468	5.740
ES	5.849	5.910
SD	6.192	6.348
TEI	8.560	8.573
WD	6.869	7.220
WLB	7.391	7.623
WE	6.294	6.491
H	*	7.852

Source: Self-Developed

Variance Inflation Factor (VIF) can be used to determine multicollinearity. Hair *et al*. (2018) stated that multicollinearity exists if the VIF value between the constructs is above 10. The recommended threshold for no multicollinearity is 3.3, however a VIF value of below 10 is still acceptable (Kock & Lynn, 2012). The general rule of thumb is that the VIF value should be below 10. A VIF value of above 10 is considered to have high multicollinearity and is problematic.

According to the table above, the highest VIF value is 8.573 for TEI and I, while the lowest VIF value is 5.468 for E and H. Since the values are below 10, it can be concluded that there is no high multicollinearity between the constructs. Thus, the constructs can be accepted as they are different and not collinear.

4.4.2 Pearson Correlation

Table 4.13 Correlation Matrix of Construct

	ES	WE	SD	WLB	WD	TEI	E	H	I
ES	1.00								
WE	0.887	1.00							
SD	0.835	0.835	1.00						
WLB	0.823	0.832	0.866	1.00					
WD	0.805	0.829	0.869	0.876	1.00				
TEI	0.846	0.859	0.862	0.899	0.891	1.00			
E	0.792	0.819	0.839	0.856	0.861	0.873	1.00		
H	**0.839**	**0.858**	**0.869**	**0.877**	**0.884**	**0.877**	**0.870**	1.00	
I	**0.839**	**0.841**	**0.834**	**0.840**	**0.833**	**0.831**	**0.847**	0.887	1.00

Source: Self-Developed

Pearson correlation is used to determine the association between different variables. In this sense, the dimensions of internal CSR practices and the variables employees' happiness and employees' innovativeness is used. The correlation between the factors should be positive as there is a positive relationship between the variables (Sekaran and Bougie, 2013).

From table 4.13, the lowest correlation value is between E and ES at 0.792, while the highest correlation value is between TEI and WLB at 0.891. This means there is a positive and high correlation between the variables. The correlation between the dependent variables and the dimensions of internal CSR practices can paint a picture of the most significant factor. From the table, WD is the most significant dimension for H, while E is the most significant dimension for I. The factors can be further analysed in the following subsections.

4.4.3 Path Coefficient Assessment

Table 4.14 Path Coefficient Assessment on Reflective Measure

	Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	2.50%	97.50%
E -> Internal CSR	0.151	0.003	50.946	0	0.145	0.157
ES -> Internal CSR	0.164	0.004	46.214	0	0.157	0.171
SD -> Internal CSR	0.171	0.004	39.654	0	0.163	0.18
TEI -> Internal CSR	0.15	0.003	47.301	0	0.144	0.156
WD -> Internal CSR	0.144	0.003	46.123	0	0.138	0.15
WLB -> Internal CSR	0.119	0.003	37.835	0	0.113	0.126
WE -> Internal CSR	0.171	0.003	56.675	0	0.165	0.177

Source: Self-Developed

The table above presents the dimensions of internal CSR practices. The mean and standard deviation of the dimension of internal CSR practices is shown where the standard deviation does not deviate much from the mean value.

Based on the table, the T statistics and P value show that the constructs are statistically significant. At a 95% confidence level, the t statistics should be above 1.96 and the p value should be below 0.05. All the constructs have a t statistics higher than 1.96 and a p value of below 0.05. Besides that, according to the 2.5% and 97.5% intervals, statistical significance is determined if the values are both on the same spectrum, which means both values should be positive or both values should be negative. As the results are satisfactory, all the constructs of Internal CSR are statistically significant at an alpha value of 0.05.

4.5 Linear Regression Assessment

4.5.1 Dimensions of Internal CSR practices and Employees' Happiness

Table 4.15 Linear Regression Table for Dimensions of Internal CSR practices and Employees' Happiness

Model	Sum of Squares	df	Mean Square	F	Sig.		R	0.931
Regression	482.902	7	68.986	276.811	0.000		**R square**	0.867
Residual	74.017	297	0.249				**Adjusted R Square**	0.864
Total	556.920	304					**Std. Error of the Estimate**	0.4992

LRA	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	**Std. Error**	**Beta**		
(Constant)	.016	.130		.121	.903
ES	.100	.055	.092	1.824	.069
WE	.158	.055	.150	2.848	.005
SD	.138	.053	.135	2.603	.010
WLB	.167	.057	.163	2.936	.004
WD	.217	.053	.224	4.072	.000
TEI	.029	.058	.031	.507	.612
E	.193	.047	.201	4.096	.000

Source: Self-Developed

According to the table above, the model is significant as the p value (0.000) is lower than the alpha value of 0.05, the F statistic is also significant at a value of 276.811. This implies the model is significant and able to describe the relationship between the independent variables (IV) and the dependent variable (DV). The R-value of 0.931 describes that there is a positive high correlation between the IV and DV. The R^2 describe that 86.7% of employees' happiness can be described by the model.

According to the linear regression model above, it can be concluded that at an Alpha value of 0.05, WE (0.005), SD (0.10), WLB (0.04), WD (0.000) and E(0.000) is statistically significant. However, the constant (0.903), ES (0.069) and TEI (0.612) are not statistically significant. Thus, the model for the dimensions of internal CSR and employees' happiness can be produced.

$$H = 0.15WE + 0.135SD + 0.163WLB + 0.224WD + 0.201E + \varepsilon$$

A larger Beta value will conclude that the factor has a bigger impact on the DV. Thus, the linear regression model shows that WD (workplace diversity) is the most significant dimension for employees' happiness followed by E, WLB, WE and SD respectively.

4.5.2 Dimensions of Internal CSR and Employees' Innovativeness

Table 4.16 Linear Regression Table for Dimensions of Internal CSR practices and Employees' Innovativeness

Model	Sum of Squares	df	Mean Square	F	Sig.		R	0.904
Regression	435.020	7	62.146	188.842	0.000		R square	0.817
Residual	97.739	297	0.329				Adjusted R Square	0.812
Total	532.759	304					Std. Error of the Estimate	0.57366

LRA	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.298	.149		2.001	.046
ES	.254	.063	.239	4.014	.000
WE	.170	.064	.165	2.663	.008
SD	.101	.061	.101	1.665	.097
WLB	.159	.065	.159	2.439	.015
WD	.113	.061	.120	1.854	.065
TEI	-.093	.066	-.101	-1.400	.163

E	.269	.054	.287	4.973	.000

Source: Self-Developed

According to the table above, the model is significant as the p value (0.000) is lower than the alpha value of 0.05, the F statistic is also significant at a value of 188.842. This implies the model is significant and able to describe the relationship between the independent variables (IV) and the dependent variable (DV). The R-value of 0.904 describes that there is a positive high correlation between the IV and DV. The R^2 describe that 81.7% of employees' innovativeness can be described by the model.

According to the linear regression model above, it can be concluded that at an Alpha value of 0.05, ES (0.000), WE (0.008), WLB (0.015) and E (0.000) and the constant (0.046) is statistically significant. However, the SD (0.097), WD (0.065) and TEI (0.163) are not statistically significant. Thus, the model for the dimensions of internal CSR and employees' innovativeness can be produced.

$$I = 0.298 + 0.254ES + 0.170WE + 0.159WLB + 0.269E + \varepsilon$$

A larger Beta value will conclude that the factor has a bigger impact on the DV. Thus, the linear regression model shows that E(empowerment) is the most significant dimension for employees' innovativeness followed by ES, WE and WLB respectively.

4.5.3 Employees' Happiness and Employees' Innovativeness

Table 4.17 Linear Regression Table for Employees' Happiness and Employees'
Innovativeness

Model	Sum of Squares	df	Mean Square	F	Sig.		R	0.887
Regression	418.933	1	418.933	1115.182	0.000		R square	0.786
Residual	113.826	303	0.376				Adjusted R Square	0.786
Total	532.759	304					Std. Error of the Estimate	0.61291

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.861	.140		6.171	.000
H	.867	.026	.887	33.394	.000

Source: Self-Developed

According to the table above, the model is significant as the p value (0.000) is lower than the alpha value of 0.05, the F statistic is also significant at a value of 1115.182. This implies the model is significant and able to describe the relationship between the independent variables (IV) and the dependent variable (DV). The R-value of 0.887 describes that there is a positive high correlation between the IV and DV. The R^2 describe that 78.6% of employees' innovativeness can be described by the model.

According to the linear regression model above, it can be concluded that at an Alpha value of 0.05, both the constant (0.000) and H (0.000) is statistically significant. Thus, the model for the dimensions of internal CSR and employees' innovativeness can be produced.

$$I = 0.861 + 0.867H + \varepsilon$$

The linear regression model shows that H (employees' happiness) can be used to describe 78.6% of employees' innovativeness.

4.6 Testing of Hypotheses

Table 4.18 Table of Hypotheses Testing

	Relationship	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	2.50%	97.50%
H1	Internal CSR -> H	0.932	0.011	83.091	0	0.908	0.952
H2	Internal CSR -> I	0.548	0.121	4.503	0	0.32	0.787
H3	H -> I	0.379	0.122	3.126	0.002	0.129	0.61

Source: Self-Developed

The table above shows the results for the path coefficient. The results will explain if the hypothesis should be accepted or failed to be accepted.

From the table above, the mean and standard deviation for H1 is 0.932 and 0.011 respectively. The T statistics is 83.091 and the p value is 0.000, which is smaller than the alpha value of 0.05. The 2.5% to 97.5% is also both positive. Thus, internal CSR practices has a significant positive relationship with employees' happiness.

H1: There is a significant positive relationship between Internal CSR practices and employee happiness.

From the table above the mean and standard deviation for H2 is 0.548 and 0.121 respectively. The T statistics is 4.503 and the p value is 0.000, which is smaller than the alpha value of 0.05. The 2.5% to 97.5% is also both positive. Thus, internal CSR practices has a significant positive relationship with employees' innovativeness.

H2: There is a significant positive relationship between Internal CSR practices and employee innovativeness.

Finally, from the table above, the mean and standard deviation for H3 is 0.379 and 0.122 respectively. The T statistics is 3.126 and the p value is 0.002, which is smaller than the alpha value of 0.05. The 2.5% to 97.5% is also both positive. Thus, employees' happiness has a significant positive relationship with employees' innovativeness. This result is similar to the linear regression model at 4.5.3 where there is a significant positive relationship between variables.

H3: There is a significant positive relationship between employee happiness and employee innovativeness.

4.7 Concluding Framework

Figure 4.8 Framework of Internal CSR, employees' happiness and employees' innovativeness
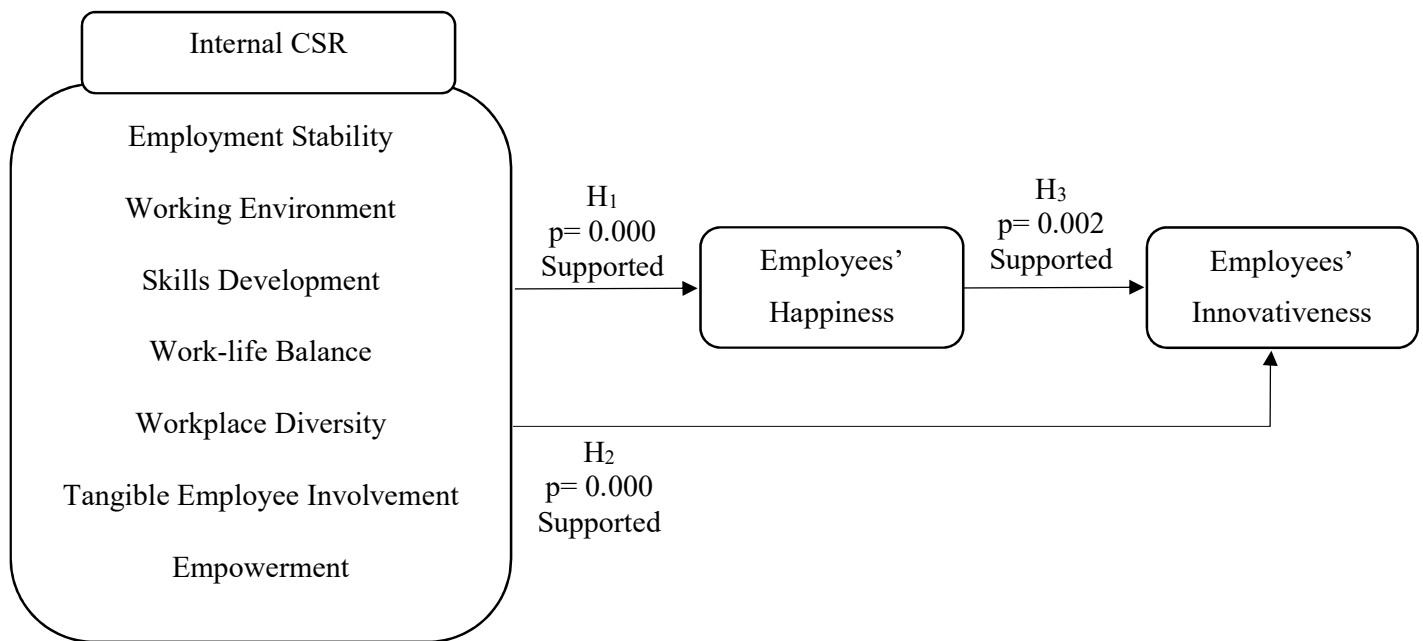
Source: Self-Developed

The framework above describes the framework where all the hypotheses of the study are supported. There is a significant positive relationship between internal CSR and employees' happiness, internal CSR and employees' innovativeness and employees' happiness and employees' innovativeness.

4.8 Chapter Summary

As a whole, the chapter covered the frequency analysis with charts and tables and descriptive analysis was used on the data. Measurement model analysis and structural model assessment was used to analyse the data. Furthermore, linear regression assessment was used for the dimensions and variables. Finally, hypotheses testing was done and a concluding framework was formed. The next chapter – chapter 5 will describe the discussion, implication and conclusion of the research.

Chapter 5 Discussion and Conclusion

5.0 Introduction

The chapter will discuss the results of the research and make conclusions on the inter-relationship among Internal CSR practices, happiness and innovativeness among employees in Malaysia during a pandemic. The findings and outcome of the research will be discussed. The implication of the results of the study will be analysed followed by the limitation of research and recommendations for future research. Finally, the chapter will end with a conclusion for the whole research.

5.1 Discussion on Findings

5.1.1 Discussion on Internal CSR practices and Employees' Happiness

H1: There is a significant positive relationship between Internal CSR practices and employees' happiness.

According to the results of the research, internal CSR practices have a significant positive relationship with employees' at a p-value of 0.000. Furthermore, workplace diversity is the most significant dimension that affects employees' happiness. This is followed by empowerment, work-life balance, working environment and skill development. Employment stability and tangible employee involvement are not significant internal CSR dimensions that positively influence employees' happiness.

In terms of the dimensions of internal CSR practices, workplace diversity is most significant. Diversity is important in the workplace and can significantly increase the happiness of employees (Arslan & Polat, 2021). Integration learning, colour blindness and fairness diversity are significant factors that affect the happiness of employees. In terms of empowerment, Pai and Krishnan (2015) stated that psychological empowerment can positively affect the happiness index of employees. Empowerment can consist of captured-idealised influence attributed, increasing positive behaviour, motivation, stimulation of intellect, and consideration of individuals, which can increase happiness. Maintaining a healthy work-life balance can improve the happiness of employees. Furthermore, it can increase productivity and engagement ensuring the employee is not burnout and has less health problems (Wedgwood, 2019).

Besides that, Raziq and Maulabakhsh (2015) stated that motivating employees by providing a suitable working environment can increase happiness for the organization's workplace. When employees are able to improve their skill, they will be happy (Wedgwood, 2019). Employment stability and tangible employee involvement does not improve employees' happiness, however

this can be due to the fact that during the pandemic, employees are open to the fact that they might get fired from the job due to downsizing or layoffs, thus this does not affect their happiness. In terms of tangible employee involvement, it seems that employees' happiness will not increase based on monetary value compared to non-monetary value.

Similarly, Espasandín-Bustelo, Ganaza-Vargas and Diaz-Carrion (2021) stated that internal CSR practices can enhance employees' happiness. The study stated that promoting internal CSR can have a positive impact on enhancing happiness for the employees. Gorovei (2020) also agreed with the results stating that internal CSR practices can reduce sadness. Internal CSR has a role in solving unhappiness in employees and including internal CSR practices such as providing job security, providing overtime pay and reducing pressure can significantly increase employees' happiness. Bauman and Skitka (2012) agreed, claiming that CSR has a direct link with happiness. This includes the concern and behaviour of the employees. Finally, Bibi *et al*. (2021) claimed that instrumental CSR has a slight positive relationship with hedonic happiness and volunteer CSR has a significant positive relationship with eudemonic happiness.

5.1.2 Discussion on Internal CSR practices and Employees' Innovativeness

H2: There is a significant positive relationship between Internal CSR practices and employees' innovativeness.

According to the results of the research, internal CSR practices have a significant positive relationship with employees' innovativeness at a p-value of 0.000. The most important dimension of internal CSR to employees' innovativeness is empowerment. Besides that, employment stability, working environment and work-life balance are also important dimensions respectively. The research found that skill development, workplace diversity and tangible employee involvement are not significant internal CSR practices to increase employees' innovativeness.

The most significant factor to improve employees' innovativeness is empowerment. Uzunbacak (2015) stated that empowerment has a highly positive impact on the innovativeness of employees. Empowerment can be done through behavioural manner, psychological manner, social manner or structural manner. Organizations can empower employees by complimenting them or involving the employees in more tasks and give them more control over the task. An employee that has a stable work is more likely to innovate, as they are not at the risk of being sacked and losing their innovative ideas (Marques *et al.*, 2014). Besides that, a conducive working environment where the organizational culture encourages creative minds is also essential. Organizations that support and develop the employees' potential and knowledge are more likely to innovate and succeed (Vnoučková & Urbancová, 2020).

Furthermore, having a strong work-life balance can positively improve motivation, engagement and innovativeness in the organization (Alegre & Pasamar, 2017). Skill development might not be significant because employees might only want to innovate when they feel they are skilled enough in the job. A diverse workplace might not boost innovativeness because diversity might cause conflict of ideas between employees. Finally, similarly to employee happiness, tangible employment involvement is not significant to employee innovativeness. This can be due to the fact that the employees are looking for more than just the salary when working at a job.

Szelągowska-Rudzka (2016) agreed with the results stating that CSR can foster an innovative environment for employees. Environmental focus CSR values can boost the innovativeness of organizations to promote better CSR focused innovation. Luo and Du (2014) found a linkage between internal CSR and innovativeness of organizations. Organizations willing to involve themselves in internal CSR practices will be able to involve themselves in more areas that promote knowledge within the organization and can boost the innovativeness of their employees. Korra, Giotopoulos and Tsakanikas (2018) agreed stating CSR practices could boost an organization and improve themselves by innovating constantly. Finally, Bibi *et al.* (2021) stated that CSR, mainly instrumental CSR and volunteer CSR has an indirect positive relationship with employees' innovativeness.

5.1.3 Discussion on Employees' Happiness and Employees' Innovativeness

H3: There is a significant positive relationship between employees' happiness and employees' innovativeness.

According to the linear regression model (p-value = 0.000) and the hypothesis testing (p-value = 0.002) in chapter 4, the results show that there is a significant positive relationship between employees' happiness and employees' innovativeness. The results are similar to Abdullah *et al*. (2016) where the study was conducted on teachers in Malaysia. The study concluded that there was a significant relationship between workplace happiness and the innovative behaviour of the teachers. The independent variables of the study consist of contribution, working climate, belief, involvement and confidence. The study stated that all dimensions of workplace happiness have a significant contribution to the innovativeness of the employees.

Aldieri, Bruno and Vinci (2020) stated that innovativeness can be positively affected by happiness or well-being of an individual. The study stated that income, technology, inequality and unemployment are measures for innovativeness and innovativeness can be driven by the happiness of employees. Finally, hedonic happiness and eudemonic happiness have a positive significant effect on employee innovativeness (Bibi *et al*., 2021). An employee with high levels of hedonic and eudemonic happiness can motivate the employees to think outside of the box and become more innovative.

5.2 Managerial Implication

There are multiple implications that can be derived from the research and can be useful for organizations.

Firstly, it is important for organizations to embed the internal CSR practices to their organizations. Internal CSR practices can help organizations learn, increase the employees' talent, increase the employees' commitment, increase employees' performance and increase employees' productivity (Jia *et al.*, 2019). Furthermore, the research found that internal CSR practices could improve employees' happiness and employees' innovativeness. Five of the seven dimensions of internal CSR are significant to employees' happiness, while four of the seven dimensions of internal CSR are significant to employees' innovativeness.

To increase employees' happiness, organizations should focus on providing adequate workplace diversity, empower the employees, provide suitable work-life balance, provide a good working environment and develop the skills of the employees. Arslan and Polat (2021) stated that workplace diversity can provide an environment where all the employees are able to voice themselves and are not discriminated against due to their demographic profile. Organizations should empower their employees and provide a suitable working environment to ensure the employees are always satisfied (Pai & Krishnan, 2015). Work-life balance is also important to ensure the employees are not burnout and skill development to ensure the employees are not stuck with mundane jobs (Mory, Wirtz & Göttel, 2015). With that said, the research found that work stability and tangible employees' involvement is not significant to employees' happiness. Despite that, it is still important to ensure the employees have a stable workplace and are sufficiently rewarded for their work.

Next, organizations should empower the employees, provide employment stability, provide a suitable working environment and an adequate work-life balance to increase the innovativeness of the employees. This includes trusting the employees to work themselves, giving employees access to information and providing them with managerial support (Uzunbacak, 2015).

Organizations should also provide employees with a stable job and ensure the employees will not be sacked to increase innovativeness. Next, a suitable working environment where creativity and innovativeness are promoted can also lead to organizational success (Vnoučková & Urbancová, 2020). Besides that, organizations should provide a valid work-life balance where the employees are able to spend time with their loved ones (Alegre & Pasamar, 2017). Although the research found that skill development, workplace diversity and tangible employee involvement are not significant. Organizations should still implement skill development to ensure the employees are well versed. Workplace diversity and tangible employee involvement should also be taken into consideration by organizations.

Organizations should focus on increasing employees' happiness as it could boost the innovativeness of the organization. Creative minds could generate unique ideas, which can enhance the productivity of the organization. This could help the organization achieve an advantage over competitions. A high level of comfort could lead to loyalty and employees being committed in the organization. Bibi *et al.* (2021) stated that an individual with above average knowledge in a field is sufficient to innovate. This means once an organization provides the employees with sufficient skill development training, they will be able to provide innovative ideas to the organization.

5.3 Limitations of Research

Throughout the research, a few limitations were identified. Nevertheless, the limitations do not lessen the significance of the study for future research. The limitations are pointed out for the acknowledgement and education of researchers. Firstly, the sample size of the survey is relatively low. The total number of respondents is 305 which is above the threshold value of the central limit theorem of $n>30$. This value is usually used for population and sample values to be approximated to normal distribution. With that said, the number of respondents could not compare to the total of employees working in Malaysia during the data collection period. The sample size most likely has an impact on the reliability of the research and might not accurately depict the target population. Future research could target a more focus demographic group such as targeting a specific location or age group to increase the accuracy of the results.

Besides that, the survey was distributed using online methods due to the pandemic. Thus, it was not guaranteed that the respondents would answer the questions truthfully. The respondents might want to save time and effortlessly answer the questions. The respondents might randomly answer the questions or misinterpreted the meaning of the questions. When a respondent does not understand a question, they will not be able to ask for clarification as the survey is not handed face to face. Thus, this might cause misinterpretation errors.

Furthermore, the research uses convenience sampling and snowball sampling. The sampling methods might be beneficial to save time and cost but might be less effective in reflecting the target population. For example, the surveys conducted have a majority of fresh graduates and Chinese respondents. This does not reflect the demographics for Malaysia as majority employees are Malay and aged between 25-29 (Department of Statistics Malaysia, 2021).

Lastly, the research focuses on only internal CSR practices, employees' happiness and employees' innovativeness. Many other factors could be used to increase the impact of the research such as organizational commitment. Finally, employees' happiness could be split into few parts for future research such as satisfaction, hedonic and eudemonic happiness.

5.4 Recommendations for Future Research

Recommendations could be introduced to overcome the limitations of the research stated in 5.3. This can help improve the overall quality of the research in the future.

Firstly, the sample size of the research should either be increased or targeted. Increasing the number of respondents can help provide a more accurate result for the research. Outliers could also be determined in an easier manner when increasing the sample size and this could reduce inaccurate results. Choosing a specific group of respondents means reducing the demographics to a specific area, gender or age, for example, only Kampar, only female or only a specific age group. This can help provide a more accurate result as respondents that do not fit the criteria will not have to answer the survey. The results might be more accurate as the target population will be smaller comparatively.

Besides that, to improve the accuracy of the results, sufficient funding and time should be given for the research. Having a longer data collection period could possibly increase the number of respondents as the respondents could take their time to answer the survey questions. Increasing the data collection period to around three months might also help increase the response rate. The respondents will be able to reply to the survey when they are free rather than not answering the questions at all. This can help provide a more accurate result and reduce subsequent biases.

Furthermore, to increase the depth and accuracy of the results, different sampling methods and research methods can be used. Probability sampling techniques can be used to more accurately depict the target population. Probability sampling is more troublesome but can provide better results. Besides that, a mixture of quantitative and qualitative research can be done. This includes adding interviews or face-to-face questionnaires. This can help provide extra information and solve the problems and disadvantages of only using survey questionnaires. Finally, extra relevant factors can be used to improve the research. This includes satisfaction, hedonic and eudemonic happiness for happiness and incremental innovativeness, innovative platform and creativity for innovativeness. The dimensions for internal CSR practices could also be changed and included to ensure there is no multicollinearity between the dimensions.

5.5 Conclusion

The research revealed that there is a significant positive relationship between internal CSR practices and employees' happiness in Malaysia. Besides that, there is a significant positive relationship between internal CSR practices and employees' innovativeness in Malaysia. The research also found that employees' happiness and employees' innovativeness have a positive significant relationship. This means that organizations should focus on internal CSR practices to increase the happiness and innovativeness of the employees.

It is important for organizations to exercise internal CSR practices as it is becoming more of a norm than a supplementary item. Pushing socially responsible values and practices not only provide a positive culture for the employees' within the organization, but also hugely beneficial for the organization. Employees nowadays tend to look for meaning in their job and not only monetary gain. Thus, organizations should be ethically involved in internal CSR activities.

The research also found the most significant internal CSR dimensions for employees' happiness and employees' innovativeness. In terms of employees' happiness, workplace diversity is the most significant dimension. Organizations that have a diverse workplace acknowledge the individual strengths of the employees and can boost the employees happiness in the workplace. Besides that, empowerment is the most significant dimension for employees' innovativeness. An employee that is empowered will feel in control of their job and gain confidence to propose new ideas. This will help boost the employees' innovativeness.

As a whole, the research presents the relationship among internal CSR, employees' happiness and employees' innovativeness. Future researchers could include different factors or discuss the factors of happiness and innovativeness in more detail to bring new light on the topic of interest.

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Appendix

Title: Predicting Employees' Happiness and Innovativeness through the lens of Internal CSR Practices

Dear Respondent,

The questionnaire below is conducted as part of course requirements of my program in Universiti Tunku Abdul Rahman (UTAR). The main purpose of this primary research being conducted is to gain better understanding on the subject in conjunction to complete my Dissertation. Thus, it would be much appreciated if you could spare a few minutes of your time to help filling up the questionnaire.

I am currently conducting a research on the Relationships Between Employees' Happiness and Innovativeness Through the Lens of Internal CSR Practices for Employees' in Malaysia. This survey form has three parts which are Section A, Section B and Section C. It would be highly appreciated if you could spend **5 to 10 minutes** to complete the survey form.

Please do not hesitate to contact me for more inquiries and for any doubts seem to happen regarding this survey. Data collected are strictly for research purposes and only aggregated data will be published and your responds towards this questionnaire will be strictly kept **PRIVATE and CONFIDENTIAL.**

My contacts are listed below and I can be reached at any time to answer your questions or concerns about your rights as a research subject.

Phone: 0193394115 (Addi Muqit)   Email: addilyon99@gmail.com

Section A: Demographic Profile

INSTRUCTION: Please CHOOSE the most appropriate answer for the following questions.

1. Gender

☐ Male

☐ Female

2. Age

☐ 19 and below

☐ 20-25

☐ 26-30

☐ 31-35

☐ 36-40

☐ 41 and above

3. Ethnicity

☐ Chinese

☐ Malay

☐ Indian

☐ Other

4. Marital Status

☐ Single

☐ Married

☐ Other

5. Highest Education Level

☐ SPM and equivalent

☐ Diploma and equivalent

☐ Bachelor Degree / Professional Degree and Equivalent

☐ Masters/ PhD and Equivalent

6. Year(s) working with current organization/ organization

☐ Less than 1 year

☐ 1-3 years

☐ 3-5 years

☐ More than 5 years

7. Job Position

☐ Non-Management Level

☐ Lower Level Management

☐ Middle Level Management

☐ Higher Level Management

Section B: Internal Corporate Social Responsibility (CSR)

INSTRUCTION: Please indicate the level of opinion with each of the following statements by CHOOSING the most appropriate statement in describing your personal view.

←———————————————————————————————→

Strong Disagree   Strongly Agee

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Strongly Disagree (SD) :   1

Disagree (D) :   2

Somewhat Disagree (QD) :   3

Neutral (N) :   4

Somewhat Agree (QA) :   5

Agree (A) :   6

Strongly Agree (SA) :   7

i.	**Employment Stability**	SD	D	QD	N	QA	A	SA
1.	Even in difficult financial times, my organization is doing everything to ensure the jobs of the employees remain stable and secure and that there will be no compulsory redundancy.							
2.	My organization avoids firing employees without cause.							
3.	My organization is committed to long-term employment security.							
4.	Employee downsizing or layoffs would be the last option used if my organization is facing financial problems.							
5.	As a whole, my organization provides me with high employment stability.							

ii.	**Working Environment**	SD	D	QD	N	QA	A	SA
1.	My organization provides a safe and healthy working environment.							
2.	My organization always maintains the standards of occupation safety to ensure a comfortable working environment.							
3.	My organization provides employees free private medical insurance.							
4.	My organisation encourages employees to take a proactive and responsible approach to their health and wellness.							
5.	As a whole, my organization provides a comfortable working environment.							

iii.	**Skill Development**	SD	D	QD	N	QA	A	SA
1.	My organization trains employees on skills that prepare them for future jobs and career development.							
2.	My organization provide sufficient time for employees to learn new skills.							
3.	My organization provides employees with financial assistance to study.							
4.	My organization uses many different learning tools and methods for lifelong learning and the further development of employees.							
5.	Overall, my organization encourages employees by providing access to vocational training or education.							

iv.	**Work-life Balance**	SD	D	QD	N	QA	A	SA
1.	My organization provides emergency leave to all employees.							
2.	My organization provides flexibility in work, e.g. working time options, work from home.							
3.	Working in my organization does not take up my time in carrying out my personal commitment.							
4.	My organization provides several facilities such as a cafeteria and games facilities.							

v.	**Workplace Diversity**	SD	D	QD	N	QA	A	SA
1.	My organization treats all job applicants fairly without regards to gender, age, race and religion.							
2.	My organization conducts diversity-training programs that is compulsory for all employees.							
3.	My organization has a good action plan that supports equal opportunities.							
4.	My organization has good policies to support women and minorities in order to increase equality of opportunity.							

vi.	**Tangible Employee Involvement**	SD	D	QD	N	QA	A	SA
1.	My organization materially shares the organizations success with the employees.							
2.	My organization provides employees with appropriate annual bonuses.							
3.	My organization provides performance-related bonuses.							
4.	In relation to corporate success, my organization materially involves the employees sufficiently.							

vii.	**Empowerment**	SD	D	QD	N	QA	A	SA
1.	My organization empowers the employees to determine their own ways of working independently within the agreed boundaries.							
2.	My organization encourages independent thinking and action.							
3.	My organization provides employees with numerous opportunities for independent work.							
4.	As a whole, I have high personal and independent responsibilities for my task.							

Section C: Happiness and Innovativeness

INSTRUCTION: Please indicate the level of opinion with each of the following statements by CHOOSING the most appropriate statement in describing your personal view.

◄───►

Strong Disagree   Strongly Agee

1   2   3   4   5   6   7

Strongly Disagree (SD) :   1
Disagree (D) :   2
Somewhat Disagree (QD) :   3
Neutral (N) :   4
Somewhat Agree (QA) :   5
Agree (A) :   6
Strongly Agree (SA) :   7

	Happiness	SD	D	QD	N	QA	A	SA
1.	I often experience joy and have fun while working in my organization.							
2.	I am enthusiastic and want to work in my organization.							
3.	I feel a sense of purpose when working in my organization.							
4.	I feel that working is very rewarding in my organization.							
5.	I seldom feel drained and exhausted of energy while working in my organization.							

Innovativeness	SD	D	QD	N	QA	A	SA
1. I am open to learning new skills in my organization.							
2. I frequently improvise methods to solve a problem that does not have a fixed answer.							
3. I often propose or discuss new ideas with my organization.							
4. My organization allows me to have new ideas about work procedures or work goals.							