

Conference Paper

Effect of Ethical Leadership of Company's CSR on Employee CSR Engagement in the Era of Digital Industry Revolution

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Abstract

In this paper, we examined how companies are using ethical leadership CSR to interact with their employees about corporate social responsibility (CSR) related matters. A structured questionnaire was designed to elicit employees responses. Data were collected from the 200 respondents but only 154 were found usable for the data analysis. The responses were analysed using the PLS-SEM statistical technique using Smart-PLS software towards testing the proposed model. The research findings found that employee's understanding of the company's CSR to be the most significant predictor of employee CSR engagement accompanied by using ethical leadership with the moderating impact of Person-Organisation Fit. It is evident that social exchange values may affect employees towards Corporate Social Responsibility (CSR) engagement. Contribution to ethical leadership and CSR engagement are discussed.

Keywords: CSR, ethical leadership, person-organisation fit, engagement, digital industry

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Received: 5 August 2019

Accepted: 14 August 2019

Published: 18 August 2019

Publishing services provided by
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Selection and Peer-review under the responsibility of the FGIC2019 Conference Committee.

1. Introduction

In the era of digital industrial revolution, corporate social responsibility (CSR) programme has become more significant for employees' engagement (Carroll & Shabana, 2010; Rupp et al., 2018; McLennan & Banks, 2019). Past study has shown that the organisation expects

the stakeholder to behave ethically (Schlegelmilch, 1997; Coghlan, 2019) and organisations should concern on the social issues (Shaw & Shiu, 2003). The organisation is increasingly putting emphasis on CSR activity as part of their business activity. In addition, a firm needs to leverage digital communication tools to interact with stakeholders and find a better way to engage with them (Illia, Romenti, Canovas, Murtarelli & Carroll, 2017) to catch up with fast changes of the digital industrial revolution. By knowing the importance of the CSR activities and its contribution, the firm has started to encourage and ensure the driving of the CSR initiative towards this new era. Based on Figure 1, it

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was noted that many countries had made the report on corporate social responsibility as mandatory disclosure to the public (Carrot & Stick Report, 2016).

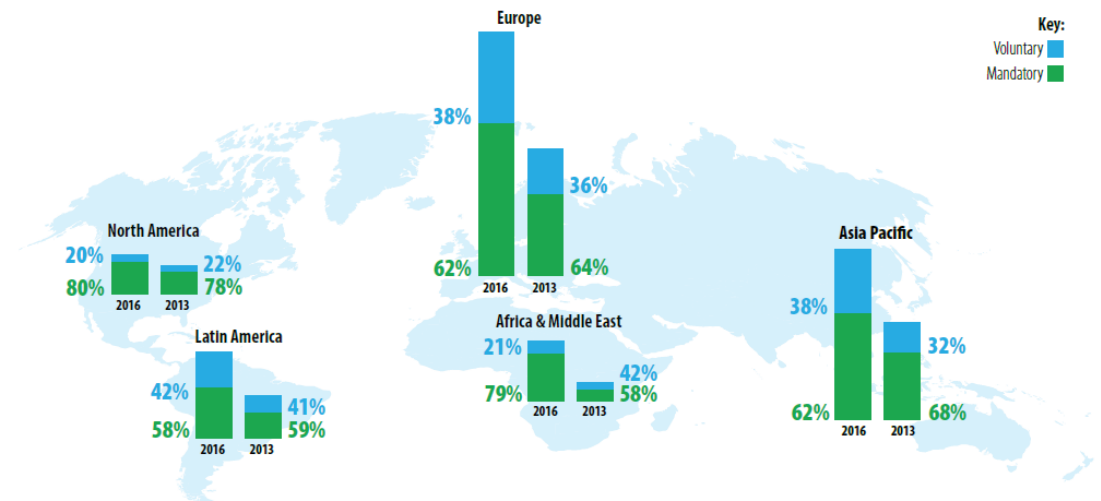


Figure 1: Mandatory vs Voluntary Instruments by Region (Source: KPMG Survey of Corporate Responsibility Reporting (2015)).

In Malaysia, in order to promote CSR activities in both public as well as private companies, Malaysian Institute of Integrity (IIM) was established under the National Integrity Plan (IIM, 2010). The aim of this institute is to promote ethical principles, good values, and integrity. Also, the CSR has given extensive attention following the announcement by the Prime Minister of Malaysia on 2008 that all the public listed companies (PLCs) are required to reveal the evidence of the company's CSR activities (Yusof, 2016).

Organisations realise that focusing on CSR as part of their core business strategy creates a valuable strategic asset for the firm by creating a competitive advantage. Past studies have shown that organisations that are socially responsible will enable the organisation to enjoy benefits such as customer satisfaction and better customer evaluations (Luo & Bhattacharya, 2006; Sen & Bhattacharya, 2001; Brown & Treviño, 2006; Ridley-Duff & Bull, 2019). Furthermore, CSR activities are also linked to better financial performance, good reputation, talent attraction, and high rate of job satisfaction (Liu et al., 2013; McWilliams & Siegel, 2001). Thus, social responsibility has gain prominence to be as one of the key performance indices of a company (Idowu & Papasolomou, 2007; Stewart-Knox et al., 2005). As a result, more and more companies are initiating CSR programmes and include such issues in their public communication media such as the annual report (Corporate Register, 2008; Stewart-Knox et al., 2005). KPMG's 2015 Survey of Corporate Responsible Reporting shown in Figure 2 indicated that the rate

of sustainability reporting is increasing, particularly in the Asia Pacific region (Carrot & Stick Report, 2016).

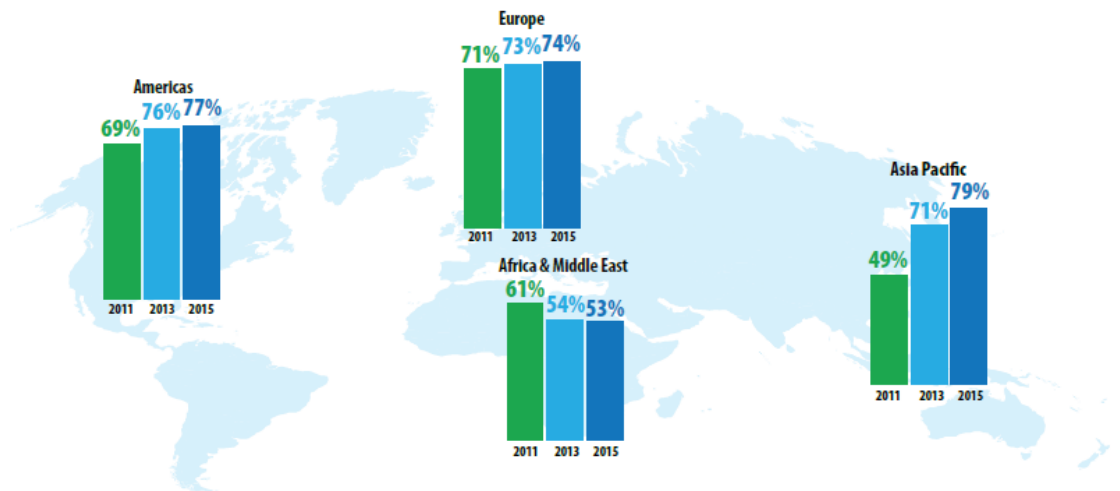


Figure 2: Rate of Sustainability Reporting Among the 100 Largest Companies per Country (**Source:** KPMG Survey of Corporate Responsibility Reporting (2015)).

As highlighted earlier on the importance of CSR, organisations strive to implement and drive the CSR activities to reap the greatest benefit from it. However, the primary factor that is able to drive CSR's success is still vague. An employee is a primary stakeholder that directly contributes to the success of an organisation (Freeman, 1984; Alt, 2015). Besides that, employees also viewed as one of the important stakeholders that act as a significant component in CSR programmes (Chandler & Werther, 2011). Many has recognised the importance of employee engagement in CSR (Rupp et al., 2013; Aguilera et al., 2007; Rupp et al., 2018). However, Aguinis and Glavas (2012) commented that employee engagement in CSR should not be neglected as they are the one ensures the success of CSR activities. To fill this research gap, this study will examine the effect of ethical leadership and employee's perception on the company's CSR. Person-organisation fit will be introduced as a moderator to measure the employee's CSR engagement.

2. Literature Review and Hypotheses Development

The increasing relevance and ethical leadership with the employee for CSR engagement are linked to the "person-organisation fit" and its perception. In a digital environment, employees work as critical actors who show scepticism towards corporate sources in CSR engagement. Ethical leaders are individuals who encourage CSR practices by delivering ethical standards, encouraging ethical conduct, and disagree on unethical

conduct in an organisation (Umpress et al., 2010). Groves and LaRocca (2011) argue selecting appropriate leadership in an organisation able to enhance employee engagement in CSR initiatives. Research by Angus-Leppan et al. (2010) showed that leadership's behaviour is able to inspire an employee's attitude toward CSR and its successful execution. In the content of CSR, a leader's ethical principles and values are communicated to employees through the organisation's treatment of external parties (Rupp et al., 2006), which ultimately shapes employee perceptions of ethical climate. Cheng et al. (2000) argue that leaders are role models whose actions will be followed by subordinates. Collier and Esteban (2007) have put emphasis on the leaders and the connection between the organisation, leader personal values and employee engagement with CSR by embedding the leader's principles and practice in the culture of the organisation. Based on the previous research, this research suggests the following hypothesis:

Hypothesis 1: Ethical leadership positively influences employee CSR engagement

Employee's perception of the company's CSR is the degree to which employees perceive their employing company supports the activities related to a social cause (Lee et al., 2013). Peterson (2004) argues that there is a positive relationship between employee perceptions on the company's CSR and their engagement level. Employee engagement in CSR initiatives usually occurs in corporate volunteer programs, where employees offer their time and skills in providing service to the community (Peterson, 2004). Employee CSR perception regarding their organisation may influence their attitude and performance of the organisation. As a result, employee good perception on the CSR can help in multiplies the positive effect of CSR and contribute to its successful implementation (Athanasopoulou, 2012). In the past study, the researcher found that there is a positive relationship between perception of CSR and employee commitment (Peterson, 2004). Vinerean (2013) suggested that the company should improve its employee's CSR perception in order to trigger greater employee CSR engagement in the workplace. As a result, this research proposes below hypothesis:

Hypothesis 2: Employee's perception of the company's CSR positively influences employee CSR engagement

Person-organisation fit (P-O fit) defined as the compatibility between individuals and organisations (Kristof, 1996). Research from Collier and Esteban (2007) emphasize the importance of "tone at the top which is leadership and the connection between organisational and personal values for employee engagement with CSR. The previous study has linked the leader's behaviour and employee engagement in CSR activity (Chen & Hung-Baesecke, 2014). Employees can be easily influenced by their leader directly and indirectly through personal interactions (Kidwell, Mossholder, & Bennett, 1997). A

leader’s behaviour can impact the motivation and behaviour of their follower (Derue, Nahrgang, Wellman, & Humphrey, 2011) and the same goes to prosocial behaviours of the employee (Ilies et al., 2007). As such, below hypothesis derive based on literature review:

Hypothesis 3: Person-organization fit moderate the relationship between ethical leadership and employee CSR engagement.

The employees are preferable to attach to an organisation which their moral and ethical value is consistent with the employers (Folger et al., 2013). An organisation which acts in a socially desirable way not only gives employees a sense of the organisation’s concern, treating people fairly, but also it creates an opportunity to employee and management to work toward good deeds (Aguilera, 2007). The past research shows that employees’ perception of a company’s CSR impact employee’s willingness to participate in social initiatives (Aguilera, 2007). The employee seeks fit between their value and the CSR initiative they participate in (Rupp, Ganapathi, Aguilera, & Williams, 2006). Individuals are different in how they value CSR, and these differences are likely to influence organisational outcomes (Aguilera, 2007). So, this research suggests the following hypothesis:

Hypothesis 4: Person-organisation fit moderate the relationship between employee’s perception of a company’s CSR and employee CSR engagement

Base on the literature review and previous study, below theoretical framework derives from studying on the employee CSR engagement in the organisation. Figure 3 presents the research framework used in this study. This model is showing a positive linkage between ethical leadership, employee’s perception of the company’s CSR and person-organization fit with employee CSR engagement.

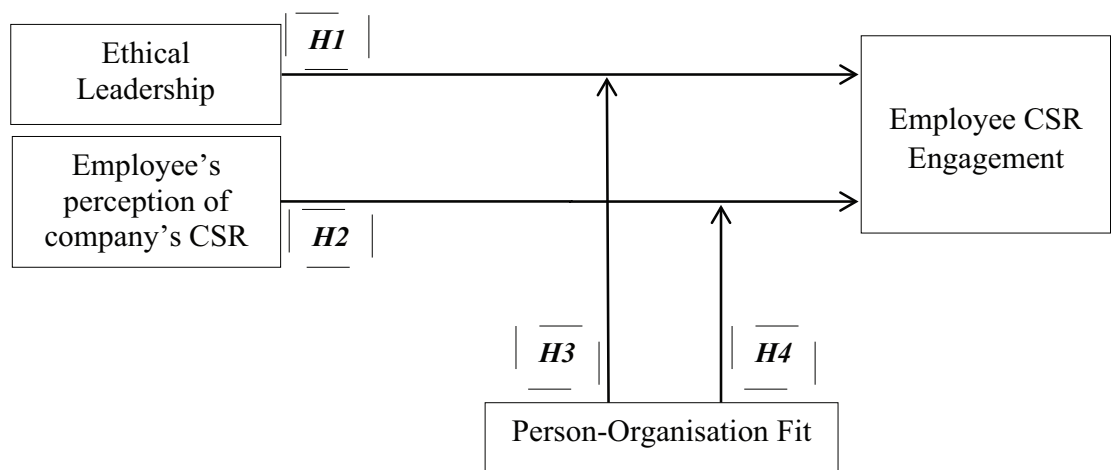


Figure 3: The Research Framework.

3. Methodology

3.1. Samples and data collection

To research on the problem statement, the unit of analysis of this study is an individual employee who is working in Kulim Hi-Tech Park (KHTP) and the Penang Industrial Zone (PFTZ). A quantitative research approach is applied to validate the theoretical framework and hypothesis that were proposed in this research. Data for this research will be from primary data, which is through questionnaires. The data was collected through emails and invited through a Google survey to the participating employees located in both locations. Non-probability sampling using snowballing sampling was applied in this study, where it is heavily used by many researchers in different fields (Randall & Gibson, 1990). Hatcher (1994) stated that the sample size should be five times larger than the number of variables available in a particular study. Also, as argued by Hair et al. (2014; 2017), the sample size for PLS-SEM should be ten times the largest numbers of the structural path which directed toward a latent construct in the model. Sekaran (2003) argues that sample sizes larger than 30 and less than 500 are appropriate for most research. As such, 200 samples were prepared for data collection. The questionnaire was divided into a few subtopics which included, section 1, which regards to the demographic background of the respondent. In Section 2, is a measurement of the ethical leadership, Section 3 is the measurement of employee's perception of the company's CSR, and Section 4 is regarded as the person-organisation fit. Meanwhile, Section 5 measures the employee's CSR engagement. Overall, ten items for ethical leadership (EL) was adopted from Brown and Treviño (2006), 17 items for employee's perception on company's CSR (CSR) was adapted from Turkey (2009). Four items for person-organization fit (POF) was adapted from Cable and DeRue's (2002), and lastly, employee CSR engagement (ECSR) was adapted from Schaufeli et al. (2003). These hypotheses were tested with Statistical Package for Social Sciences (SPSS) version 22 and Partially Least Square (SmartPLS) version 3.2.8 Factor analysis will test the measurement model for all the constructs applied in the framework (Hair et al., 2013, Hair et al., 2017). Construct validity, convergent validity, discriminant validity, reliability analysis, and good-of-fit measures are required to be examined before the Structural Equation Modeling (SEM) is conducted. The structural model examines the relationship between latent variables using the bootstrapping approach.

4. Results

4.1. Respondents profile

A total of 200 questionnaires were distributed to various respondents for data collection through "Google Form" and email. At the end of the data collection, 154 questionnaires were received. The remaining 46 questionnaires have no response from the respondent. The response rate achieved was 77 percent. From Table 1, it was shown that 100% of respondent are Malaysian. From Table 1, 53 respondents consisted of the male, which is 34.4%, while female covered the remaining 101 respondents which are 65.6%. Responded who aged 21-30 comprised of 84 people (54.5%), aged 31-40 consisted of 49 people (31.8%), aged 41-50 having 19 people (12.3%), while >50 in 2 people with 1.3%. About marital status, 89 respondents which covered 57.8% are single, and married respondent consisted of 63 people (40.9%) while there are two respondents were divorced (1.3%). In term of the ethnicity, there is 25 respondent Malay (16.2%), 107 respondents are Chinese (69.5%), 21 respondents are Indian (13.6%), while another one is belonging to another ethnicity (0.6%). From the data shown, there is a high number of respondents holding bachelor's degree which consisted of 127 people (82.5%), followed by master's degree holder consisted of 18 people (11.75%), and the certificate/diploma holder with seven people (4.5%). Lastly, there are 2 respondents (1.3%) is from other educational background. Next, participants were asked about their occupational level. 142 respondents (92.2%) are from the executive level, whereas 12 of them (7.8%) are working as non-executive. In this research, it was defined those non-executive job scopes is work related to clerical tasks such as operator and clerk. Also, participants were asked about their working experience. This is to understand how many years they have been working. There are 19 respondents having < years of working experience (12.3%), 2-5 years consisted of 60 respondents (39%), 6-10 years experienced participant consisted of 46 (29.9%), and more than 11 years is 29 respondents (18.9%). In regard to duration of the employee's service with their current employer, most of them are working 2-5 years with their current organisation with the number of 72 (46.8%), followed < 2 years comprise of 45 respondents (29.2%), and then 6-10 years consisted of 25 respondents (16.2%). Finally, the lowest number of respondents, which is 12 (7.8%) are working >11 years with their current employer. The last item in the questionnaire was about the number of employees in their organisation. Twenty of the respondents (13%) are working for the company with less than 100 employees, 101-500 employees having 16 respondents (10.4%), 501-1000 employees comprised of 28 respondents (18.2%). The highest number of respondents, which is 90 (58.4%) of them, are working in an organisation with more than 1000 employees.

TABLE 1: Respondents' Demographic Profile.

Variable	Frequency	Percentage
Gender		
Male	53	34.4%
Female	101	65.6%
Age		
21-30	84	54.5%
31-40	49	31.8%
41-50	19	12.3%
>50	2	1.3%
Marital Status		
Single	89	57.8%
Married	63	40.9%
Divorced	2	1.3%
Ethnicity		
Malay	25	16.2%
Chinese	107	69.5%
Indian	21	13.6%
Others	1	0.6%
Highest level of education		
Certificate/Diploma	7	4.5%
Bachelor's degree	127	82.5%
Master's degree	18	11.7%
Others	2	1.3%
Occupation level		
Executive	142	92.2%
Non-Executive	12	7.8%
Working Experience		
<2 Years	19	12.3%
2-5 Years	60	39.0%
6-10 Years	46	29.9%
>11 Years	29	18.8%
Tenure with current organisation		
<2 Years	45	29.2%
2-5 Years	72	46.8%
6-10 Years	25	16.2%
>11 Years	12	7.8%
Number of Employees		
Less than 100 employees	20	13.0%
101-500 employees	16	10.4%
501-1000 employees	28	18.2%
More than 1000 employees	90	58.4%

4.2. Measurement model results

Convergent validity is an indication of the degree in which multiple measures of the construct are related or linked. In order to examine convergent validity, composite reliability (CR), and average variance extracted (AVE) is used (Hair et al., 2013). Results exhibited in Table 2 contain the composite reliability (CR), and average variance extracted (AVE) and is used to examine the convergent validity. There are several criteria that have to be fulfilled which included composite reliability should be higher than 0.70 and the average variance extracted (AVE) should be higher than 0.50 (Hair et al., 2014). According to Hair et al. (2013), discriminant validity signifies the degree in which a construct is truly distinct from the other constructs. The discriminant validity can be gauged by checking the correlation that exists between the measures of constructs that may overlap. One method for evaluating the presence of discriminant validity is the Fornell and Larcker (1981) criterion. The result shown in Table 3 demonstrated that the AVE square root showed in the diagonal are greater than other values in its rows and columns. In short, this means that this study’s overall measurement showed good discriminant validity. As presented in table 4, all items indicated sufficient convergent validity and the discriminant validity as the loading items are greater than their cross-loadings (Hair et al., 2017).

TABLE 2: PLS Result of Convergent Validity Measures.

Model construct	CA	CR	AVE
Employee’s perception on company CSR	0.904	0.933	0.777
Employee CSR engagement	0.922	0.939	0.72
Ethical Leadership	0.927	0.939	0.612
Person-Organisation Fit	0.933	0.952	0.832

TABLE 3: PLS Result of Discriminant Validity Measures.

Model construct	CSR	ECSR	EL	POF
Employee’s perception on company CSR (CSR)	0.882			
Employee CSR engagement (ECSR)	0.587	0.848		
Ethical Leadership (EL)	0.708	0.432	0.782	
Person-Organisation Fit (POF)	0.597	0.61	0.56	0.912

Critical analysis was applied for one-tailed t-test was 1.65 (significant level is 5%) and 2.33 (significant level is 1%) per Hair et al., (2013) suggestion (Table 5).

H1: Relationship between ethical leadership and employee CSR engagement ($t=0.410$, $P>0.1$), was not significant as t-value is less than 1.65, and p-value is more than 0.1.

TABLE 4: Cross Loadings.

Variable	Item	CSR	ECSR	EL	POF
Employee's perception on company CSR	CSRC	0.906	0.530	0.620	0.525
	CSRE	0.913	0.568	0.719	0.674
	CSRG	0.857	0.521	0.524	0.430
	CSRS	0.849	0.434	0.633	0.456
Employee CSR engagement	ECSR1	0.598	0.796	0.493	0.575
	ECSR2	0.480	0.792	0.361	0.523
	ECSR3	0.461	0.859	0.264	0.418
	ECSR4	0.441	0.872	0.323	0.506
	ECSR5	0.477	0.878	0.362	0.532
	ECSR6	0.498	0.887	0.355	0.520
Ethical Leadership	EL1	0.587	0.241	0.763	0.465
	EL10	0.597	0.394	0.792	0.471
	EL2	0.467	0.340	0.583	0.322
	EL3	0.426	0.285	0.573	0.282
	EL4	0.575	0.405	0.851	0.453
	EL5	0.568	0.322	0.846	0.475
	EL6	0.543	0.274	0.831	0.441
	EL7	0.568	0.347	0.823	0.498
	EL8	0.588	0.371	0.833	0.471
	EL9	0.578	0.312	0.862	0.465
Person-Organisation Fit	POF1	0.536	0.555	0.513	0.904
	POF2	0.520	0.564	0.462	0.921
	POF3	0.609	0.587	0.571	0.918
	POF4	0.510	0.515	0.496	0.906

H2: Relationship between employee's perception on the company's CSR and employee CSR engagement (t= 2.972, P<0.1), was significant as t-value is higher than 1.65 and p-value is less than 0.1.

H3: Person organisation fit able to moderate the relationship between ethical leadership and employee CSR engagement (t= 2.066, P<0.1), as T value is higher than 1.65 and p-value is less than 0.1.

H4: Person organisation fit not able to moderate the relationship between employee's perception of a company's CSR and employee CSR engagement (t= 1.249, P>0.1), as T value is higher than 1.65 and p-value is less than 0.1.

In short, perceived employee's perception of the company's CSR was discovered to be the most significant predictor of ECSR followed by ethical leadership with moderator

P-O fit. To conclude, the hypotheses H2 and H4 were supported, while hypotheses H1 and H3 were not supported.

TABLE 5: Hypothesis Testing Results.

Hypothesis	Path	Path coefficient	t-value	Result
H1	Ethical Leadership → Employee CSR	0.09	0.41	No
H2	CSR → Employee CSR	0.10	2.97	Yes
H3	Ethical Leadership → Employee CSR Moderating Effect 1:	0.10	2.06	Yes
H4	CSR → Employee CSR Moderating Effect 2:	0.10	1.25	No

5. Discussions and Conclusion

This study found that employee’s perception of company CSR and ethical leadership with the person-organisation fit was shown to have a positive influence on employee CSR engagement. On the other hand, ethical leadership and employee’s perception of the company’s CSR with person organisation fit was found to have less impact on employee CSR engagement.

Hypothesis 1: Ethical leadership can increase Employee CSR engagement

The t-value derived from the study was lesser than the minimum acceptable value of 1.645 ($0.410 < 1.645$). In other word, ethical leadership in an organisation will not increase employee CSR engagement. Although previous studies had proven that ethical leadership and individual ethic has an impact to employee’s subsequence reaction and are strongly support the social responsibility in business (Khosla et al., 2007; Edinger-Schons, 2019), but the actual result was contradicted. It was also contradicted with the study from Chen and Hung-Baesecke (2014) showing that appropriate leadership able to enhance the employee engagement in CSR activity. It was arguably that ethical leadership impact the employee’s attitude and success to CSR practice (Angus-Leppan et al., 2010; De Roeck & Farooq, 2018), but from the analysis shown, the employee might not necessarily engage in CSR practice in the organisation. An employee might feel that ethical leadership in an organisation not necessarily to motivate them to engage in CSR practice in the organisation. It was arguably that the existence of the ethical leader in the organisation has no direct impact on the employee about CSR engagement. Employees are not willing to engage in CSR practice, although their leaders are ethical as it does not motivate them. An employee might feel that it is none of their concern whether their leader’s ethical behaviour can direct them to CSR engagement. From the previous literature review, ethical leadership impact the employee’s subsequent behaviour such

as follower's self-concept and impact their action on the workplace (Shamir et al., 1993). However, this research showing that the employee is not interested in engaging in CSR, although there is ethical leadership in an organisation that shapes the ethical climate. This might due to most of the respondents of this research is in the age range from 21- 30 (54.5%), which consider young employee. They might not understand the ethical leadership as they do not have sufficient employment experience in the working field. It was argued that they might not get influenced by the ethical leadership in the firm as what they more concern is on getting their daily routine work done. Aside from that, this study consisted of 65.6% participant is women, we believe there is a different viewpoint with ethical leadership between men and women, which resulted the hypothesis was rejected.

Hypothesis 2: Employee good perception of the company's CSR can increase Employee CSR engagement

Based on the result collected, this hypothesis was supported as t-value 2.972 is greater than 1.645. It was concluded that employee's good perception toward the company's CSR able to increase employee CSR engagement. The result was aligned with previous studies by Peterson (2004), who argues that there is a positive relationship between employee perceptions on the company's CSR and their engagement level. Positive company external CSR image able to motivate employees to engage in CSR activity as an employee feels proud to tag along with CSR concerned company. This is also supported base on social identity theory, which argues that employee sees themselves as a part of the identity of the company which concerns on CSR practice. Automatically, they feel they should engage in CSR practice as they are part of the company's component. Positive view on the company's CSR able to enhance employee's self-belongingness to the company, and they tend to be part of it by engaging in CSR activities. It was supported by a literature review that employee more positively identifies with companies in which they perceive the virtues and character strengths to be inherently good (Dutton et al., 2010; Story & Neves, 2015), which lead them to engage in CSR activities.

Hypothesis 3: Person organisation fit able to moderate the relationship between ethical leadership and Employee CSR engagement

The t-value resulted obtained for this hypothesis was 2.066 are greater than the minimum acceptable value, which is 1.645. Thus, it was shown that the hypothesis was supported base on the statistic result. Although hypothesis 1, which indicate there is no relationship between ethical leadership and employee CSR engagement, the result was different when moderator factor person organisation fit added into the consideration. It

was proven that the existence of ethical leadership as a single factor not able to motivate employees to engage in CSR. The result was significantly different when an employee feels that their value and belief are fit with the employer and ethical leadership abilities to motivate them to engage in CSR activity. This result was aligned with the previous study from Collier and Esteban (2007) who argue the importance of leadership and the connection between organisational and personal values for employee engagement with CSR. To add on, based on the social exchange theory, it was argued that an employee is looking for an exchange for what the organisation has provided to them. It was argued that if employees feel they are fit to organisation value, they are likely to be actively supporting their corporation as mutual social exchange and engage in CSR initiative (Organ, 1990; Hur, 2018). Ethical leadership as a single factor is not enough to motivate employee to engage in CSR, but when employees feel that they shared the same value and belief with their organisation, they tend to appreciate the ethical leadership. A creditability of a CSR initiatives depends on the congruity between a company's CSR effort and its core businesses (Isa, Chin & Liew, 2019). As a consequence, employees will support the organisation by engaging themselves in CSR activities.

Hypothesis 4: Person organisation fit able to moderate the relationship between employee's perception of a company's CSR and Employee CSR engagement

The t-value derived from hypothesis 4 only accounts for 1.249, which is lower than the minimum acceptable value of 1.645. As such, we can conclude this hypothesis was rejected and P-O fit not able to moderate the relationship between employee's perception of a company's CSR and employee CSR engagement. In other word, P-O fit does not have a relationship between the independent variable and dependent variable in this study. This was contradicted with past literature review showing individual's attitudes and behaviours within an organisation are influenced by the level of congruence between the individual and the organisation (Pervin, 1989; Szczepańska-Woszczyńska, 2015), and employees whose self-concept is based on social responsibility tend to have positive attitudes toward the CSR practices of their employers (Morris, 1997). In this research, it was arguable that employee CSR engagement is not impacted by the moderator factor of P-O fit. Although based on hypothesis 2, which conclude the employee CSR engagement is positively related to their perception of the company's CSR, but when the moderator factor added, the relationship is not significant. It is concluded that person-organisation fit not able to strengthen the relationship between the independent variable and dependent variable. Employee's value and belief congruence with the employer is not able to work as a moderator factor in this study. The reason being is that the employee will engage in CSR activity as long as they perceive

their employer has good CSR image no matter the person organisation fit takes place. Employees tend to feel proud of the good CSR image of their company base on social identity theory and will engage in CSR practice. To add on, person organisation fit is not able to increase their CSR engagement level as the moderator is not a strong motivating factor in this case. Good perception of the company's CSR has already a strong motivation for employee CSR engagement.

5.1. Limitation and recommendations for future research

Based on the research over 6,000 greening initiatives in 635 firms in the 2009, Newsweek Top 500 Green Companies, and in the Fortune 500 list, many organisations' CSR efforts rely on the "voluntary" of their employee participation (D'Mello, Ones, Klein, Wiernik, & Dilchert, 2011). The employees are the most important stakeholders in driving CSR activities (Collier & Esteban, 2007; Vlachos et al., 2017; Hejjas et al., 2019). This study has concluded that there are two significant factors that organisation needs to address in order to get employee to engage in CSR activities, namely ethical leadership with the moderating effect of P-O fit and employee good perception on company's CSR. Ethical leadership is important as it shapes how employees think about the ethical climate in a particular organisation. When employees feel that the ethical leadership is within the company and values between them are matched, employees tend to give their full commitment to support the company's activities. In another word, the P-O fit serves as a platform for the employees to contribute to the CSR initiative. Interestingly, this research also found that employees will engage in CSR activity when they perceived their company exhibit positive CSR image. Employees tend to shows their sense of belonging when their employer has a good CSR image in the public eyes.

This study has some limitations which need to be taken into consideration for future research. Firstly, there is a limitation in regards to the location where the research was conducted within only the two industrial areas in Malaysia Northern regions. Secondly, this study used snowballing approach by predicting that the participant has information and knowledge about the CSR of their company. The identified risk included participant might answer the questionnaires, although they do not have the background of CSR practices. Despite the limitation of the study, the findings provide a better understanding in regard to the employee's CSR engagement. Future research can further investigate the peer pressure on CSR engagement. Are other employees likely to engage as well or they will not get influenced by the co-workers? It was noted by Peloza et al. (2009) and Rodell et al. (2016) that employee's volunteering related to volunteering behaviours of

their co-workers as well. However, in the aspect of CSR engagement, will the other co-workers will impact and influence by engaging workers. Moreover, future research can add gender as a mediator to research if gender differences play a role in the employee CSR engagement. Based on previous studies, it was shown that women likely to have a substantial benevolence value (Struch et al., 2002; Gul & Kupfer, 2019) and will prefer to participate in CSR programmes (Haski-Leventhal., 2013; Kish-Gephart, Harrison & Travino, 2010).

In conclusion, from the organisation perspectives, the company can increase the success rate of the CSR programmes that they implemented by involving their employees. The employees' engagement can reduce the cost and eliminate the inefficiency of the CSR program that will be delivered. The limited amount of time and resources in the CSR programmes will be employed due to employees' commitment. Hence, a firm can build a positive image with the public by delivering successful CSR programmes. In the long term, the values, that is the core beliefs that they have will help a firm to differentiate its reputation and identity and that guide communication efforts (Isa & Reast, 2014). Moreover, in the competitive era of digital technology, a firm is also able to build a closer relationship between the employees. Technology may help them to integrate CSR communications more effective. Leveraging on technology on CSR programmes will make a significant difference as multiple stakeholders can enjoy the benefits derives from the CSR programmes.

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