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Determinants of Socially Responsible Decisions among Managers: A Preliminary Study

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Abstract

Despite of the arising number of studies on Corporate Social Responsibility (CSR), nevertheless, less research has explored individual factors influencing socially responsible decision among managers in Malaysia. Therefore, this preliminary study seeks to find the relationship between individual factors and socially responsible behaviour among managers. A total of 73 respondents were selected through stratified random sampling method. The findings of the study revealed that all individual factors (empathic concern, internal locus of control and cognitive moral development) are positively correlated with socially responsible behavior and there are moderate and positive relationship between them. Meanwhile, among these individual factors, cognitive moral development was the most influential factors affecting socially responsible behavior among managers in Klang Valley. This study provides a support for the direction to Human Resource Development and Organizational Development practice based on Malaysian context. This study also supports the Theory of Planned Behaviour and Stakeholder Theory on socially responsible behavior among managers in Klang Valley.

Keywords: Socially Responsible Decision, Empathic Concern, Locus of Control, Cognitive Moral Development

Introduction

The interest in corporate social responsibility (CSR) getting amplified among business organizations because it has been proclaimed as a key tool to support the companies to meet societal and environmental pressures as well as for business competitiveness (Ramesh, Saha, Goswami, Sekar, & Dahiya, 2019; Boulouta & Pitelis, 2014; Carroll & Shabana, 2010). It is believed that CSR activities are able to address consumers' social concerns, develop and maintain a positive corporate image, and therefore, create added value to the business operations. According to Walton (1967), CSR in an organization arises as a set of actions taken by managers solely through corporate decisions. Establishment of any CSR activities in an organization must be

approved and supported by top management with decision making power (Cullinan, Blin, Farrar, & Lowe, 2008; Wen & Song, 2017; Jiang, Zalan, Tse, & Shen, 2018). Individuals with decision making power in an organization may include board of directors (Zhang & Greve, 2019) and those who have both superiors and subordinates (Xu, Joyce, Aili, & Yaping, 2010). Additionally, each decision made are linked with individual factors (Ford & Richardson, 1994; Pollanen, Abdel-Maksoud, Elbanna, & Mahama, 2017) such as locus of control, emphatic concern, and cognitive moral development. Ellen et al. (1991) emphasized that individual factors will make difference in making decision to contribute.

In Malaysia, corporate sectors are encouraging to involve in CSR initiatives by giving back to the society. It is clearly stated in the 11th Malaysia Plan that integration and collaboration between all stakeholders (i.e., public, private sectors and non-governmental organizations) are required "to enable all Malaysian, regardless of where they live or how much they earn to achieve a comfortable standard of living and quality of life" (Malaysia Prime Minister's Department, 2015). In accordance, numerous CSR activities done by them involving three key areas, including education (e.g., providing scholarships and sponsorships), communities (e.g., charity dinner, monetary contribution to orphanage and charity run), and employees (e.g., giving several relevant training programs like healthcare awareness, and water safety program) (Ismail, Amat Johar, Rasdi, & Alias, 2014; Shbail, 2018). For instance, Khazanah Nasional Berhad established Yayasan Khazanah Foundation as a part of its CSR initiatives to ensure financial support among students with exceptional intelligence and accomplishment to attend premier universities in Malaysia or around the world through full funded scholarships. Another initiative empowered by corporate Malaysia, known as PINTAR Foundation established to complement existing ongoing efforts by the government to provide equitable access to quality education for all (PINTAR Foundation, 2014). Corporate members actively contributing to the foundation include CIMB Foundation, Danajamin, Malaysia Airlines, Tenaga Nasional Berhad, ValuCAP, and Yayasan Tan Sri SM Nasimuddin. The emphasis of the program are towards a) motivational and team building program (leadership), b) educational support program, c) capability and capacity building, and d) reducing vulnerabilities and social issues. Since its establishment in 2014, 513 schools were adopted by the corporate members.

Due to increasing number of CSR activities conducted, scholars and practitioners are more interested in examining the effect of CSR practices toward organizational financial performance (e.g., Cho, Chung, & Young, 2019; Woon, Sambasivan, Jo, & Siong, 2019), types of CSR strategies (e.g., Arena, Azzone, & Mapelli, 2019) and employees engagement in CSR (e.g., Rupp, et al., 2018), however less evidence is found in the literature regarding the role played by managers in CSR implementations (Vashchenko, 2015). Arnaud and Wasieleski (2014) emphasized that there is lack of understanding on how the managers change a general idea of CSR into company-specific CSR-related activities and initiatives through decision making. Therefore, understanding the factors affecting perceived individual ability to make a difference is crucial to promote socially responsible behaviour. This focus on analysis at individual-level meant towards revealing individual factors that mostly affecting their tendency to make decisions that mostly beneficial to others.

Literature Review

Socially Responsible Decision Defined

Waldman and Siegel (2008, p. 117) asserted that CSR in general can be defined as “actions on the part of the firm that signal their willingness to advance the goals of identifiable stakeholder groups, such as employees, suppliers, local community, non-governmental organizations, or broader societal objectives (e.g., enhancing diversity or environmental performance)”. Meanwhile, socially responsible decision (SRD) refers to a discretionary decisions and actions done by an individual with authority in organization to benefit the larger society (Crilly, Schneider, & Zollo, 2008). “Individual with authority” in this context referring to executives and managers that hold decision making power in organizations. Schneider, Oppegaard, Zollo, and Huy (2005) elaborated in details regarding the key assumptions behind the definition of SRD. Firstly, it is based on individual choice, therefore they are personally responsible for their actions. Secondly, SRD results from intrinsic motivation. Thirdly, it is integrated in daily activities as a decision maker in organization, and last but not least, it relies on the individual’s practical wisdom.

Theories on Socially Responsible Decision

This study mainly being supported by Stakeholder Theory and Theory of Planned Behavior.

Stakeholder Theory

Stakeholder Theory is not just a well-known theory in business ethics field, it is used as a part of the framework in explaining CSR methods such as ISO 26000 and Global Reporting Initiative (GRI) that involve stakeholder analysis (Duckworth, Holly Alison, Moore, 2010). Freeman (1984, p. 4) indicated that stakeholders are “those who can affect or is affected by the achievements of the organization’s objectives”. Stakeholders may include shareholders, customers, suppliers, distributors, employees, and local communities. According to Jones and Wicks (1999), Stakeholder Theory rely on four main assumptions. First, the firm has relationship with fundamental (stakeholder) groups that goes beyond shareholders (Jones, Wicks, & Freeman, 2002); second, the process and outcomes associated with the relationships are based on the purpose of ensuring business long-term survivability and mutual benefit; third, the interests of all legitimate stakeholders have value and finally, the focus of Stakeholder Theory is on managerial decision-making. This will include the analysis of characteristics and behavior of organization, such as how companies are managed, how the board of directors looking corporate constituencies, the method manager thinks of management and the nature of the firm (Donaldson, Preston, & Preston, 1995).

Stakeholder Theory can relates the usefulness of CSR initiatives to the business player. This approach enables companies to develop strategies consistent with stakeholder demands and, thus, ensuring organizational prosperity in the long run (Capece & Costa, 2013). On top of that, this theory strongly highlights that all stakeholders must be considered in decision making process of the company.

In summary, Stakeholder Theory is related to the responsibility of management towards their stakeholders. Gupta, Briscoe and Hambrick, (2017) underlined two most important factors

contributing toward management decision to behave responsibility towards stakeholder; their own self and encouragement from the organization. By applying stakeholder theory, the study will explain the responsibility of management especially those stakeholders involve in CSR decision making (i.e., manager) at the organization in Klang Valley.

Theory of Planned Behavior

Theory of Planned Behavior (TPB) justify the relationship between individual background factors (internal locus of control, cognitive moral development and empathic concern) with the studied behavior (SRD). TPB which originated from Theory of Reason Action (TRA) by (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) proposed that attitude is positively related to intention to conduct a particular behavior, in which intention and actual behavior are closely related to each other. TPB stressed the role of individual background factors (Fishbein & Ajzen, 1975) that give impact on intentions and behavior. In brief, there are direct relationship and indirect relationship between background factors toward individual behavior. For instance, if one intends to behave in an environmentally responsible way, there is discrepancy of accessibility of facilities and infrastructures, perceived behavior control is low and constraints are increase, thus the behavior may not occur. Study done by (Liou & Bauer, 2007) explain the obesity factors in overweight Chinese American.

Based on the above descriptions, TPB helps addressing the understanding of individual factors (internal locus of control, empathic concern and cognitive moral judgement) on socially responsible behavior by stakeholders in the organization.

Determinants of Socially Responsible Decisions and Hypothesis Development

Internal Locus of Control

The notion of locus of control was developed by Rotter (1966). Locus of control deals with individual ability to control the main cause of the events in their life. It can be divided into internal and external locus of control. Internal locus of control referred as a belief that the events of the individuals resulted from their own personal behavior, traits and actions (Rotter, 1990). Meanwhile, external locus of control defined the outcome of the individual's perception is determined by fate, luck or other external environments that beyond his control. This study however will only be focusing on internal locus of control.

Individual with internal locus of control believe that they able to determine their future behaviour able to act alert towards environmental changes. Compared to external locus of control, they are more passionate in change the environments and they attribute more importance to their abilities, failures and achievements (SolmuS, 2004, p. 196). People with internal locus of control tend to change their life with their own efforts whereby individual will external locus of control tend to agonize from hopelessness in determine the direction of their life as they have faith in that some rewards in their life are not derived from the efforts like they are lucky or coincidence being in the right place at right time (SolmuS, 2004, p. 196). Locus of control is an important variable to explain the human behaviour in organization (Fagbola & Popoola, 2015).

Various studies have discovered that individuals with internal locus of control face less difficulty to express their feelings. Instead, they have more self-confidence and are neglect the need of others' approval upon themselves, they more concerned on their physical and mental health. Ashby, Kottman and Draper (2002) identified that people with external locus of control undergo more anxiety, stress and depression that they cannot avoid favourable events from happen. Individual with internal locus of control accept responsibility for events (Bernardi, 2001) and display more active behavior against problem solving (Anderson, 1977). There was evidence that employee with internal locus of control are confident with their efficiency and competence that show their capabilities in making decisions to solve problem and taking essential steps (SolmuS, 2004, p. 197). Internal locus of control is a personality traits that may affect the decision making process (Thompson, 2000). Research done by Dumitriu, Timofti, Nechita and Dumitriu (2014) proved that individual with internal locus of control that adopt leadership style centered on tasks, show pragmatic spirits, perseverance and achieving objectives tend to apply new efficient procedures in making decisions, organizing their own work and the subordinates. Akpochafo (2017) findings indicated that students with internal locus of control have high efficiency in conquering difficulties of their surrounding and pressure at school, have superior potential to overcome stress. Trevino (1986) conclude that manager with internal locus of control exhibit more consistency between moral judgement and action rather than the external locus of control.

Hereby, the internal locus of control in the study defined as the notch of an individual to control over their outcomes of event throughout their lives that might affect during the process of making decision in the organization.

Internal Locus of Control and Socially Responsible Behavior

Both Bray, Johns, and Kilburn (2011) and Smith, Hume, Zimmermann, and Davis (2007) claimed that individual ethical decision making was effected by their perceived locus of control. According to (Smith et al., 2007), individual with locus of control tend to have confidence in the existence between action and consequences. These individual responds more ethically when facing with dilemmas. Meanwhile, study done by Trevino and Youngblood (1990) revealed that individual with internal locus of control display low level unethical behavior and do what they think is right. Study done by Midlarsky and Midlarsky (1973) prove that people with internal locus of control facilitates helping behavior and they was suitable for complex tasks like managerial and professional jobs that required high learning abilities and the abilities in solving complicated information (Robbins, 2001). Coban & Hamamci (2006) summarize that individual with internal locus of control using logical decision-making strategy frequently. Thus, our first hypothesis is stated as follows:

H1. There is a significant and positive relationship between internal locus of control and SRB among managers in Klang Valley.

Empathic Concern

Concept of empathy have developed by theorist and psychologists past few decades (Duan & Hill, 1996; Gladstein, 1977; 1983). Being selflessness and concern for others defined as empathic concern by Davis (1983). According to Woltin et al, (2011) and Stocks et al., (2011) empathic concern been described as an emotional response of compassion and concern causes by witnessing someone else in need. Several researchers agree that empathy involves an individual's understanding of another person's experience or the sensing of another person's emotions. Duan and Hill (1996) assumed different empathic levels based on function of inheritance or environmental experiences. Empathy involves emotional and non-emotional components that seen as personality and cognitive ability due to multiple characteristics (Davis, 1983a; 1983b).

To understand the nature and structure of empathy, empathy are constituted into two components (Jolliffe & Farrington, 2006). Cognitive empathy that defined as the cognitive skills are being recognized and understand how another is feeling (Hogan, 1969). Next, affective empathy focused on the sharing emotional state of others (Baron-Cohen & Wheelwright, 2004; Feshbach, 1975). Empathic concern not just involve empathizing but also requires a concern for another person (Chismar, 1988). Hence, empathic concern lies under affective empathy. Empathic concern able to motivate the helping behavior (Eisenberg & Eggum, 2009) when the aversive feeling suppressed (Batson, Early, & Salvarani, 1997; Ruby & Decety, 2004), accompanied by the urge to take action to help to improve the other person's conditions (de Waal, 2008).

Further evidence from past studies with adult summarized that empathic concern does change an individual's decision making. Study done by Batson, Klein, Highberger and Shaw (1995) using college students offered good task to the worker rather than using random assignment when asked to consider the feeling of a worker who had recently suffered hardship. Verhaert and Van den Poel (2011) found a connection between empathic concern and donation decisions. Cecchetto, Korb, Rumiati and Aiello (2018) assured that the intensity of emotional reactions evoked by moral decision is biased by individual's empathic concern. Hence, these literatures confirmed that empathic concern does have their role in affecting the decision-making process of an individual.

Therefore, the concept of empathic concern in this study refer as the tendencies for the individual respondents to experience feelings of warmth, compassion and concern for others undergoing negative experiences.

Empathic Concern and Socially Responsible Behavior

Studies have been done in investigating the relationship between empathic concern and socially responsible behavior. In Cohen (2010) study, it was found that higher levels of empathic concern tend to disapprove of unethical negotiation tactics. In line this, studies by Cote, Piff and Willer, (2013) and Gleichgerrcht and Young (2013) found that individual under utilitarian judgement felt less empathic concern toward the individual they sacrificed for the sake of the group. The result by Kemple (2016) indicated that the empathy controlling and weaken the relationship between psychopathy and moral decision making.

The findings of Dietz and Kleinlogel (2014) study noted that perspective taking and empathic concern was weakly associated with struggling a supervisor's request to cut employee pay. Batson (2011) suggested that empathic concern is one of the motivation on high prosocial human behavior when associated with high costs to the individual. Hence, the hypothesis of this study is;

H3. *There is a significant and positive relationship between empathic concern and SRB among managers in Klang Valley.*

Cognitive Moral Development

The notion of Cognitive Moral Development is introduced by the theory of moral development by (Kohlberg, 1969) argued that all people are characterized by different level of cognitive moral development that influence the way of people making decisions in complex situation of conflict of interests.

Kohlberg's theory on moral development has been widely applied in psychology, business ethics and even feminist studies. Kohlberg's theory assists business managers to understand the interaction between stakeholders (including employees) and the organization. in the same time, this theory illustrated their leadership at different growth stages when they were developed. There are three main level of Kohlberg's of moral development; Preconventional Morality, Conventional Morality and Post-Conventional Morality.

Punishment and rewards act as motivator by managers at the first level of CMD (Preconventional level). The managers would prefer in monitoring and incentives as they are evaluating through moral dilemmas of how they can earn from the situation and be punished for not doing what they are required to. To conclude, first level of moral development of an individual are characterized with low and weak principles where they choose the course of action that is benefits to themselves, families and friends.

At other levels of CMD, managers tend to have certain values that move beyond personal wealth maximization. Level 2 individuals (conventional) are more pro-social and consider the interests of the group (teammates, organization, community and etc) in evaluating possible options and make decisions. For level 3, individuals have their moral principles that go through serving their internal group. Most of the individual at these stages would make actions that they perceived to be legal, ethical and fair according to their moral values.

CMD considered a stable characteristic that would change much in people who has reached the age of maturity (Rest, 1979). The higher the level of moral development, the lesser the tendency of manager approach in opportunistic behavior like shirking and using corporate resources to serve their personal goals (Aleksey Martynov, 2009).

Cognitive Moral Development and Socially Responsible Behavior

It was found that high levels of moral reasoning significantly related to behavior in organization. For instance, the actions of helping the others and decrease in cheating (Trevino, 1986) and ethical decision making (Trevino & Youngblood, 1990). Study done by Underwood and

Moore (1982) indicated that individual with developed moral reasoning tend to have better understanding the perspective of others. on the other hand, studies have found moderate relationship between moral reasoning and actual behavior (Rest, 1986; Ryan, 2001; Blasi, 1980). As mentioned by Colby and Damon (1992) that people still exhibit moral character or integrity without being assessed at Kohlberg's highest level of moral reasoning. But, thought the relationship between them as not strong, there is still positive connection between moral reasoning and socially responsible behavior. Therefore, the second hypothesis of this study is:

H2. *There is significant and positive relationship between cognitive moral development and SRB among managers in Klang Valley.*

Research Framework

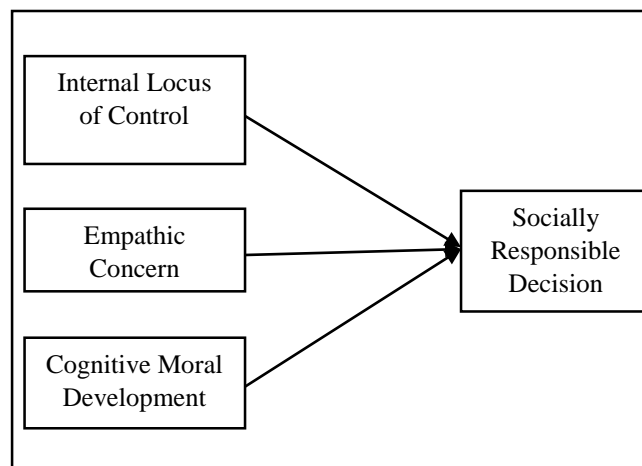


Figure 1. Research Framework of the Study.

Figure 1 illustrates the relationship between the IVs and the DV.

Materials and Methods

The study was conducted based on quantitative technique using correlational descriptive research design among managers from selected Malaysian Public Listed Companies (PLC) located in Selangor. It was estimated that there were in average of 5 executives and managers involved in decision making process for each organization. To date, there are about 252 PLC in Selangor (N=1260). The sample size in this study was determined by using G*power. The researcher has specifying the values of effect size, $r = .15$ (large size), a significant alpha, $\alpha = .05$, power = .95. The prior analysis has calculated a total sample required as 119. A sum of 150 questionnaires were distributed and 89 sets of questionnaires were returned back, giving response rate of 74.8%. However, only 73 sets of questionnaires were valid for this study.

Instruments and Measurement

Instrument for Socially Responsible Decisions

SRD in this study referred as individual manager preferences conscientiously supporting CSR initiatives in his decisions within the organization. Instrument for SRD has been adopted from the Melbourne Decision Making Questionnaire developed by Mann et al. (1998). For the purpose of this study, the original items in the instruments have been amended accordingly to suit the current research context. The internal consistency of internal locus of control is consider good (Cronbach's alpha $\geq .70$). The scale used a type response format of 5-point Likert scale.

Internal Locus of Control

Internal locus of control is operationalized as the degree of a person to control over their outcomes of event throughout their lives. For this factor, Levenson Multidimensional Locus of Control Scales by Levenson (1972) was adopted and adapted for this study. This study only emphasized in internal locus of control scales and thus, 8 items were used for internal locus of control. The internal consistency of internal locus of control is consider good (Cronbach's alpha $\geq .70$).

Empathic Concern

Empathic concern in this study defined as the tendencies for the individual respondents to experience feelings of warmth, compassion and concern for others undergoing negative experiences. Davis (1983) developed a questionnaire to measure empathy among adult. Considering the objectives and its analysis, this study utilized the shorten version of empathic concern and been adapted to suit this study. Internal consistency of this instrument is considered acceptable (Cronbach's alpha $\geq .70$).

Cognitive Moral Development

In this study, cognitive moral development defined as the individuals' ability in determining difference between right and wrong that affect their actions upon others. For cognitive moral development, Moral Development Scale for Professionals by Soderhamn, Bjornestad, Skisland and Cliffordson (2011) consist of 12 items that measure the Kohlberg's Cognitive Moral Development Stages. Thus, this instrument was employed to measure the variables. Internal consistency of this instrument is considered acceptable (Cronbach's alpha $\geq .70$).

Data Collection Procedure

There are 150 questionnaires were distributed to 30 randomly selected companies that conducted CSR activities as the respondents of the study. 89 sets of questionnaires were return back by the respondents. Yet, only 73 questionnaires were valid for this study. The questionnaires were distributed by first week of April 2018 after the pilot study has been successfully conducted and reliable. The distribution of the questionnaire splits into two ways; (1) through hardcopy by visiting the companies and (2) softcopy via emails to the person or department who involves in

CSR. The data were successfully collected within one month and 12 days (until 14 May 2018).

Each respondent was given the informed consent letter as get approval from the organizations in order to answer the survey questionnaire. The administration of all the tests was conducted by the researcher herself with the help of supervisor. The researcher ensured that the confidentiality in the cover page enclosed was explained to the respondents to prevent any response error. The participation of this study is completely voluntary. In return, a copy of result findings will be given to the organization as a token of appreciation for their participations in this study.

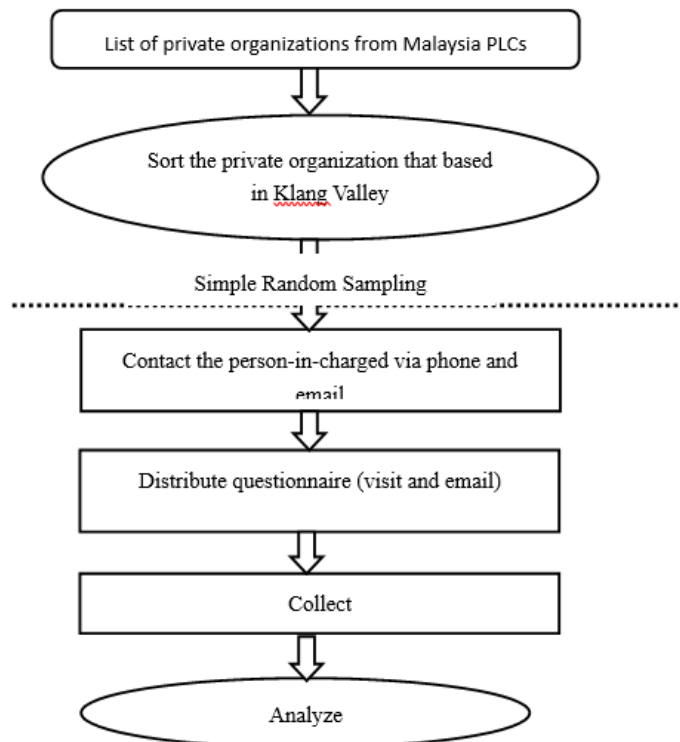


Figure 2. Flow Chart of Data Collection Procedures

Findings and Discussion

Demographic Profile of Respondents

Table 1 displayed the demographic information of the respondents of this study. Most of the respondents are under 31 to 40 age group with highest percentage, 34.2%. However, 16 respondents choose not to reveal their age due to personal data protection act based on their organizations. Similarly, the respondents of this study were about equal distribution among female and male. The findings further indicate that majority (37%) of respondents had less than 11 years of working experience as manager compared to 28.8% (21) of respondents who had 11 years to 20 years of working experience as managers. Only 5.5% (4) of respondents who had more than 30 years of working experience as manager.

Table 1. Demographic Profiles of the Respondents (n=73)

| Profile | Frequency | Percentage |
|---------------------------|------------------|-------------------|
| Age | | |
| <20 | 0 | 0.0 |
| 21-30 | 13 | 17.8 |
| 31-40 | 25 | 34.2 |
| 41-50 | 19 | 26.0 |
| Undisclosed | 16 | 21.9 |
| Gender | | |
| Male | 32 | 43.8 |
| Female | 37 | 50.7 |
| Undisclosed | 4 | 5.5 |
| Working Experience | | |
| Less than 11 years | 27 | 37.0 |
| 11 years-20 years | 21 | 28.8 |
| 21 years- 30 years | 13 | 17.8 |
| More than 30 years | 4 | 5.5 |
| Undisclosed | 8 | 11.0 |

Descriptive Analysis

The computed mean scores were derived into three levels, low (1.00-2.33), moderate (2.34-3.67), and high (3.68-5.00). As shown in Table 2, the result illustrated that majority of respondents perceived high socially responsible decision (M=3.91, SD = 0.60), internal locus of control (M=3.72, SD=0.49), emphatic concern (M=3.73, SD=0.47), and cognitive moral development (M=3.77, SD=0.41).

Table 2. Level of Variables (n=73)

| Variable | <i>f</i> | % | M | SD |
|-------------------------------|----------|------|------|-----|
| Socially Responsible Decision | | | 3.91 | .60 |
| Low (1.00-2.33) | 0 | 0.0 | | |
| Moderate (2.34- 3.66) | 26 | 35.6 | | |
| High (3.67-5.00) | 47 | 64.4 | | |
| Internal Locus of Control | | | 3.72 | .49 |
| Low (1.00-2.33) | - | - | | |
| Moderate (2.34- 3.66) | 31 | 42.5 | | |
| High (3.67-5.00) | 42 | 57.5 | | |
| Empathic Concern | | | 3.73 | .47 |
| Low (1.00-2.33) | - | - | | |
| Moderate (2.34- 3.66) | 30 | 41.1 | | |
| High (3.67-5.00) | 43 | 58.9 | | |
| Cognitive Moral Development | | | 3.77 | .41 |
| Low (1.00-2.33) | - | - | | |
| Moderate (2.34- 3.66) | 28 | 38.4 | | |
| High (3.67-5.00) | 45 | 61.6 | | |

Results indicated that majority of the respondents actively involved

Pearson Correlation Analysis

Pearson Product Moment Correlation was used in this study in measuring the strength and direction of relationship between variables. Pearson Correlation coefficient (*r*), provides a meaningful index for indicating relationship, with the sign of the coefficient indicating the direction of the relationship, and the difference between the coefficient and 0 indicating the degree of the relationship.

Research Objective 3

To determine the relationship between individual factors and socially responsible behavior among managers in Klang Valley.

Based on Table 3, all individual factors (internal locus of control, empathic concern and cognitive moral development) have positive relationship toward socially responsible behavior among managers. This conclude that high internal locus of control, empathic concern and cognitive moral development will increase socially responsible behavior among managers in Klang Valley. Back to Cohen (1988), when value of magnitude between two variables are in the range of 0.3-0.49, moderate relationship was formed between them. The results indicate that internal locus of control, empathic concern and cognitive moral development have moderate

relationship with socially responsible behavior. Based on these individual factors, cognitive moral development (0.437) has the highest relationship on socially responsible behavior compared to internal locus of control (0.384) and empathic concern (0.301).

Table 3. Intercorrelations between Individual Factors and Socially Responsible Behaviour

| Variables | 1 | 2 | 3 | 4 |
|----------------------------------|---|-------|--------|--------|
| 1. Internal Locus of Control | - | .265* | .406** | .384** |
| 2. Empathic Concern | | - | .576** | .301** |
| 3. Cognitive Moral Development | | | - | .437** |
| 4. Socially Responsible Behavior | | | | - |

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

H1: There is significant relationship between internal locus of control and socially responsible behavior among managers in Klang Valley.

As depicted in Table 4, the result indicated that internal locus of control was found to have a significant effect on socially responsible behavior among managers in Klang Valley. Thus, the **Hypothesis 1** was supported.

H2: There is significant relationship between empathic concern and socially responsible behavior among managers in Klang Valley.

As illustrated in Table 4, the result showed that empathic concern was found a significant relationship with socially responsible behaviour among managers in Klang Valley. Therefore, the **Hypothesis 2** was supported.

H3: There is significant relationship between cognitive moral development and socially responsible behavior among managers in Klang Valley.

Based on the result shown in Table 4, the result indicated that cognitive moral development was found to have a significant effect on socially responsible behavior among managers in Klang Valley. Thus, the **Hypothesis 3** was supported.

Research Objective 4

To determine the best prediction factor that influencing socially responsible behavior among managers in Klang Valley.

Table 4 below indicates R^2 , the coefficient of determination is 0.24 explain that 24% of the variance in internal locus of control, empathic concern and cognitive moral development towards socially responsible behavior. Frost (2015) mentioned that R-squared is a measurement of determine the closeness of the data that fit to the regression line. The higher the R-squared, the

better model fit in the data. However, he explained that there are certain field that gained low R-squared especially under the field who try to test the human behaviour in psychological way. In a simple way to explain, human behaviour is hard to be predicted. Approximately 24% of total variance in socially responsible behavior was accounted by internal locus of control, empathic concern and cognitive moral development, $F(3, 69) = 7.437, p < .05$. The correlation between internal locus of control ($\beta = .245, p < .05$) and cognitive moral development ($\beta = .301, p < .05$), and socially responsible behavior were statistically significant. However, empathic concern ($\beta = .063, p > .05$) was found not significantly affect socially responsible behavior.

Table 4. Multiple Regression Analysis

| Variable | Unstandardized Beta | | Std. Beta | t | p | 95% CI | |
|----------|---------------------|------------|-----------|-------|-------|--------|-------|
| | β | Std. Error | | | | LB | UB |
| SRB | .816 | .671 | | | | -.521 | 2.154 |
| ILOC | .303 | .142 | .245** | 2.138 | 0.036 | .020 | .586 |
| EC | .082 | .166 | .063 | 0.493 | 0.624 | -.249 | .412 |
| CMD | .439 | .198 | .301** | 2.223 | 0.029 | .045 | .834 |

F (7.437), $R^2 = .244, .211$

Study by du Prel, Hommel, Rohrig, and Blettner (2009) stated that confidence intervals (CI) indicate the direction of the effect studied. With the help of CI, the significance of the relationship was determined. If the confidence interval does not include the value of zero, it can be assumed that there is statistically significance result on the variables. Table 4 revealed that the range of lower bound to upper bound of internal locus of control and cognitive moral development does not include zero value and thus, the relationship between internal locus of control and cognitive moral development toward socially responsible behavior are significant. However, the range of CI of empathic concern involves zero values and hence, there is no significant relationship between empathic concern on socially responsible behavior among managers in Klang Valley.

In addition, the result in Table 4 showed that the cognitive moral development has highest values of standardized beta (.301) compared to internal locus of control (.245) and empathic concern (.063). Therefore, based on Table 4, cognitive moral development has the strongest influence on socially responsible behavior among managers in Klang Valley.

Discussion of Findings

This current section will provide further discussion on the finding of the study, aligning with research objectives. Further discussions are explained as follows;

Internal Locus of Control

Following suggestion by Afolabi and Alade (2015), these scores could be grouped in three

levels, namely, low (1.00-2.00), moderate (2.34-3.66), and high (3.67-5.00). Overall mean = 3.7175 (considered high). Colquitt, LePine and Wesson (2015) studies revealed that employee with internal locus of control mostly satisfied with their job and they perform better.

In fact, having internal locus of control able to differentiate effective and ineffective leaders, managers and employees. With high internal locus of control, managers tendencies to provide better solution for business problems are high and even they show good leadership and manage organizations better (Julita & Rafaei, 2009).

Empathic Concern

Followed by empathic concern, the overall mean score is under high empathic concern. In Scott, Colquitt, Paddock, & Judge (2010) research, manager with empathic concern will foster a climate of understanding and support that leads to greater happiness following daily accomplishments at work. The result supported Kleinlogel and Dietz (2014) study, argued that individual with high empathic concern understood how other person felts and would take this account in their decision making. The findings imply that empathic concern could play critical role in making decision among managers.

Cognitive Moral Development

Same goes to cognitive moral development, the mean score (3.771) is high among managers. Higher level of cognitive moral development are tend to not respond with the rewards and punishment as a means of controlling their behavior (Aleksey Martynov & Logachev, 2016). According to Orlitzky and Swanson (2006, p.10) individual with high CMD are more readily to reflect on moral obligation that exceed the legal realm to taken into account broader social and environmental concerns.

Influence of Individual Factors on Socially Responsible Behavior

Internal Locus of Control and Socially Responsible Behavior

The Pearson correlation analysis revealed that the internal locus of control was found to have a significant effect on socially responsible behavior ($r=.384, p=0.000$). According to Hughes, Ginnette and Curphy (2012), individual with internal locus of control exhibit participate behavior. Employees with internal locus of control can see the relationship contingencies between their actions and outcomes/rewards, and thus are more likely to make ethical decisions (Manley, Benavidez, & Dunn, 2007). When they feel their actions could determine other's event, they tend to make decision on which activities to be conducted as a part of CSR approach. This finding of the study supported Ornoy (2010) that internal locus of control positively associated to an attitude towards taking part in decision making at work. Their characteristics may impact a manager's preferences for ambiguity and processing of information and thereby, the decision making styles (Thompson, 2010). Moreover, Adekola (2012) restate locus of control of an employee influence their decision making quality. A good leader makes their job clear to everyone, able to foresee difficulty and take actions to avoid them, the direct link between how hard one work and the output; teamwork is an outstanding way to create character and expand

productivity; when I make plan I almost certain that I can make them work.

Empathic Concern and Socially Responsible Behavior

The Pearson correlation analysis revealed that the empathic concern was found significant and positive effect on socially responsible behavior ($r= 0.301, p<0.05$). The finding of the study supports the research by Kleinlogel and Dietz (2014). Findings of their study concluded that organization which practiced empathy can enhance ethical of the decision-making process and altruistic behavior within organization. Highly empathic individual has higher tendency to consider another's feelings and more likely to help others.

Empathy play role in participate the decision-making process whether to cut wages or to keep them for to create value for all stakeholders. In fact, manager with high level of empathic concern tend to form ethical intentions especially concern with employee health and well-being (Mencil & May, 2009). Pavlovich and Krahnke (2012) added that empathy allows people to develop mutual agreement and avoid personal judgment, that resulting in connectedness and compassion within organization.

Cognitive Moral Development and Socially Responsible Behavior

The Pearson correlation analysis (Table 3) revealed that the cognitive moral development was found to have a significant effect on socially responsible behavior ($r= 0.437, p<0.05$). the findings prove that cognitive moral development does influence the manager's preference in corporate social responsibility initiatives. The result is similar to study by Loe, Ferrell and Mansfield (2000) which they found out that individual moral philosophy significantly influenced ethical decision making. Needless to say, when an individual has higher level of cognitive moral development, the effect of self-construal and temporal construal on their decision making will become stronger that those who have lower level of cognitive moral development (Qian, 2014).

Summary

The result of the study revealed that internal locus of control and cognitive moral development had a significant relationship to socially responsible behavior. Meanwhile, empathic concern was found no significant relationship toward socially responsible behavior among managers. In addition, the result indicated that internal locus of control, empathic concern and cognitive moral development have positive and moderate relationship toward socially responsible behavior. Among these factors, only empathic concern has no significance relationship on socially responsible behavior.

Finally, the result shown that cognitive moral development was the best factors in affecting socially responsible behavior among managers compared to internal locus of control.

Conclusion of the Study

There is growing concern with socially responsible behavior through the application of Human Resource Development (HRD) concepts and practices (refer the article I downloaded). Taking into account the modern HRD perspective which includes individual organizational

development as one of the components in the framework, the study examined the factors influencing socially responsible behavior. The following conclusion were drawn from the study.

1. Socially responsible behavior is important in determine the CSR decision making done by manager in organization. Any decision done by the manager will influence to the financial performance, and corporation image of the organization
2. Internal locus of control significantly influences socially responsible behavior among manager. The result explained that manager who have high control over their outcomes of event throughout their lives, they tend to make better in CSR decision making at their organization.
3. The study reviewed that cognitive moral development has significant effect on socially responsible behavior compared to other individual factors among managers in Klang Valley. It concludes that moral reasoning is the most important among manager to take into account when make decision based on right and wrong judgement.

Implication of the Study

The study enables to gain deeper and comprehensive understanding on the socially responsible behavior among managers. The result of the study supplies important implication in both theoretical and practical implications for researcher to deliberate.

Theoretical Implication

The findings of the study are supported the theory that internal locus of control, empathic concern and cognitive moral development affecting the socially responsible behavior among managers in Klang Valley. This study extends the Stakeholder Theory by clearly clarifies individual factors that would broaden and strengthen up the responsibility as stakeholder to explain individuals' socially responsible behavior among managers.

Theory of Planned Behavior employed to support Stakeholder Theory in this study. the findings revealed support for the employment of the Theory of Planned Behavior in the research framework of this study as the theory. It implies that individual factors are important in enhancing what leads to social responsible behavior among manager in Klang Valley.

To conclude, this study has contributed to the practical use of Stakeholder Theory and Theory of Planned Behavior in an integrative manner on developing the knowledge of the phenomenon of socially responsible behavior among managers in Klang Valley.

Practical Implication

This study contributes to current perspective of Human Resource Development on individual development. Most of CSR well known with the Global Reporting Analysis and CSR disclosure to indicate how frequent an organization exercise their responsibility. Thus, less attention has been focused on individual level perspectives. This gap should be highlighted as the initiatives has been done by individually. The study proved that individual personal factors were directly influence the socially responsible behavior.

Socially responsible behavior will give impact to the employee relationship, sharing of knowledge and ethical culture while performing CSR activities in organization. SRB is very important in enhancing employee engagement, commitment and loyalty towards their work.

Recommendation for Future Research

As this study able to attain limited number of managers to investigate the relationship between individual factors and socially responsible behavior, it is recommended that future studies could done with bigger sample size in order to have greater statistical confidence. Current study only implies individual's perspective of socially responsible behaviour in organization. Putting into larger picture, it is recommended that future study could be done with additional organizational variables that influence the CSR decision making done by the management. In fact, socially responsible behavior is likely to occur in organization setting. Therefore, it is an opening for future researchers to widen the area of organizational factors based on theories such as institutional theory. Taken all into account, it can be resulted in more complex and interesting findings. For instance, organizational culture (Pierce & Snyder, 2015) could impact how employees feel and influence the decision making of its employees. Other than cultures itself, peer pressures within an organization could affected a person's ethical decision making (Tillman, Hood, Lawrence, & Kacmar, 2015). It is also suggested that social networking could set as moderator or mediator in influencing an individual's moral behavior.

A survey through questionnaires was conducted in this study to determine the relationship between individual factors with socially responsible behavior among managers in private organization located at Klang Valley. Thus, it is recommended that future studies may consider to conduct the research in other location in Malaysia such as Penang and Johor Bharu. Both locations are also well known in conducting CSR practices especially among private organizations.

Socially responsible behavior is considered as complex construct that reflects various factors related to individual and social interaction. It is recommended that future studies should be carried out by adding other predictors of socially responsible behavior such as gender, age, personality and physical health status. Gender might impact on a person moral reasoning and ethical decision making (Boulouta, 2013; Burlleson & Robbins, 2015).

This study employed quantitative research method to attain statistical generation on relationship between individual factors and socially responsible behavior of managers. As the study conducted based on cross section of point in time, it is recommended that future researchers to enforce for qualitative to contact with deeper understanding on how individual interests and preference affecting socially responsible behaviour.

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