International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2027, 17(1), 687-696.

Corporate Social Responsibility and Financial Performance: The Mediating Role of Employee Engagement and the Moderating Role of Job Autonomy in Malaysian Manufacturing Firms

Charis Teoh Yi En[1], Tan Seng Teck[1]*, Pradeep Sonar[2], Subrun Veejayrun Singh[3]

[1]INTI International University, Nilai, Malaysia, [2]Parul University, India, [3]Adolphe De Plevitz SSS, Mauritius,
*Email: sengteck.tan@newinti.edu.my

Received: 02 July 2026 **Accepted:** 27 September 2026 **DOI:** https://doi.org/10.32479/irmm.24944

ABSTRACT

Corporate social responsibility (CSR) has historically been treated as a discretionary activity outside the realm of strategic management. However, over time CSR has gained traction as a necessary addition to any organisation with positive impact on the firm's bottom line. Despite this progress, how CSR affects financial performance is not well understood, especially in an emerging- market manufacturing setting. This study investigates CSR's impact on financial performance for Malaysian manufacturing firms while testing employee engagement as a mediating variable and job autonomy as a moderating condition. Five hypotheses were formulated based on Stakeholder Theory, Social Exchange Theory, and Self-Determination Theory; direct effects of CSR on employee engagement and financial performance, the indirect effect of employee engagement on financial performance, mediation of employee engagement, and moderation of job autonomy were investigated. A quantitative, non-experimental, cross-sectional design was utilised. Participants were Malaysian employees working in manufacturing firms who completed a questionnaire. 384 completed questionnaires were collected from a sample of 500 resulting in a response rate of 76.8%. Data were analysed through descriptive statistics, exploratory factor analysis, reliability analysis, Pearson correlation, multiple regression, and conditional process analysis with PROCESS Model 7 using 5,000 bootstrap resamples. Results found CSR to have a positive and significant effect on financial performance and employee engagement. Employee engagement had a positive and significant effect on financial performance and fully mediated the relationship between CSR and financial performance. Job autonomy was found to have no significant effect on the relationship between CSR and employee engagement but was found to have a positive and significant relationship with employee engagement. This study contributes to the field of CSR by providing evidence that employee engagement serves as an important internal mechanism through which responsible organisational practices affect financial performance. The findings of this study show that job design may play an important role in manufacturing contexts where there are more formal procedures and requirements for operation.

Keywords: Corporate Social Responsibility, Employee Engagement, Job Autonomy, Financial Performance, Malaysian Manufacturing
JEL Classifications: M14, L25, M54

1. INTRODUCTION

Corporate social responsibility (CSR) has increasingly been recognised as a salient concern for modern organisations. Organisations are not simply assessed based on their capacity to maximise profits and shareholder value. In today's business environment, firms are expected to account for how their policies affect stakeholders including employees, customers, suppliers, local communities, governments, and the natural environment. The shift towards stakeholder expectations has coincided with the development of stakeholder theory, which understands sustainable organisational value as contingent on relationships with multiple stakeholders (Carroll, 2021; Freeman et al., 2020).

CSR itself can be broadly understood as policies and practices incorporating stakeholder expectations and the economic, social,

This Journal is licensed under a Creative Commons Attribution 4.0 International License

and environmental impacts of organisational activities (Aguinis and Glavas, 2012). Carroll's (1991, 202l) model further includes economic, legal, ethical, and philanthropic responsibilities as interrelated components of CSR. Thus, CSR can extend beyond charitable donations and involve policies related to employee welfare, environmental impact, ethical management practices, sustainable supply chain management, stakeholder engagement, and other organisational practices.

CSR can be of strategic relevance for a range of industries, including manufacturing. Manufacturing firms rely on relationships with employees, suppliers, customers, governmental regulators, communities, and global business partners. In Malaysia, manufacturing is a key industry that makes up a substantial portion of the national economy (Department of Statistics Malaysia, 2024). Prominent manufacturing sectors include electrical and electronics, automotive components and machinery equipment, chemicals, and food processing. For this study, we are focusing on manufacturing firms within Selangor, Penang, Johor, and Negeri Sembilan.

In recent years, many Malaysian manufacturers have increasingly become part of international supply chains. As a result, CSR becomes especially important as customers and business partners increasingly consider environmental, social, and governance (ESG) factors when selecting suppliers. CSR can play a key role in shaping corporate reputation, market access, stakeholder trust, employee attitudes, operational effectiveness, and financial outcomes.

Research has explored the relationship between CSR and corporate financial performance. Consistent with this logic, meta-analytic research has found that corporate social performance is generally positively related to corporate financial performance (Orlitzky et al., 2003). This finding has since been supported by research aggregating results from over 2,000 empirical studies – with Friede et al. (2015) finding that environmental, social, and governance factors generally have positive or non-negative relationships with financial performance. Later research has sought to understand the contingencies and mechanisms behind CSR's relationship with financial performance, rather than presupposing financial returns.

However, while CSR has potential benefits, the effects of CSR are not guaranteed to automatically translate into financial performance. Implementing CSR activities can result in costs, management attention, and organisational changes. Meanwhile, financial returns from CSR may not be immediate. As such, Margolis and Walsh (2003) called for research to better understand how CSR activities may influence organisational outcomes. Aguinis and Glavas (2012) echoed similar sentiments by highlighting the need to understand how CSR affects employees on a micro-level.

One such micro-level process could be through employee engagement. Employees are stakeholders who experience the repercussions of an organisation's policies and practices day-to-day. Employees who perceive their organisation to be socially responsible may experience positive reactions to their employer including greater organisational identification, psychological meaningfulness, organisational-based pride, and perceived organisational support (Glavas, 2016). These positive perceptions and attitudes can foster engagement by encouraging employees to express greater cognitive, emotional, and physical effort at work.

There is reason to believe that CSR can affect employee engagement. Glavas (2016) found that CSR could allow employees to express more of their whole self at work. CSR can promote meaningfulness because employees can feel that their job is serving a greater purpose than just helping the organisation.

In addition to positive relationships with perceived CSR, employee engagement has been found to have strong relations with organisational performance. Employee engagement is defined by high levels of vigour, dedication, and absorption (Schaufeli et al., 2002). Engaged employees show greater effort, persistence and productivity at work and often align their personal goals with those of the organisation (Rich et al., 2010). Using meta-analysis, Harter et al. (2002) found positive relationships between employee engagement and employee satisfaction with productivity, profitability, customer satisfaction, and employee retention. Supportively, Christian et al. (2011) found that work engagement was positively related to task performance and contextual performance.

Therefore, employee engagement may serve as a linkage between CSR and financial performance. This is because CSR can affect employees and their level of engagement at work, which can directly affect productivity and organisational performance. Employee engagement thus mediates the relationship between CSR and organisational performance.

As such, the hypothesized relationship is not simply:
CSR → Financial Performance
but instead, CSR → Employee Engagement → Financial Performance

Additionally, this study also tests job autonomy as a possible moderator. Job autonomy refers to the level of freedom and independence allotted to employees regarding scheduling their work and determining how to accomplish their tasks (Hackman and Oldham, 1976; Morgeson and Humphrey, 2006). Self-Determination Theory suggests that autonomy is one of three innate psychological needs and facilitates intrinsic motivation and psychological well-being (Deci and Ryan, 2000; Gagné and Deci, 2005).

Conceptually, it could be argued that employees who are granted higher levels of autonomy may be better equipped to internalize organisational goals and transform CSR into meaningful behaviour. Job autonomy may therefore act as a booster of the positive effect between CSR and employee engagement. This might however be highly contingent on context in the manufacturing sector because workplaces can include prescribed working procedures, quality standards, safety regulations, and production quotas.

This study contributes to closing this gap by testing a comprehensive model in which CSR is the independent variable, financial

performance is the dependent variable, employee engagement is the mediator, and job autonomy is the moderator within the specific context of Malaysian manufacturing firms. Five hypotheses will be tested in this study.

This study offers three contributions. First, by providing evidence from Malaysia, this study will broaden the currently sparse CSR literature in non-Western contexts. Second, this study shows that employee engagement may act as the internal mechanism that links CSR to financial performance. Third, by testing job autonomy as a boundary condition, this study empirically informs under which conditions autonomy will (or will not) affect the relationship between CSR and employee engagement.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Corporate Social Responsibility and Financial Performance

Stakeholder Theory offers perhaps the most direct theoretical explanation for the CSR–financial performance relationship. Freeman (1984) explained that organisations must acknowledge stakeholders "those groups who can help or hinder the accomplishment of the organisation's objective" (p. 46). Profit is then built not through exchanges with shareholders alone, but through creating value with employees, customers, suppliers, government, local community, and other stakeholders.

Corporate social responsibility can help build stakeholder relationships by communicating that stakeholders are valued by the organisation. Environmentally responsible policies may encourage better relationships with regulators or local communities. Responsible practices toward employees may encourage better employee attitudes. Ethical behaviour and corporate citizenship may strengthen reputation and trust with stakeholders.

CSR may therefore affect financial performance through a variety of channels. Luo and Bhattacharya (2006) found that CSR may strengthen customer satisfaction and firm market value. Porter and Kramer (2006) found that CSR may have strategic value when firms use their competitive strategy to address social issues, rather than managing CSR as an appendage of philanthropy.

Evidence appears to support this positive relationship. Orlitzky et al. (2003) found a positive corporate social–financial performance relationship overall in their meta-analysis. Friede et al. (2015) found that most studies testing the relationship between ESG metrics and financial performance find positive and/or non-negative relationships.This relationship therefore makes theoretical sense under Stakeholder Theory. By managing stakeholder relationships effectively, firms may gain valuable intangible resources such as trust, legitimacy, reputation, employee commitment, and customer loyalty. These intangible resources may then help support long-term financial performance.

In addition, stakeholder relationships may be particularly important for Malaysian manufacturing firms who are looking to maintain relationships with international customers. As global supply chains place increasing importance on sustainability standards, CSR may help ensure continuity of supply.

- H_1: Corporate social responsibility positively influences financial performance among Malaysian manufacturing firms.

2.2. Corporate Social Responsibility and Employee Engagement

Employees represent a key stakeholder group as they are the individuals who ultimately enact organisational strategies and impact organisational performance. CSR can influence employee attitudes by communicating the values and priorities of the organisation. This can be understood via Social Exchange Theory. Blau (1964) argued that social relationships are formed based on reciprocal exchanges of resources.

Cropanzano and Mitchell (2005) later confirmed that social exchange theory can help explain employee attitudes and behaviours at work. Supportively, when employees feel that the organisation treats them favourably, they may attempt to 'repay' the organisation with positive attitudes and behaviours. CSR may serve as an example of the organisation treating employees favourably. If employees perceive their organisation to be engaging in CSR, they may believe that the organisation cares about its employees, society and the environment, which can promote organisational identification and positive emotional reactions (Farooq et al., 2014, 2017). CSR may also increase psychological meaningfulness as employees may find their work more meaningful if they believe their employer is bettering society. Aguinis and Glavas (2019) argued CSR provides individuals with one of many avenues through which they search for and experience meaningfulness at work. Glavas (2016) also provided evidence that CSR plays an important role in employee engagement. Overall, these explanations suggest CSR may lead employees to become more psychologically connected to their job. Within a manufacturing context this is important as employee behaviour has a direct impact on production quality, safety, efficiency, and operational performance. Therefore, if employees are engaged with their work they may be more likely to enact positive work behaviours that benefit the organisational bottom line.

- H_2: Corporate social responsibility positively influences employee engagement among Malaysian manufacturing employees.

2.3. Employee Engagement and Financial Performance

Employee engagement has been defined as a positive psychological state related to one's work, characterised by vigour, dedication and absorption (Schaufeli et al., 2002). When workers are engaged, they are present at work, both psychologically and physically, and have the willingness to expend effort on their work tasks. Kahn (1990) defined personal engagement as the "investment of selves" into one's work role. Engaged employees have higher levels of cognitive, emotional, and physical resources they bring to their role performance (Saks, 2006).

Employee engagement has important organisational consequences as well. Harter et al. (2002) reported higher levels of employee satisfaction and engagement within business units predicting better overall business performance. Researchers have found significant positive relationships between work engagement and performance (Christian et al., 2011).

Results can affect productivity rates, product quality, safety behaviour, problem solving behaviours, innovation and overall process improvement within manufacturing firms. Engaged employees who are psychologically investing in their role may work harder to pinpoint problems and turn over extra discretionary effort. Therefore, it is expected that employee engagement will positively contribute to financial performance.

- H_3: Employee engagement positively influences financial performance among Malaysian manufacturing firms.

2.4. Employee Engagement as a Mediator

Building on the above arguments, employee engagement may be one mechanism through which CSR can influence financial performance. CSR activities may offer meaningfulness, organisational pride and perceptions of organisational support to employees, leading to higher levels of engagement. In turn, employee engagement could improve organisational performance via increased productivity or discretionary effort.

Earlier, Luo and Bhattacharya (2006) showed that CSR could influence firm performance via entirely 'external' mechanisms such as customer satisfaction or reputational benefits. Nonetheless, internal mechanisms based on employees may be equally important. For example, Glavas (2016) highlighted the importance of employee psychological processes in CSR. Farooq et al. (2017) found that CSR influenced employee-related outcomes through multiple mediating pathways.

Therefore, employee engagement is conceptualised as a partial mediator in the present study. CSR could therefore have both a direct effect and indirect effect on financial performance through employee engagement.

- H_4: Employee engagement mediates the relationship between corporate social responsibility and financial performance among Malaysian manufacturing firms.

2.5. Job Autonomy as a Moderator

Job autonomy refers to the degree of freedom and independence individuals have in their work. Hackman and Oldham (1976) define autonomy in the context of job design as "the extent to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out" (p. 130). Self-Determination Theory posits that autonomy is one of three psychological needs that motivate humans to take action (Deci and Ryan, 2000). Extending this idea to motivation at work, Gagné and Deci (2005) theorized that when jobs support autonomy, individuals will be better able to internalize and experience autonomous motivation for work. Applied to CSR, employees who are afforded more autonomy may be better able to interpret organisational values and integrate them into their own tasks. They may also be afforded more freedom to engage in CSR activities or make decisions that align with the company's prosocial values. Therefore, this study suggests that autonomy will serve to strengthen the positive relationship between CSR and employee engagement.

- H_5: Job autonomy moderates the relationship between corporate social responsibility and employee engagement such that the relationship is stronger when job autonomy is high.

2.6. Theoretical Framework

This conceptual model is based on three theories: Stakeholder Theory, Social Exchange Theory, and Self-Determination Theory.

Stakeholder theory has been used to understand the CSR–financial performance relationship. By responsibly managing relationships with stakeholders, organisations can create stakeholder value that is both long-term and profitable (Freeman, 1984; Freeman et al., 2020). This theory will be applied to understand why CSR leads to financial performance.

Social Exchange Theory has been used to understand the CSR–employee engagement relationship. CSR may signal to employees that the organisation treats them favourably and cares about them, causing employees to engage more with the organisation (Blau, 1964; Cropanzano and Mitchell, 2005). Social Exchange Theory will be applied to understand how CSR leads to financial performance via employee engagement.

Self-Determination Theory has been used to theoretically support why job autonomy increases employee engagement. Autonomy can allow employees to feel more in control of their job and experience greater levels of intrinsic motivation and internalisation (Deci and Ryan, 2000; Gagné and Deci, 2005). Self-Determination Theory will be used to understand when CSR leads to the highest levels of employee engagement.

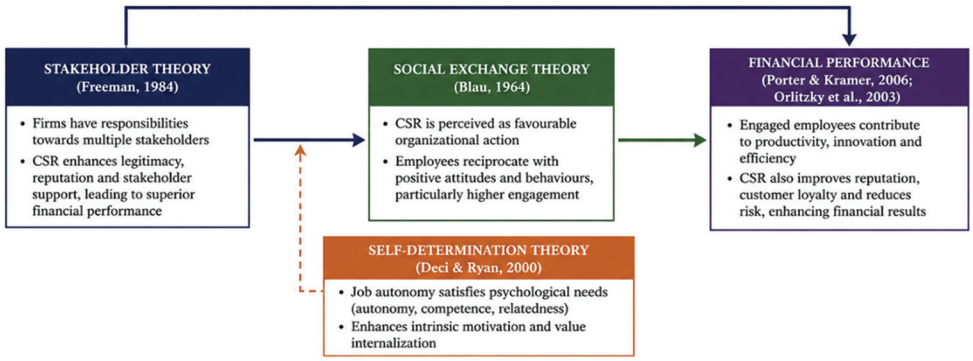
Thus, the full conceptual model is presented in Figure 1:
CSR → Financial Performance
CSR → Employee Engagement → Financial Performance
CSR × Job Autonomy → Employee Engagement

2.7. Conceptual Framework and Hypotheses

The conceptual framework of this study depicts the relationships that this study proposes between corporate social responsibility (CSR), employee engagement, job autonomy and financial performance (Figure 2). This study draws from the three theories reviewed in the previous section (Stakeholder Theory, Social Exchange Theory and Self-Determination Theory) to develop its conceptual framework.

CSR is the independent variable in this study whereas financial performance is its dependent variable. This study proposes employee engagement as a mediator variable and job autonomy as its moderator variable. Employee engagement mediates this study because it helps to explain how or why CSR may affect financial

Figure 1: Theoretical framework



performance. Job autonomy moderates this relationship because it symbolises the level of freedom and independence employees feel when executing their jobs.

According to the conceptual framework, CSR has a direct and positive effect on financial performance. This assertion draws mainly on Stakeholder Theory, which posits that responsible management of stakeholders helps create organisational value and thus lead to sustained performance.

Second, CSR has a positive effect on employee engagement. This assumption is anchored on Social Exchange Theory. When employees feel that their organisation behaves responsibly, they are likely to respond favourably by forming stronger psychological attachment and engagement towards their jobs.

Third, employee engagement has a positive effect on financial performance. Previous studies have shown that highly engaged employees tend to have higher levels of energy, dedication, discretionary effort and performance at work.

Fourth, employee engagement mediates the relationship between CSR and financial performance. That is, CSR could lead to better financial performance through indirect means such as fostering greater employee engagement.

Lastly, job autonomy moderates the relationship between CSR and employee engagement. Consistent with Self-Determination Theory, employees with greater job autonomy would feel that they have a greater ability to internalise their organisation's goals and translate them into engaging forms of behaviour at work.

3. METHODOLOGY

3.1. Research Design

Methodology research design was quantitative in nature and deductive. In particular, cross-sectional survey design allowed exploration of the relationship between CSR, employee engagement, job autonomy and financial performance. This study used a structured questionnaire since it aimed to statistically test previously stated hypotheses (Creswell and Creswell, 2018; Sekaran and Bougie, 2016). Unit of analysis are individual employees working within a Malaysian manufacturing firm. Employees at various organisational levels were targeted because they were expected to have adequate exposure to information about their organisation's CSR activities and performance (Evans and Mathur, 2018).

3.2. Population and Sampling

The target population of this study consisted of Malaysian manufacturing firms. In particular, firms located within the states of Selangor, Penang, Johor, and Negeri Sembilan were targeted. Respondents were selected from manufacturing subsectors that include electrical and electronics, automotive components, machinery and equipment, chemicals and chemical products and food processing companies.

This study utilised non-probability convenience sampling. Probability sampling would allow for stronger generalisability, however, due to practical constraints in accessing a complete sampling frame of manufacturing employees, convenience sampling was employed instead. In total, 500 questionnaires were distributed. 384 usable questionnaires were returned, yielding a response rate of 76.8% (Golzar et al., 2022).

3.3. Measurement

All variables were measured using five-point Likert scales where 1 = Strongly disagree and 5 = Strongly agree. CSR was measured using items adapted from Turker (2009). Employee engagement was measured using items based on Schaufeli et al.'s (2002) Utrecht Work Engagement Scale. Job autonomy was measured using items based on Hackman and Oldham's (1976) work, and financial performance was measured using subjective measures of performance adapted from Delaney and Huselid (1996). This study used previously established measures to allow for stronger reliability and validity (Likert, 1932; Boone and Boone, 2012).

3.4. Data Analysis

Descriptive statistics, exploratory factor analysis, reliability analysis, correlation analysis, regression analysis, and conditional process analysis were used. PROCESS Model 7 was used to analyse the proposed mediation and moderation relationships. Bootstrap analysis with 5,000 resamples was used to estimate indirect effects and confidence intervals. Bootstrap confidence intervals are recommended by Hayes (2022) because they do not make assumptions about whether the sampling distribution is normal (Fabrigar and Wegener, 2011).

4. RESULTS

4.1. Respondent Profile

The analytical sample consisted of 384 respondents who satisfied the sampling criteria. The respondents came from different organisational positions and demographic groups which allowed generalization of study findings across employees at various levels in the manufacturing sector. Respondents in the study represented employees from operational positions through to senior management positions. Employees were sampled from all major manufacturing states specified in the study design.

4.2. Reliability and Validity

Factor analysis results suggest that data factorability was acceptable. KMO estimates were acceptable whilst Bartlett's tests were significant. Cronbach's alpha values for the study variables were all above the generally accepted cut-off value of.70, suggesting that internal consistency reliability was satisfactory (Hair et al., 2019).

4.3. Descriptive Statistics

CSR Mean was 3.9422 with a standard deviation of 0.67595. Job Autonomy Mean was 3.9172 with a standard deviation of 0.82716. Employee Engagement Mean was 3.8755 with a standard deviation of 0.72869. Financial performance has a mean of 3.7995 with a standard deviation of 0.80033. These results suggest that respondents generally held positive perceptions regarding CSR, job autonomy, employee engagement, and financial performance.

4.4. Correlation Analysis

CSR significantly positively correlated with financial performance ($r = 0.615$, $P < 0.001$), employee engagement ($r = 0.591$, $P < 0.001$), and job autonomy ($r = 0.562$, $P < 0.001$). Employee engagement positively correlated with financial performance ($r = 0.584$, $P < 0.001$) and job autonomy ($r = 0.632$, $P < 0.001$). Job autonomy was also positively correlated with financial performance ($r = 0.525$, $P < 0.001$). These correlations provide preliminary support for the hypothesised relationships.

4.5. Multiple Regression

Regression analysis produced a statistically significant result when regressing financial performance on CSR and employee engagement, $F(2, 381) = 157.672$, $P < 0.001$. The resulting R was.673 with an R2 of.453, suggesting that CSR and employee engagement accounted for approximately 45.3% of the variance in financial performance.

CSR positively predicted financial performance.

$B = 0.4912$, $t = 8.829$, $P < 0.001$. Therefore, H_1 was supported.

Employee engagement also positively predicted financial performance.

$B = 0.3720$, $t = 7.208$, $P < 0.001$. Therefore, H_3 was supported.

CSR positively predicted employee engagement.

$B = 0.6373$, $t = 14.324$, $P < 0.001$. Therefore, H_2 was supported.

4.6. Mediation Analysis

The results of the mediation analysis showed that CSR significantly and directly affected financial performance ($B = 0.4912$, BootSE = 0.0719, and a 95% bootstrap confidence interval of [0.3407, 0.6200]). Also, CSR significantly and indirectly affected financial performance through employee engagement.

The indirect effect at low job autonomy was:

$B = 0.1394$, BootSE = 0.0298, 95% CI (0.0848, 0.2013).

The indirect effect at medium job autonomy was:

$B = 0.1380$, BootSE = 0.0298, 95% CI (0.0860, 0.2018).

The indirect effect at high job autonomy was:

$B = 0.1366$, BootSE = 0.0369, 95% CI (0.0719, 0.2182).

Because zero was not contained in any of the confidence intervals, the indirect effect through employee engagement was significant. Thus, H_4 was supported. Because both the direct and indirect effect were significant, this was a partial mediation. CSR affects financial performance through employee engagement but also affects financial performance through other variables.

4.7. Moderation Analysis

CSR did predict employee engagement in the moderation analysis, and job autonomy had a significant direct effect on employee engagement. However, CSR's interaction with job autonomy was not significant:

$B = -0.0036$, $t = -.089$, $P = 0.929$.

Therefore, job autonomy did not significantly moderate the CSR–employee engagement relationship. The index of moderated mediation was −0.00 14 and its 95% bootstrap confidence interval was [−0.0 279, 0.0331]. Since zero was within the confidence interval, the indirect effect did not significantly depend on job autonomy. Thus, H_5 was not supported.

The results of the hypothesis tests are therefore as follows:

Hypothesis	Relationship	Result
H_1	CSR → Financial Performance	Supported
H_2	CSR → Employee Engagement	Supported
H_3	Employee Engagement → Financial Performance	Supported
H_4	CSR → Employee Engagement → Financial Performance	Supported
H_5	CSR×Job Autonomy → Employee Engagement	Not supported

5. DISCUSSION

5.1. CSR and Financial Performance

The result supports H_1 and aligns with prior literature that has conceptually and empirically linked responsible organisational behaviour to financial performance (Orlitzky et al., 2003; Friede et al., 2015). The result supports Stakeholder Theory. Organizations require stakeholders to operate. CSR can build stronger relationships with stakeholders by exhibiting responsibility, ethics, and long-term focus. These strengthened

stakeholder relationships can produce intangible resources that help an organisation perform.

In Malaysia, manufacturers may be particularly affected by these stakeholder relationships. Manufacturers typically interact with several stakeholders. Customers may demand that suppliers operate responsibly with regard to the environment and social programmes. Employees and communities also observe organisational behaviour.

Consequently, CSR should not be seen as inherently detrimental to firm profitability. Spending that improves stakeholder relationships can actually align with shareholder interests by strengthening the firm financially.

This finding also relates to research suggesting CSR represents a strategic rather than purely altruistic organisational activity (McWilliams and Siegel, 2001). CSR can affect corporate performance through mediating variables such as reputation, customer satisfaction, stakeholder trust, employee attitudes, and others.

5.2. CSR and Employee Engagement

The significant positive relationship between CSR and employee engagement supports H_2. This relationship suggests that employees who perceive their organisation as more responsible will likely be more engaged with their work. The finding is consistent with Glavas (2016), who suggests CSR can facilitate employee engagement. CSR initiatives may allow employees to find greater meaningfulness in their work by feeling that their organisation works towards social goals.

Social Exchange Theory can also explain this relationship. If an organisation is engaging in CSR, employees may feel that they are positively treated by their employer. These employees may show reciprocation by becoming more engaged at work (Blau, 2017; Cropanzano and Mitchell, 2005).

This finding also supports literature suggesting that CSR can improve employees' organisational identification and related outcomes (Farooq et al., 2017). From a practical perspective, managers should not only implement CSR initiatives that are marketed to customers, investors, or communities. Employees should also be an important target of CSR communication and implementation efforts.

5.3. Employee Engagement and Financial Performance

The significant positive relationship between employee engagement and financial performance supports H_3.

This finding mirrors previous literature that identified relationships between employee engagement and organisational outcomes (Harter et al., 2002) and showed that work engagement is associated with performance (Christian et al., 2011).

The findings may have particular importance for manufacturing firms. Employee actions can directly affect production efficiency, quality, safety, problem solving, process improvement, operational continuity, and other variables directly related to organisational performance. Engaged employees may also go beyond their formal job requirements to contribute more to the organisation.

As a result, organisations that invest in engagement development may receive benefits in operational performance that can translate to improved financial performance. Based on these results, researchers and managers should not treat engagement as simply an HR attitude.

5.4. Employee Engagement as a Mediator

The significant mediation provides the results section's strongest support for the study's proposed theoretical model.

Not only do CSR and employee engagement individually relate to financial performance, but employee engagement mediates the relationship between CSR and financial performance. Through this mediator, CSR contributes to organisational value creation.

This finding connects to Stakeholder Theory by emphasizing the role of employees as stakeholders. While previous research may have implied that stakeholders are mostly entities CSR should pay attention to, this study demonstrates that stakeholders can also play a role in creating organisational value through mediating mechanisms.

Similarly, this study extends Social Exchange Theory by empirically supporting its application to CSR. Engaged employees may reciprocate their organisation's responsible behaviour by helping it perform well financially.

This study partially mediates the relationship because CSR has a direct relationship with financial performance as well. This suggests that employee engagement is not the only mechanism by which CSR affects financial performance.

Other possibilities may include customer satisfaction, reputation, market valuation, stakeholder trust, operational risks, employee retention rates, and employee productivity (Luo and Bhattacharya, 2006; Porter and Kramer, 2006).

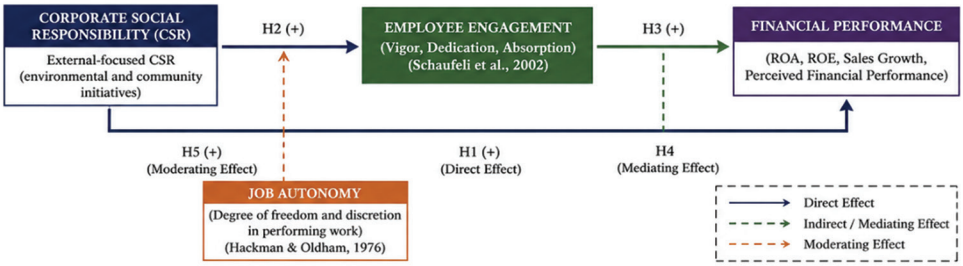
5.5. Job Autonomy and the Non-Significant Moderating Effect

The failure to accept H_5 is a notable result.

Job autonomy did correlate positively with employee engagement. However, CSR did not moderate the relationship between autonomy and employee engagement. This suggests that autonomy does affect employee engagement but not how strongly CSR affects employee engagement.

This finding may contradict Self-Determination Theory. According to Deci and Ryan (2000), autonomy is one of the three psychological needs that, when encouraged, can increase employee motivation. By not moderating the relationship between CSR and employee engagement, job autonomy appears to break this theory.

Figure 2: Conceptual framework



However, this may not necessarily be true. While Self-Determination Theory states that autonomy is a psychological need, the theory does not state that autonomy must moderate every organisational predictor of engagement.

Manufacturing employees may have less job autonomy than employees in other industries. Manufacturing work can be highly structured by standard operating procedures, production schedules, quality-control protocols, safety regulations, organisational hierarchy, and other factors.

Under these conditions, giving additional autonomy to employees may not show significant practical differences. All employees may already feel engaged due to high job autonomy, leaving little room for CSR to have a moderating effect.

An alternative explanation is that CSR and autonomy provide employees with different psychological benefits. Job autonomy allows employees to have more control over their work. CSR could allow employees to feel that their organisation has social care and responsibility. Both may increase engagement without interacting.

Researchers should take this explanation into account when conducting future studies. Not all job resources will necessarily have moderation effects on the relationship between CSR and employee engagement.

5.6. Theoretical Implications

The research offers several theoretical implications.

First, it adds to Stakeholder Theory by identifying employees as one mechanism through which CSR may lead to organisational value. CSR is often discussed in terms of external stakeholders (customers, investors, communities, regulators, etc.). However, this study shows internal stakeholders can play an important role in creating financial value.

Second, this study lends support to Social Exchange Theory by providing evidence of a positive link between CSR and employee engagement. Treating employees responsibly leads to favourable employee perceptions that are reciprocated with engagement.

Third, this study offers a more nuanced use of Self-Determination Theory. While job autonomy was found to play a significant role in the driver of engagement (consistent with prior research showing autonomy is an important motivational resource), it did not moderate the CSR–employee engagement relationship. This suggests that autonomy may play a direct resource rather than a boundary condition role in this model.

Fourth, this study uniquely combined three theoretical lenses into one conditional process model. The model demonstrates that CSR can have financial consequences through employee engagement while also showing that the expected moderating role of autonomy is context-dependent.

5.7. Practical Implications

5.7.1. CSR should be integrated into business strategy

Manufacturing managers should conceptualise CSR as an organisational management tool, instead of simply a box-checking exercise or philanthropic gesture. CSR efforts should therefore align with organisational goals and be embedded in functions such as environmental management, employee welfare, ethical governance, community outreach and supply-chain management.

5.7.2. Employees should be involved in CSR

Given the importance of the CSR–employee engagement relationship, employees should have some skin in the CSR game. This could include involving employees in environment-related initiatives, energy and waste reduction programs, community volunteering schemes, workplace safety, ethical business activities, employee welfare, and sustainability initiatives. Such participation can help make CSR activities more meaningful to employees and can enhance employee identification with organisational values.

5.7.3. CSR communication is important

Communication is vital. Managers need to share information about CSR activities with their employees. But sharing information is not enough; employees need to know why what the organisation is doing is important. When managers communicate about CSR, they should discuss organisational values, how stakeholders benefit, how employees can contribute, and what the long-term goals are.

5.7.4. Employee engagement should be a strategic priority

To achieve strong financial results, businesses ought to focus on fostering employee involvement. These can include recognition and rewards, career development, training and learning, supportive supervision, employee voice, regular performance feedback, meaningful work, and opportunities for participation.

5.7.5. Job autonomy should be considered but not overemphasised

The positive direct effect between job autonomy and employee engagement shows that job autonomy still matters. But because job

autonomy failed to moderate the CSR–engagement relationship, managers should not rely solely on job autonomy to enhance employee engagement. Managers can instead use job autonomy in conjunction with other job-design strategies such as supportive leadership, meaningfulness, employee development, recognition, and organisational participation.

6. CONCLUSION, LIMITATIONS AND FUTURE RESEARCH

The purpose of this study was to explore how CSR affects financial performance by testing employee engagement as a mediator and job autonomy as a moderator in Malaysian manufacturing firms.

The results supported four out of five hypotheses. CSR positively and significantly affects financial performance and employee engagement. Employee engagement positively and significantly affects financial performance and mediates the relationship between CSR and financial performance. Job autonomy does not significantly moderate the CSR–employee engagement relationship. Results from this study indicate that CSR should not be seen as simply managing stakeholders external to the organisation. Rather, CSR initiatives can affect employees on psychological and behavioural levels, and these employee-level responses can affect organisational-level financial outcomes.

The significant mediating effect uncovered an internal process through which CSR can create value for the organisation:

CSR → Employee Engagement → Financial Performance

This pathway is particularly relevant for manufacturing firms because employees directly influence production efficiency, quality, safety, innovation, and operational effectiveness.

The non-significant moderation effect also provides an important theoretical contribution. Although autonomy independently contributes to employee engagement, it does not appear to change the influence of CSR on engagement. This suggests that the role of job resources may depend on organisational and industry context.

Overall, the study supports a strategic approach to CSR in Malaysian manufacturing. Firms should integrate CSR with human resource management and employee engagement strategies rather than treating social responsibility as a separate corporate activity. By creating responsible organisational practices and translating those practices into meaningful employee experiences, manufacturing firms may be better positioned to generate both social value and sustainable financial performance.

This study has several limitations. First, the cross-sectional nature of the study design prevents strong causal inferences from being made. Despite having theory-based hypotheses depicting directional relationships between constructs, CSR may not cause improvements (or decreases) in employee engagement or financial performance.

Second, convenience sampling procedures weaken the generalisability. Employees working at the Malaysian locations selected for this study may not reflect the experiences or perceptions of all manufacturing employees across Malaysia.

Third, reliance on self-reported questionnaire data may have made respondents susceptible to social desirability bias or common method bias. While employees can accurately report their own perceptions, future studies may want to supplement employee survey data with objective financial performance data, supervisor ratings, and organisational archival information.

Fourth, financial performance was assessed with subjective indicators, which were not objective accounting measures. Researchers may want to include return on assets, return on investment, sales growth, and profitability as archival indicators of financial performance in future studies.

Fifth, this study only treats CSR as an overall construct. Future research can explore differences between CSR directed at the natural environment (versus CSR focused on employees), CSR directed at the community (versus CSR activities focused on ensuring ethical behaviour), and CSR versus governance-related practices. Different dimensions of CSR may have different effects on employee outcomes and financial performance.

Sixth, the current study was conducted in Malaysian manufacturing. Replication studies in other countries and industries can help us understand if the relationships we found are limited to certain contexts.

Seventh, other moderators can also be examined such as organisational culture, leadership style, psychological safety, perceived organisational support, organisational identification, and employee values. Given that job autonomy was not found to significantly moderate the CSR-employee engagement relationship, future researchers should continue to explore when and why CSR matters.

Last, longitudinal studies are needed to strengthen this research. For example, longitudinal research can show if CSR is a leading indicator of financial performance by showing that investments in CSR may result in financial losses in the short-term but lead to gains in the long run.

REFERENCES

Aguinis, H., Glavas, A. (2012), What we know and don't know about corporate social responsibility: A review and research agenda. Journal of Management, 38(4), 932-968.

Aguinis, H., Glavas, A. (2019), On corporate social responsibility, sensemaking, and the search for meaningfulness through work. Journal of Management, 45(3), 1057-1086.

Blau, P.M. (1964), Exchange and Power in Social Life. United States: John Wiley and Sons.

Blau, P.M. (2017), Exchange and Power in Social Life. United Kingdom: Routledge.

Boone, H.N., Boone, D.A. (2012), Analyzing Likert data. Journal of Extension, 50(2), 1-5.

Carroll, A.B. (1991), The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders.

Business Horizons, 34(4), 39-48.
Carroll, A.B. (2021), Corporate social responsibility: Perspectives on the CSR construct's development and future. Business and Society, 60(6), 1258-1278.
Christian, M.S., Garza, A.S., Slaughter, J.E. (2011), Work engagement: A quantitative review and test of its relations with task and contextual performance. Personnel Psychology, 64(1), 89-136.
Creswell, J.W., Creswell, J.D. (2018), Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. 5th ed. London: Sage.
Cropanzano, R., Mitchell, M.S. (2005), Social exchange theory: An interdisciplinary review. Journal of Management, 31(6), 874-900.
Deci, E.L., Ryan, R.M. (2000), The "what" and "why" of goal pursuits: Human needs and the self-determination of behavior. Psychological Inquiry, 11(4), 227-268.
Delaney, J.T., Huselid, M.A. (1996), The impact of human resource management practices on perceptions of organizational performance. Academy of Management Journal, 39(4), 949-969.
Department of Statistics Malaysia. (2024), Economic Census 2023: Manufacturing Sector. India: Ministry of Economy.
Evans, J.R., Mathur, A. (2018), The value of online surveys: A look back and a look ahead. Internet Research, 28(4), 854-887.
Fabrigar, L.R., Wegener, D.T. (2011), Exploratory Factor Analysis. Oxford: Oxford University Press.
Farooq, O., Payaud, M., Merunka, D., Valette-Florence, P. (2014), The impact of corporate social responsibility on organizational commitment: Exploring multiple mediation mechanisms. Journal of Business Ethics, 125(4), 563-580.
Farooq, O., Rupp, D.E., Farooq, M. (2017), The multiple pathways through which internal and external corporate social responsibility influence organizational identification and multifoci outcomes: The moderating role of cultural and social orientations. Academy of Management Journal, 60(3), 954-985.
Freeman, R.E. (1984), Strategic Management: A Stakeholder Approach. United States: Pitman.
Freeman, R.E., Phillips, R., Sisodia, R. (2020), Tensions in stakeholder theory. Business and Society, 59(2), 213-231.
Friede, G., Busch, T., Bassen, A. (2015), ESG and financial performance: Aggregated evidence from more than 2,000 empirical studies. Journal of Sustainable Finance and Investment, 5(4), 210-233.
Gagné, M., Deci, E.L. (2005), Self-determination theory and work motivation. Journal of Organizational Behavior, 26(4), 331-362.
Glavas, A. (2016), Corporate social responsibility and employee engagement: Enabling employees to employ more of their whole selves at work. Frontiers in Psychology, 7, 796.
Golzar, J., Noor, S., Tajik, O. (2022), Convenience sampling in quantitative research. International Journal of Education and Language Studies, 1(2), 72-77.
Hackman, J.R., Oldham, G.R. (1976), Motivation through the design of work: Test of a theory. Organizational Behavior and Human Performance, 16(2), 250-279.
Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). Multivariate data analysis (8th ed.). Cengage.
Harter, J.K., Schmidt, F.L., Hayes, T.L. (2002), Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. Journal of Applied Psychology, 87(2), 268-279.
Hayes, A.F. (2022), Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach. 3rd ed. New York: Guilford Press.
Kahn, W.A. (1990), Psychological conditions of personal engagement and disengagement at work. Academy of Management Journal, 33(4), 692-724.
Likert, R. (1932), A technique for the measurement of attitudes. Archives of Psychology, 22(140), 1-55.
Luo, X., Bhattacharya, C.B. (2006), Corporate social responsibility, customer satisfaction, and market value. Journal of Marketing, 70(4), 1-18.
Margolis, J.D., Walsh, J.P. (2003), Misery loves companies: Rethinking social initiatives by business. Administrative Science Quarterly, 48(2), 268-305.
McWilliams, A., Siegel, D. (2001), Corporate social responsibility: A theory of the firm perspective. Academy of Management Review, 26(1), 117-127.
Morgeson, F.P., Humphrey, S.E. (2006), The work design questionnaire (WDQ): Developing and validating a comprehensive measure for assessing job design and the nature of work. Journal of Applied Psychology, 91(6), 1321-1339.
Orlitzky, M., Schmidt, F.L., Rynes, S.L. (2003), Corporate social and financial performance: A meta-analysis. Organization Studies, 24(3), 403-441.
Porter, M.E., Kramer, M.R. (2006), Strategy and society: The link between competitive advantage and corporate social responsibility. Harvard Business Review, 84(12), 78-92.
Rich, B. L., LePine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. Academy of Management Journal, 53(3), 617–635.
Saks, A.M. (2006), Antecedents and consequences of employee engagement. Journal of Managerial Psychology, 21(7), 600-619.
Schaufeli, W.B., Salanova, M., González-Romá, V., Bakker, A.B. (2002), The measurement of engagement and burnout: A two-sample confirmatory factor analytic approach. Journal of Happiness Studies, 3, 71-92.
Sekaran, U., Bougie, R. (2016), Research Methods for Business: A Skill-Building Approach. 7th ed. United States: Wiley.
Turker, D. (2009), Measuring corporate social responsibility: A scale development study. Journal of Business Ethics, 85(4), 411-427.