

## **CHAPTER 4**

### **RESEARCH RESULTS**

#### **4.1 Introduction**

This chapter discusses the results of data analysis, procedures used for data screening and hypotheses testing. Structural equation modeling is carried out to test the relationship between variables and to investigate the mediating role of marketing capabilities. Finally the chapter concludes with the integrated model of the study.

#### **4.2 Assessment of Normality**

The scale data was assessed to determine normality of distribution. Because of the assumption that factor analysis and structural equation modeling both require variables to be normality distributed, it was necessary to check distribution of variables used in the analysis (Hair et al., 1995; Tabachnick and Fidell, 2001, Kline, 2005). Testing of assumptions normally obtaining descriptive statistics on the variables and selected descriptive statistics used in this study were skewness and kurtosis.

#### **4.2.1 Skewness and Kurtosis**

Skewness provides an indication of the symmetry of the distribution. A positively skewed distribution has relatively few large values and tails off to the right, and a negatively skewed distribution has relatively few small values and tails to the left. Kurtosis refers to the “peakedness” or “flatness” of the distribution compared with the normal distribution. In simple terms, it measures the height of the distribution. A positive value indicates a relatively peaked distribution (cluster in the centre), with long thin tails and a negative value indicates a relatively flat distribution.

For the calculated skewness and kurtosis values, zero assumes perfect normality in the data distribution (which is seldom achieved),  $\pm 2.58$  indicates rejecting the normality assumption at the 0.01 probability level and  $\pm 1.96$  signifies a 0.05 error level (Hair et al., 2006). The same criteria for skewness were also applied to the kurtosis values for each variable.

From the results in Table 4.1 showed that none of the variables falls outside the  $\pm 2.58$  range for both skewness and kurtosis. Thus, the data for this study was normal with regards to skewness and kurtosis. Table 4.1 also presents the final descriptive statistics for the items used in this thesis.

**Table 4.1 Measures of the Constructs and Descriptive Statistics**

<b>Variables</b>	<b>Mean</b>	<b>SD</b>	<b>Skewness</b>	<b>Kurtosis</b>
<b>Public Concern</b>				
Our customers feel that environmental protection is an important issue facing the world today	5.58	.872	-.273	-.588
Our customers demand environmentally friendly products and services	5.48	.835	-.265	-.577
Our customers expect us to be environmentally friendly	5.59	.880	-.260	-.615
<b>Regulatory Forces</b>				
The government environmental regulation and legislation can affect continued growth of our organisation	5.39	.881	-.094	-.794
The government environmental regulation and legislation are the reasons why our organisation is concerned about the natural environment	5.37	.797	.059	-.454
The government environmental regulation and legislation are required so that only organisations that are environmentally responsible will survive and grow	5.44	.823	-.129	-.572
Our organisation's environmental efforts influence the future environmental legislation	5.32	.830	-.173	-.802
<b>Environment as Commitment</b>				
In our marketing strategy development, environmental issues are treated as forms of investments (financial and non-financial) that are very important	5.35	.854	-.261	-.875
Our organisation has a procedure in place to respond to every customer's complaint	5.39	.804	.976	1.003
In our marketing strategy development, environmental issues are treated as forms of commitments that are irreversible	5.38	.845	-.456	-.763

**Table 4.1., continued**

<b>Discretionary Citizenship</b>	<b>Mean</b>	<b>SD</b>	<b>Skewness</b>	<b>Kurtosis</b>
Our organisation encourages employees to join civic organisations that support our community	5.47	.834	-.189	-.582
Our organisation contributes adequately to charities	5.68	.914	-.233	-.732
Our organisation has a program for employees on how to reduce the amount of energy and materials wasted	5.52	.857	-.220	-.607
Our organisation encourages partnership with local businesses and schools	5.62	.871	-.282	-.559
Our organisation supports local sports and cultural activities	5.45	.892	-.101	-.761
<b>Economic Citizenship</b>				
Our organisation always honor our contractual obligations	5.77	.950	-.357	-.769
Our organisation continually improve the quality of our products	5.91	.936	-.524	-.586
Our organisation uses customer satisfaction as an indicator of our organisational performance	5.86	.967	-.698	.039
Our organisation has been successful at maximizing our products and services	5.72	.926	-.402	-.631
Our organisation strives to lower the operating costs	5.85	.895	-.454	-.498
Top management establishes long-term strategies for our business	5.86	.881	-.502	-.365
<b>Ethical Citizenship</b>				
Our organisation complies with all laws regulating hiring and employee benefits	5.72	.809	-.247	-.373
Our organisation is opposed to internal policies of discrimination in employees' compensation and promotion	5.61	.869	-.251	-.547
Our organisation has a comprehensive code of conduct	5.80	.932	-.398	-.675
Our organisation is recognized as a trustworthy company	5.85	.996	-.700	.174
Our organisation follows professional standards	5.90	.924	-.381	-.780
Our organisation has in place a confidential procedure for employees to report any misconduct at work (such as stealing or sexual harassment)	5.79	.848	-.393	-.363
Our organisation requires the salespersons and employees to provide full and accurate information to all customers	5.80	1.003	-.743	.444
Top managers monitor the organisation's potential negative activities that affect community	5.67	.855	-.306	-.475
Fairness toward coworkers and business partners is an integral part of our employee evaluation process	5.73	.841	-.312	-.417

**Table 4.1., continued**

<b>Commitment to Learning</b>	Mean	SD	Skewness	Kurtosis
We view environmental learning as our ability to achieve a competitive advantage	5.50	.858	-.123	-.626
We view environmental learning as the basic values to the organisation's improvement	5.47	.848	-.031	-.603
We view environmental learning as an investment, not an expense	5.55	.801	-.316	-.381
We view environmental learning as a necessity to guarantee our survival	5.54	.829	-.162	-.508
We view environmental learning as a continuous process to protect the future of our organisation	5.60	.843	-.291	-.476
When dealing with environmental issues We are not afraid to reflect critically on the shared assumptions we have about the way we do business	5.44	.908	-.160	-.834
When dealing with environmental issues our managers encourage employees to "think outside of the box"	5.59	.866	-.209	-.593
<b>Shared-Vision</b>				
In our organisation, when it comes to environmental issues there is a well-expressed concept of who we are and where we are going as a business unit	5.55	.883	-.209	-.663
In our organisation, when it comes to environmental issues there is a total agreement on our business unit vision across all levels, functions and divisions	5.48	.835	-.265	-.577
In our organisation, when it comes to environmental issues all employees are committed to the goals of the organisation	5.52	.830	-.169	-.523
In our organisation, when it comes to environmental issues employees view themselves as partners in planning the organisation's direction	5.40	.791	-.226	-.573
In our organisation, when it comes to environmental issues employees share the same vision	5.48	.792	-.188	-.447
<b>Open-mindedness</b>				
When dealing with environmental issues Our managers do not want their "view of the world" to be questioned	3.73	1.636	.572	-.711
When dealing with environmental issues An emphasis on constant innovation is not a part of our organisational corporate culture	3.95	1.827	.328	-1.128
In our organisation, when it comes to environmental issues we do not have a well-defined vision for the entire organisation	4.10	1.843	.505	-.722
We view environmental learning as not our culture priority to employees' learning	3.72	1.580	.124	-1.268

**Table 4.1., continued**

<b>Innovativeness</b>	Mean	SD	Skewness	Kurtosis
In the past 5 years, our organisation has produced many new lines of environmentally products and services	5.04	1.039	-.458	.415
In the past 5 years, our organisation changes in environmentally products or services have been impressive	5.10	.987	-.322	-.065
In general, top managers have a strong tendency to be ahead of other competitors in introducing innovative ideas or products/services	5.52	.914	-.135	-.787
In dealing with competitors, our organisation typically are the first to introduce any new environmental products or services	5.01	1.065	-.716	.173
<b>Risk Taking</b>				
In general, top managers believe that To achieve the organisational environmental objectives, daring and wide-ranging acts are required	5.43	.850	-.181	-.685
When confronted with decision making situations involving uncertainty, our organisation typically adopts a bold, aggressive posture to maximize exploiting potential opportunities	5.30	.848	.025	-.714
In dealing with competitors, our organisation typically adopts a very competitive, “undo-the-competitors” posture	4.95	1.184	-.758	.611

#### **4.2.2 Multicollinearity**

Multicollinearity is the expression of the relationship between two or more independent variables. Multicollinearity among variables can create problem because a high correlation among clustering variables may overweight one or more underlying constructs. Multicollinearity occurs when intercorrelations among some variables are so high that certain mathematical operations are either impossible or the results are unstable because some denominators are very close to one (Kline, 1998). A high score of multicollinearity may result in bias on the regression of coefficient, in such, standard errors and confidence interval will be large and significant level will be low (Tabachnik

and Fidell, 1996). A low multicollinearity indicates that independent variables are independent of each other.

One of the ways used in detecting multicollinearity is to check on the variables tolerance value. Tolerance can be defined as the amount of variability of the selected independent variables unexplained by other independent variables (Hair et al., 2006). If the tolerance values were less than 10 percent or 0.1, it indicates a problem of multicollinearity (Kline, 1998).

In addition, this study also used value of variance of inflation (hereinafter VIF). VIF is the variance factor, which is the reciprocal of tolerance. It is the ratio of a variable's total variance in standardized terms to its unique variance. Therefore, the higher the VIF, the higher is the multicollinearity. Kline (1998) suggests that if the VIF values were above 10, then the variables may be redundant with others. Table 4.2 illustrates the multicollinearity test of the variables in the study.

**Table 4.2: Multicollinearity Diagnostics**

<b>Collinearity Statistics</b>		
<b>Variables</b>	<b>Tolerance</b>	<b>VIF</b>
Public concern	0.68	1.48
Regulatory Forces	0.53	1.87
Environment as Commitment	0.50	1.99
Ethical Citizenship	0.28	3.53
Economic Citizenship	0.29	3.41
Discretionary Citizenship	0.48	2.09
Commitment to Learning	0.30	3.34
Shared-vision	0.39	2.57
Open-Mindedness	0.74	1.36
Innovativeness	0.50	1.99
Risk-taking	0.60	1.68

From table 4.2, Multicollinearity was not a problem since the tolerance values were all above 0.10 and VIF values were below 10.

### **4.2.3 Outliers**

The value of standardized residual from case wise diagnostics is used to measure the outliers in the sample. A case with values that exceeds  $\pm 3.3$  is considered as an outlying case (Tabachnick and Fidell, 1996). However, the results from the analysis indicate that no case was outliers.

### **4.3 Structural Equation Modeling**

Structural Equation Modeling (SEM) via AMOS version 16.0 is adopted to analyse the mediating roles of the study. SEM is referred to as a powerful composite of multiple regressions, paths and factor analysis. It is characterized by two steps of validating measurement models and fitting structural models (Hoyle, 1995).

Measurement model is a critical step in developing SEM model and this process was accomplished and has been discussed in the validity section. Thus, the next step is to specify the structural model by assigning relationships from one constructs to another based on the proposed theoretical model. In sum, this technique allows the analysis of

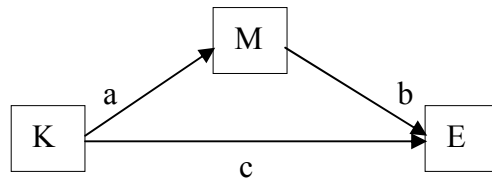


groups of independent variables and dependent variables simultaneously (Hair et al., 2006; Hoyle, 1995).

In term of a suitable sample size, Hair et al., (2006) propose a representative of five responses for every observed variable. The sample size for this study is only 261, which did not have enough parameters to be estimated by full structural model (Hair et al., 2006). For that reason, as an alternative, path modeling was selected for this analysis. Partial aggregation procedures have been used as a more parsimonious estimate strategy (Bagozzi and Heatherington, 1994).

Kline (1998) denote the justification for employing this procedure is to improve the variable in the sample size as it is difficult to handle too many items with a small sample size. Hence, a method which subsets of items within factors were summed, to create aggregate variables, was employed to test the hypothesized model (Bagozzi and Heatherington, 1994).

Structural model with a hypothesized mediating effect can produce direct and indirect effect. Direct effects are the relationship linking two constructs with a single arrow. Indirect effect are those relationships that involve a sequence of relationships with a least one intervening construct involved. Indirect effects are consistent with mediation (Hair et al., 2006; Kenny, 2006). Total effects are the sum of all direct and indirect effects of one variable on another (Refer to Figure 4.1)



$c$  = Direct effect (DE); Indirect effect (IE) =  $a*b$ ; Total effect =  $c + b*c$

**Figure 4.1: Direct and Indirect Effects**

A mediating effect is created when a third variable/construct intervenes between two other related constructs. The construct M mediates the relationship between K and E. Mediating requires significant correlations among all the three constructs (Hair et al., 2006). Full mediation occurs if the independent variable (K) has no significant effect when the mediator (M) is in the equation. Partial mediation occurs if the effect of the independent variable (K) is smaller but significant when the mediator (M) is in the equation. According to Kelloway (1995); Bagozzi and Dholakia (2006) any model that includes a full mediated relationship  $K \rightarrow E \rightarrow M$  can and should be tested against the partial mediated model which also include a path from K to M. In this study, mediational analyses is performed by using SEM because SEM can control measurement error, provides information on the degree of fit of the entire model and it is much more flexible than regression (Frazier, Barron and Tix, 2004). Essentially, SEM allows the use of multiple predictor variables, and multiple mediators (MacKinnon, 2000) which is suitable for of this study.

In relation to this study, the test of mediation is conducted on organisational performance and marketing capability as the outcome variables. In this case, the mediating effect of marketing capability is tested on the relationships between social

concern and organisational performance, economic concern and organisational performance, followed by corporate citizenship culture and organisational performance.

#### **4.3.1 Stages in Structural Equation Modeling**

Path and full structural SEM are considered to find a model that parsimoniously fits the data and able to provide the best justification on the relationship of the model.

##### **a. Model specification**

The relationship in the hypothesized model was derived from an extensive literature review in the beginning of the research. These procedures were very important as they supported the formulation of hypotheses that were applied to specify the theoretical relationships in the structural equation modeling.

##### **b. Assessment of Model Fit**

Absolute fit, model parsimonious and incremental fit are the goodness of fit measures employed to analyse the model fit in this study. The goodness of fit has been explained clearly in chapter three of Table 3.8 where detail explanation on the characteristics of the goodness of fit measure.

### **c. Model Re-specification and Modification**

Researchers may wish to examine possible modifications to improve the theoretical explanation or to improve the goodness-of-fit. If the measurement model possesses an unacceptable fit, standardized residual and modification indices can help the researcher determine why the model is unacceptable. However, when examining standardized residuals and modification indices, theoretical considerations should always be used as the primary consideration in making model modifications (Garver and Mentzer, 1999).

In examining standardized residuals, pattern of large residuals should be taken in to consideration. A large residual will be over 2.00 and 2.58, and are considered as statistical significant at the 0.05 level (Garver and Mentzer, 1999). Significant residual indicates a substantial prediction error for a pair of indicator. Those items will cross loading or corresponding to more than one factor will show large residuals with different factors should be deleted from the model. If the modification is implemented, the model should then be re-specified and re-evaluated after each modification (Schumacker and Lomax, 1996). Modification indices (hereinafter MI) are very helpful in determining how to modify the measurement model. A substantial modification index value of 7.88 is considered to be significant model improvement (Garver and Mentzer, 1999), but Hair et al., (2006) recommended that modification indices of approximately four or greater will improve the model significantly by freeing the particular corresponding path. The largest MI indicates the greatest improvement in fit and these items should be assessed for modification first, if and only if, the modification is consistent with a priori theory or can be interpreted substantially (Bryne, 2001). Similar to standardized residual

modification, the model should be re-evaluated after each re-specification through MI (Garver and Mentzer, 1999).

#### **4.3.2 The Role of Mediating Effect**

Path modeling via AMOS is employed to run the analysis on the mediation effect of the study variables. Using Kenny, Kashy and Bolger (1998), this study performs the following two steps as to test mediation effect:

- 1) The independent variable affects the mediator
- 2) The mediator affects the dependent variables

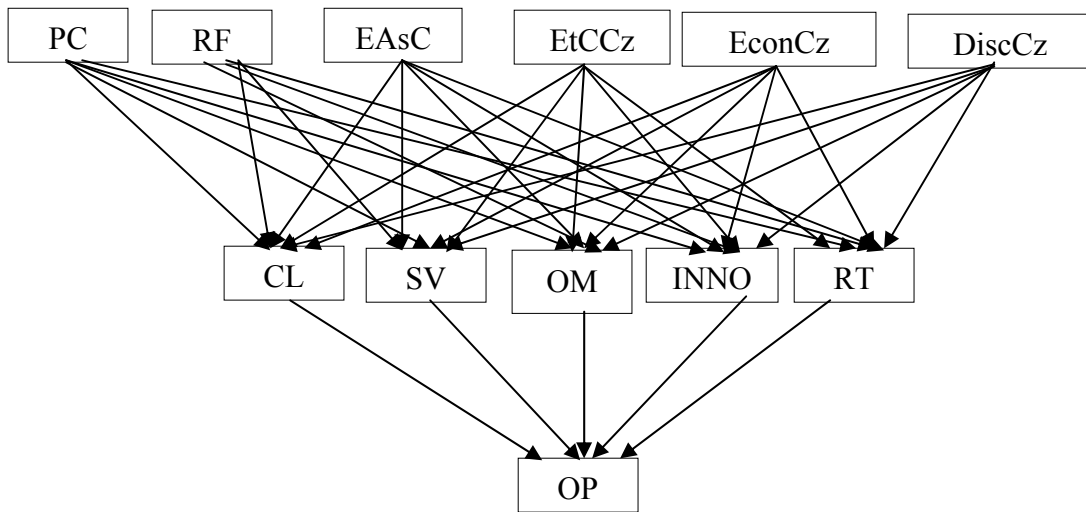
Based on procedures by Bagozzi and Dholakia (2006), the hypothesized fully mediated model (Figure 4.2) needs to be compared to a partially mediated model (Figure 4.3) in which direct paths from the independent variables are added to the dependent variables. The comparison is done with a chi-square difference test to conclude whether the relationship is fully or partially mediated.

In relation to this study, the test for mediation is conducted on marketing capabilities. In this case, the mediating effect of marketing capabilities is tested on the relationship between social concern and organisational performance; economic concern and organisational performance and finally between corporate citizenship culture and organisational performance.

Figure 4.2 shows the full mediation model for this study. The results exhibit that the full mediation achieved an acceptable model with the data. The GFI and CFI were above 0.90 indicating an acceptable fit model.

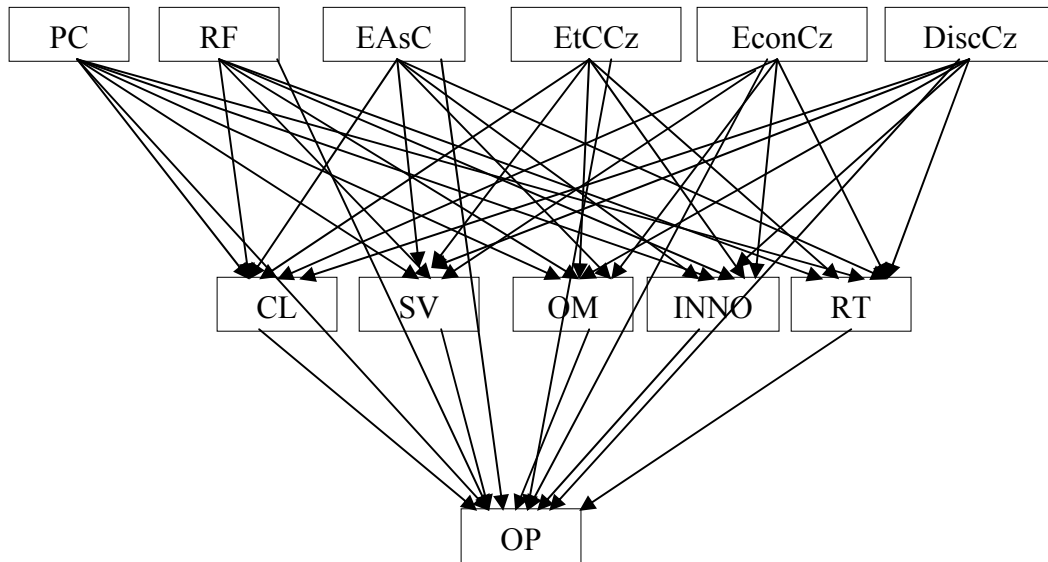
In order to compare the model with additional paths from independent variables to dependent variables, a new structural model called a partial mediation model was generated. Figure 4.3 depicts the partial model of the study

The newly fit generated by the partial mediation model was compared with the overall fit produced earlier by the full mediation model. The results of partially mediated model show GFI and CFI were above 0.90 indicating an acceptable model. The results of this mediation test for both full mediation and partial mediation model are reported in table 4.3.



$\chi^2 = 119.75$ ;  $df = 16$ ;  $GFI = 0.926$ ;  $CFI = 0.931$ ;  $RMR=0.026$

**Figure 4.2: The Full Mediation Model**



$\chi^2 = 107.70$ ;  $df = 10$ ;  $GFI = 0.932$ ;  $CFI = 0.935$ ;  $RMR=0.025$

**Figure 4.3: The Partial Mediation Model**

Note:

PC = Public concern; RF = Regulatory Forces; EAsC = Environment as Commitment; EtCCz = Ethical Citizenship; EconCz = Economic Citizenship; DiscCz = Discretionary Citizenship; OP = Organisational Performance

**Table 4.3**  
**The Overall Fit of the Full Mediation and Partial Mediation Model**

	$\chi^2$	df	$\chi^2 /df$	GFI	CFI	RMR
Full Mediation	119.75	16	7.485	0.926	0.931	0.026
Partial Mediation	107.70	10	10.771	0.932	0.935	0.025
Difference	12.05	6	3.286	0.006	0.004	0.001

Table 4.3 shows that the partial mediation model was not a significant improvement on the fully mediated model ( $\Delta\chi^2 = 12.05$ ,  $p \geq 0.05$ ). This demonstrates that the additional paths created within the full mediation model do not cause any significant change to overall fit of the proposed model and a full mediation is supported in this study. An examination of fit indices statistics shows that the overall indices for the full mediation are acceptable. Therefore, the findings suggest that the effects of CSR orientation on organisational performance are mediated by marketing capabilities. The next step is to analyze the hypothesis of mediating effect for each of the variables of the proposed model.

#### **4.4 The Elements of CSR Orientation**

The first objective of this paper is to develop the elements of organisational CSR orientation and assess their validity and reliability. This was conducted in part 4 of chapter 3, where the analysis done has answered the first proposition that the elements of social concern, economic concern and corporate citizenship culture are antecedents to CSR orientation.



**Proposition 1:** The elements of social concern, economic concern and corporate citizenship culture are elements to CSR.

**Hypothesis 1:** Covariance among the 46 items can be accounted for by a restricted six-factor model, wherein each factor represents a particular conceptual component of CSR antecedents and each item is reflective only of a single component (i.e. loads only on one factor). The six factors are correlated.

Results from the analysis validated that the covariance among the 30 items from 46 proposed items accounted for by a restricted six-factor model. The statistics show that all the 30 items converge into a single CSR orientation construct. The 30 items are partitioned into six component factors: ethical citizenship, economic citizenship, discretionary citizenship, regulatory forces, public concern and environment as commitment. Each of the 30 items loaded onto only one of these six factors, without any cross loading and exhibit good measurement properties. (Refer Figure 3.2).

#### **4.5 The Relationship between CSR orientation and Marketing Capabilities**

The dimensions of CSR orientation namely: public concern, regulatory forces, environment as commitment, corporate citizenship culture are tested against each of the dimensions of marketing capabilities namely organisational learning and enviropreneurship. Organisational learning consists of commitment to learning, shared-vision and open-mindedness. Innovativeness and risk taking represent enviropreneurship.

**Proposition 2:** Social concern is related to marketing capabilities

**Hypothesis 2:** Social concern is positively related to marketing capabilities

**Proposition 3:** Economic concern is related to marketing capabilities

**Hypothesis 3:** Economic concern is positively related to marketing capabilities

**Proposition 4:** Corporate citizenship culture is related to marketing capabilities

**Hypothesis 4:** Corporate citizenship culture is positively related to marketing capabilities

Table 4.4 shows the results of the hypotheses testing

**Table 4.4: The Relationship between CSR and Marketing Capabilities**

Hypotheses	Direct Effect ( $\beta$ )	S.E.	Support
<b>Social concern</b>			
Public concern→ Commitment to learning	-0.057*	0.042	No
Public concern → Shared-vision	0.079*	0.047	Yes
Public concern→ Open-mindedness	-0.110*	0.126	No
Public concern→ Innovativeness	0.034*	0.066	Yes
Public concern→ Risk taking	-0.083*	0.063	No
Regulatory forces→ Commitment to learning	0.211****	0.048	Yes
Regulatory forces → Shared-vision	0.233****	0.054	Yes
Regulatory forces→ Open-mindedness	-0.150**	0.143	No
Regulatory forces → Innovativeness	0.258****	0.075	Yes
Regulatory forces → Risk taking	0.296****	0.071	Yes
<b>Economic concern</b>			
Environment as Commitment→ Commitment to learning	0.201****	0.048	Yes
Environment as Commitment → Shared-vision	0.084*	0.053	Yes
Environment as Commitment → Open-mindedness	-0.066**	0.143	No
Environment as Commitment→ Innovativeness	0.253****	0.075	Yes
Environment as Commitment → Risk taking	0.174****	0.071	Yes
<b>Corporate Citizenship Culture</b>			
Ethical citizenship → Commitment to learning	0.442****	0.062	Yes
Ethical citizenship → Shared-vision	0.141**	0.069	Yes
Ethical citizenship → Open-mindedness	0.195**	0.184	Yes
Ethical citizenship → Innovativeness	0.024*	0.097	Yes
Ethical citizenship → Risk taking	-0.133*	0.092	No
Economic citizenship → Commitment to learning	0.005	0.057	No
Economic citizenship → Shared-vision	0.160**	0.064	Yes
Economic citizenship → Open-mindedness	0.350****	0.169	Yes
Economic citizenship → Innovativeness	0.008	0.089	No
Economic citizenship → Risk taking	0.211**	0.085	Yes
Discretionary citizenship → Commitment to learning	0.165****	0.052	Yes
Discretionary citizenship → Shared-vision	0.268****	0.058	Yes
Discretionary citizenship → Open-mindedness	0.078*	0.154	Yes
Discretionary citizenship → Innovativeness	0.201***	0.081	Yes
Discretionary citizenship → Risk taking	0.220****	0.077	Yes

$\beta$  is standardized regression weights and SE is standard error

Significance level: \*\*\*\*  $p \leq 0.001$  \*\*\*  $p \leq 0.01$  \*\*  $p \leq 0.05$  \*  $p \leq 0.1$

**Regulatory forces** appeared to have the highest positive significant relationship with commitment to learning, shared-vision, innovativeness and risk taking ( $p \leq 0.001$ ). However, regulatory forces was negatively significant related to open-mindedness ( $p \leq 0.05$ ). At the same time, **public concern** was also found to be negatively significant to commitment to learning, open-mindedness, and risk taking ( $p \leq 0.1$ ) but was positively significant related to shared-vision and innovativeness ( $p \leq 0.1$ ).

Consistent with the stakeholder theory (Polonsky, 1995), this signifies the importance of tougher regulatory forces in order to foster the development of environmental strategies and influence organisation CSR strategic decision-making process. In fact, to a certain extent, Greve and Park (1994) and Levinthal and Myatt (1994) confirm that organisation capabilities develop as a result of organisation reaction to competitive environments.

**Environment as commitment** was found to have highest positive significant relationship with commitment to learning, innovativeness and risk taking ( $p \leq 0.001$ ). Accordingly, environment as commitment showed a positive relationship with shared-vision ( $p \leq 0.001$ ). On the other hand, open-mindedness ( $p \leq 0.05$ ) demonstrated a negatively significant relationship to environment as commitment. This is rather not surprising because organisations that committed in balancing societal concern with organisation goals are described as entrepreneurs who are always searching for new knowledge, creative, very innovative and risk taker in nature where they are committed in doing their job.

As for **ethical citizenship** only risk taking showed a negatively significant relationship. However, ethical citizenship was positively significant related to commitment to learning ( $p \leq 0.001$ ) that showed the highest positively significant relationship among other variables. This followed by open-mindedness and shared-vision with the p value of 0.05 together with innovativeness with the p value of 0.1. Additionally, **economic citizenship** was significantly related to open-mindedness with p value of 0.001 followed by shared-vision and risk taking at the p value of 0.05. On the other hand, economic citizenship was not related to commitment to learning and innovativeness at all. However, the results in Table 4.4 illustrate that constructs of **discretionary citizenship** supported all the hypotheses proposed. Discretionary citizenship was positively significant related to commitment to learning, shared-vision, and risk taking with p value of 0.001. This followed by innovativeness ( $p \leq 0.01$ ) and open-mindedness ( $p \leq 0.1$ ). The results are consistent with Davenport (2000) study that defines organisation corporate citizenship is needed in order to balance the needs of all stakeholders while working to protect the environment.

#### **4.6 Mediating Effects of Marketing Capabilities between CSR Orientation and Organisational Performance.**

**Proposition 5:** Marketing capabilities mediate the relationship between social concern and organisational performance

**Hypothesis 5:** Marketing capabilities mediate the relationship between social concern and organisational performance

**Proposition 6:** Marketing capabilities mediate the relationship between economic concern and organisational performance

**Hypothesis 6:** Marketing capabilities mediate the relationship between economic concern and organisational performance

**Proposition 7:** Marketing capabilities mediate the relationship between corporate citizenship culture and organisational performance

**Hypothesis 7:** Marketing capabilities mediate the relationship between corporate citizenship culture and organisational performance

Table 4.5 indicates the results of the mediating effects of marketing capabilities on the relationship between CSR orientation and organisational performance

**Table 4.5: Mediating Effects of CSR Orientation through Marketing Capabilities on Organisational Performance**

Hypotheses	Indirect Effects ( $\beta$ )	Support
<b>Public concern through</b>		
commitment to learning to OP	-0.013	Insignificant
shared-vision to OP	0.013	Insignificant
open-mindedness to OP	-0.018	Insignificant
innovativeness to OP	0.002	Insignificant
risk taking to OP	-0.011	Insignificant
<b>Regulatory forces through</b>		
commitment to learning to OP	0.048*	Mediates
shared-vision to OP	0.040*	Mediates
open-mindedness to OP	-0.026	Insignificant
innovativeness to OP	-0.015	Insignificant
risk taking to OP	0.040*	Mediates
<b>Environment as commitment through</b>		
commitment to learning to OP	0.046*	Mediates
shared-vision to OP	0.014	Insignificant
open-mindedness to OP	-0.011	Insignificant
innovativeness to OP	-0.014	Insignificant
risk taking to OP	0.023	Insignificant
<b>Ethical Citizenship through</b>		
commitment to learning to OP	0.100**	Mediates
shared-vision to OP	0.023	Insignificant
open-mindedness to OP	0.034	Insignificant
innovativeness to OP	0.001	Insignificant
risk taking to OP	0.018	Insignificant
<b>Economic Citizenship through</b>		
commitment to learning to OP	0.001	Insignificant
through shared-vision to OP	0.026	Insignificant
through open-mindedness to OP	0.060*	Mediates
through innovativeness to OP	-0.00	Insignificant
through risk taking to OP	0.028	Insignificant
<b>Discretionary Citizenship through</b>		
commitment to learning to OP	0.040*	Mediates
shared-vision to OP	0.044*	Mediates
open-mindedness to OP	0.013	Insignificant
innovativeness to OP	-0.011	Insignificant
risk taking to OP	0.029	Insignificant

$\beta$  is standardized regression weights

Significance level: \*\*\*\*  $p \leq 0.001$  \*\*\*  $p \leq 0.01$  \*\*  $p \leq 0.05$  \*  $p \leq 0.1$

Table 4.5 depicted that all the variables of marketing capabilities did not have a mediation effect between the relationship of public concern and organisational performance. These results imply that in Malaysian society the environmental issues is not the driver in the organisation marketing strategy especially in seeking the public opinion regards to environmental issues.

Mediation test also examine the interaction of regulatory forces and organisational performance through marketing capabilities. Thus, from Table 4.5 suggest that commitment to learning ( $p \leq 0.1$ ), shared-vision ( $p \leq 0.1$ ) and risk taking ( $p \leq 0.1$ ) were found to mediate the relationship between regulatory forces and organisational performance. Conversely, open-mindedness and innovativeness and were found to be insignificant as a mediator between the relationship of regulatory forces and organisational performance.

Table 4.5 also indicates that commitment to learning ( $p \leq 0.1$ ) played the mediating role in the relationship between environment as commitment and organisational performance. Nonetheless, shared-vision, open-mindedness, innovative and risk taking were detected as insignificant as a mediator between the relationship of environment as commitment and organisational performance. This entails those managers in Malaysian organisations yet to capture in the mind-set that there are opportunities in environmental efforts where from the beginning of the survey they have already disagree the function of environment as opportunities. Furthermore, organisations must used innovativeness in order to improve their competitive position.



In addition, the results suggest that commitment to learning was found to mediate the relationship between ethical citizenship ( $p \leq 0.05$ ) and organisational performance. The rest were not supported indicating that there was no relationship or mediating effect at all.

Marketing capabilities as the mediator for the relationship between economic citizenship and organisational performance only open-mindedness ( $p \leq 0.1$ ) supported the hypothesis. However, commitment to learning, shared vision, innovativeness and risk taking did not have mediating effect between economic citizenship and organisational performance. No comparison could be made regarding marketing capabilities functions as the mediator between CSR and organisational performance. This is because no past studies have analyzed these issues.

As for mediating effect between discretionary citizenship and organisational performance; only shared-vision ( $p \leq 0.1$ ) and commitment to learning ( $p \leq 0.1$ ) supported the hypotheses and played the mediating role. Unfortunately, the rest of the variables show insignificant relationship. This suggests that at some point, when organisations make decision, the management do take into consideration the employees' critical thinking, effort and ideas.

## 4.7 The Relationship between Marketing Capabilities and Organisational Performance

**Proposition 8:** Marketing capabilities is related to organisational performance

**Hypothesis 8:** Marketing capabilities is positively related to organisational performance

Table 4.6 shows the results of the hypotheses testing

**Table 4.6: The Relationship between Marketing Capabilities and Organisational Performance**

Hypotheses	Direct Effect ( $\beta$ )	SE	Support
<b>Organisational Learning</b>			
Commitment to learning → Organisational performance	0.228***	0.067	Yes
Shared-vision → Organisational performance	0.163**	0.064	Yes
Open-mindedness → Organisational performance	0.172***	0.022	Yes
<b>Enviropreneurship</b>			
Innovativeness → Organisational performance	-0.057*	0.052	No
Risk taking → Organisational performance	0.134*	0.051	Yes

$\beta$  is standardized regression weights and SE is standard error

Significance level: \*\*\*\*  $p \leq 0.001$  \*\*\*  $p \leq 0.01$  \*\*  $p \leq 0.05$  \*  $p \leq 0.1$

Table 4.6 exhibits that **organisational learning** supported all the hypotheses where commitment to learning and open-mindedness ( $p \leq 0.01$ ) were the highest positive level of significant relationship with organisational performance. Subsequently shared-vision ( $p \leq 0.1$ ) also had a positive relationship with organisational performance. This is consistent with the study from Lopez et al (2005) that organisational learning is the determining factor in business performance that learning process is important for organisations if they want to perform well in the market place.

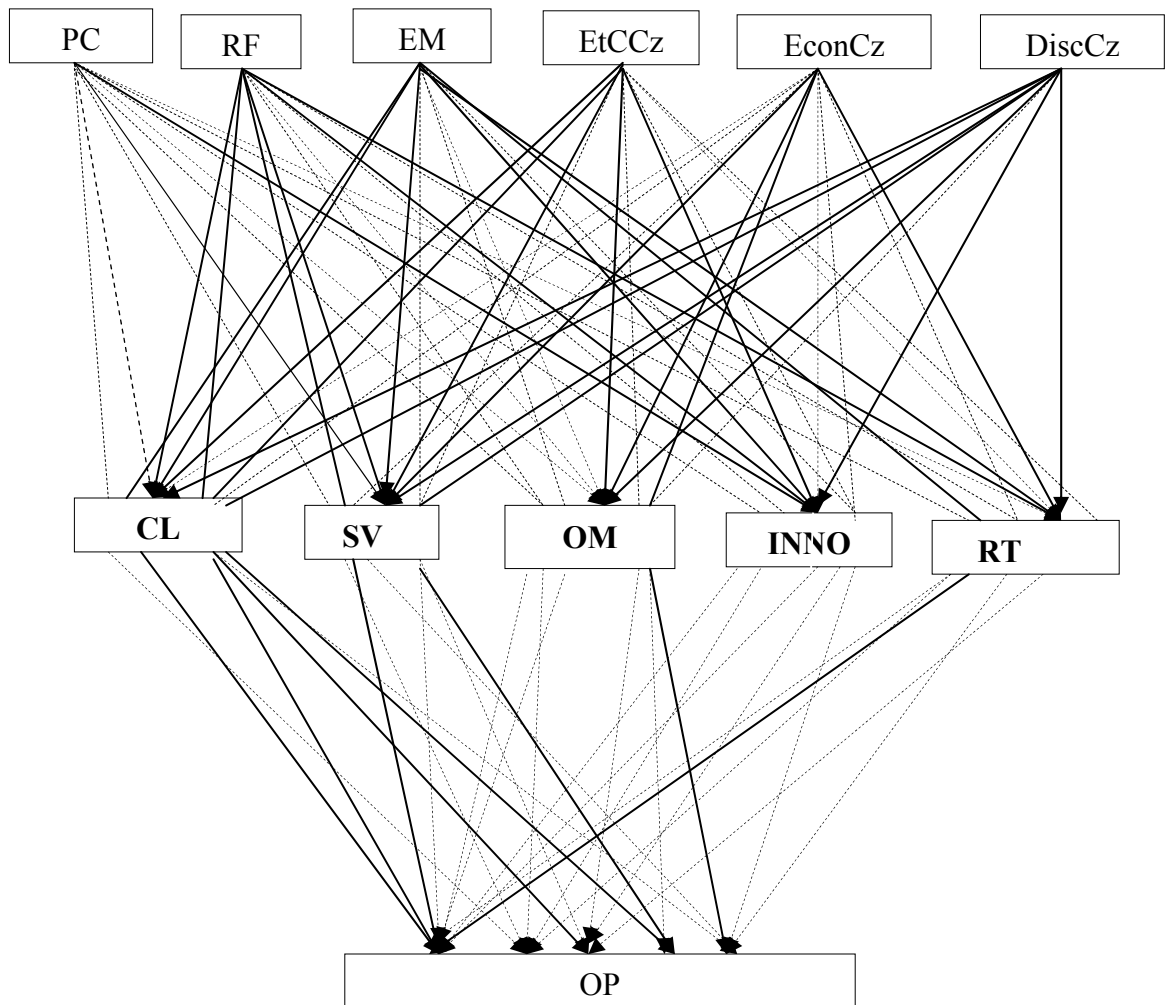
Conversely, the construct of **enviropreneurship** illustrates different results where risk taking ( $p \leq 0.1$ ) supported the hypothesis but not innovativeness. This is consistent with the characteristics of entrepreneurial organisations that encourage their employees to be flexible, dynamic, risk taking, and growth oriented (Stevenson and Gumpert, 1985) in order to performance better in the market place.

#### **4.8 Path Modeling: Integrated Model**

The integrated full mediated model shows significant and insignificant hypothesized relationship. Figure 4.4 exhibits the proposed model.

Table 4.7 shows the details of model fit as well as the direct, indirect and total effects.

Discussion of the results follows.



$$\chi^2 = 119.75; df = 16; GFI = 0.926; CFI = 0.931; RMR=0.026$$

**Figure 4.4: The Integrated Model**

Note:

Straight lines = significant relationships; Broken lines = insignificant relationship

PC = Public concern; RF = Regulatory Forces; EAsC = Environment as Commitment; EtCCz = Ethical Citizenship; EconCz = Economic Citizenship; DiscCz = Discretionary Citizenship; OP = Organisational Performance

**Table 4.7**  
**Direct, Indirect and Total Effects of CSR Orientation to Marketing Capabilities to Organisational Performance**

Hypotheses	Direct Effect		Indirect Effect	Total Effect
	$\beta$	SE	$\beta$	$\beta$
<b>Public concern is associated with...</b>				
Commitment to learning	-0.057*	0.042	-0.013	<b>-0.07</b>
Shared-vision	0.079*	0.047	0.013	<b>0.092*</b>
Open-mindedness	-0.110*	0.126	-0.018	<b>-0.128*</b>
Innovativeness	0.034*	0.066	0.002	<b>0.036</b>
Risk taking	-0.083*	0.063	-0.011	<b>-0.094*</b>
Organisational performance			-0.028	<b>-0.028</b>
<b>Regulatory Forces is associated with...</b>				
Commitment to learning	0.211****	0.048	0.048*	<b>0.259**</b>
Shared-vision	0.233****	0.054	0.040*	<b>0.273****</b>
Open-mindedness	-0.150**	0.143	-0.026	<b>-0.176*</b>
Innovativeness	0.258****	0.075	-0.015	<b>0.243****</b>
Risk taking	0.296****	0.071	0.040*	<b>0.336****</b>
Organisational performance			0.085**	<b>0.085**</b>
<b>Environment as commitment is associated...</b>				
Commitment to learning	0.201****	0.048	0.046*	<b>0.247****</b>
Shared-vision	0.084*	0.054	0.014	<b>0.098*</b>
Open-mindedness	-0.066**	0.143	-0.011	<b>-0.077*</b>
Innovativeness	0.253****	0.075	-0.014	<b>0.239****</b>
Risk taking	0.174****	0.071	0.023	<b>0.197**</b>
Organisational performance			0.057*	<b>0.057*</b>

Table 4.7., continued

Hypotheses	Direct Effect		Indirect Effect	Total Effect
	$\beta$	SE	$\beta$	$\beta$
<b>Ethical Citizenship is associated with...</b>				
Commitment to learning	0.442****	0.062	0.100**	<b>0.542****</b>
Shared-vision	0.141**	0.069	0.023	<b>0.164**</b>
Open-mindedness	0.195**	0.184	0.034	<b>0.229**</b>
Innovativeness	0.024*	0.097	0.001	<b>0.025</b>
Risk taking	-0.133*	0.092	0.018	<b>-0.115*</b>
Organisational performance			0.138**	<b>0.138**</b>
<b>Economic Citizenship is associated with...</b>				
Commitment to learning	0.005	0.057	0.001	<b>0.006</b>
Shared-vision	0.160**	0.064	0.026	<b>0.186**</b>
Open-mindedness	0.350****	0.169	0.060*	<b>0.410****</b>
Innovativeness	0.008	0.089	-0.00	<b>0.008</b>
Risk taking	0.211**	0.085	0.028	<b>0.239**</b>
Organisational performance			0.116**	<b>0.116**</b>
<b>Discretionary Citizenship is associated with...</b>				
Commitment to learning	0.165****	0.052	0.040*	<b>0.205***</b>
Shared-vision	0.268****	0.058	0.044*	<b>0.312****</b>
Open-mindedness	0.078*	0.154	0.013	<b>0.091*</b>
Innovativeness	0.201***	0.081	-0.011	<b>0.190**</b>
Risk taking	0.220****	0.077	0.029	<b>0.249***</b>
Organisational performance			0.113**	<b>0.113**</b>

Table 4.7., continued

Hypotheses	Direct Effect		Indirect Effect	Total Effect
	$\beta$	SE	$\beta$	$\beta$
<b>Commitment to learning is associated with...</b>				
Organisational performance	0.228***	0.067		<b>0.228***</b>
<b>Shared-vision is associated with...</b>				
Organisational performance	0.163**	0.064		<b>0.163**</b>
<b>Open-mindedness is associated with...</b>				
Organisational performance	0.172***	0.022		<b>0.172***</b>
<b>Innovativeness is associated with...</b>				
Organisational performance	-0.057*	0.052		<b>-0.057*</b>
<b>Risk taking is associated with...</b>				
Organisational performance	0.134*	0.051		<b>0.134*</b>

Significance level: \*\*\*\*  $p \leq 0.001$  \*\*\*  $p \leq 0.01$  \*\*  $p \leq 0.05$  \*  $p \leq 0.1$

#### 4.8.1 Results: Integrated Model

Results of direct effects, indirect effects and total effects provided the overall significant results of the relationships presented in the model (Refer to Table 4.7).

**Public concern** was significantly and positively associated with: i) shared vision and significantly and negatively associated with: i) open-mindedness; ii) risk taking

The result suggests that public opinion is supportive to shared-vision. However, the result shows that public concern do not have a positive association with open-mindedness and risk taking. Concurrently, public concern showed no indirect relationship with marketing capabilities at all. Apparently, these relationships demonstrated no indirect impacts on organisational performance.

**Regulatory forces** were significantly and positively associated with: i) commitment to learning; ii) shared-vision; iii) innovativeness; iv) risk taking; v) organisational performance and significantly and negatively associated with: i) open-mindedness

The results suggest the importance of environmental regulations and legislations in supporting and enhancing marketing capabilities. Thus, the significant relationship with marketing capabilities gives clear picture that with strict regulations and laws in organisation have a greater impact on performance in the long-term.



Environment as commitment was significantly and positively associated with: i) commitment to learning; ii) shared-vision; iii) innovativeness; iv) risk taking; v) organisational performance and significantly and negatively associated with: i) open-mindedness

Operationalised as marketing strategy development, environment as commitment shows a vital support to marketing capabilities. Organisations treated environmental issues as investment and commitment in order to respond to the customer's complaint. These significant relationships with marketing capabilities suggest that organisation performance perform successfully with environmental marketing strategy.

**Ethical citizenship** was significantly and positively associated with: i) commitment to learning; ii) shared-vision; iii) open-mindedness; iv) organisational performance and significantly and negatively associated with: i) risk taking

**Ethical citizenship** is operationalised as the organisation culture that strengthens the collaboration of CSR. The results suggest the importance of learning in supporting and enhancing marketing capabilities. Such behaviours enhance organisation performance where business abide by the moral rules defining how to behave appropriately in society via do what is right, fair and avoid something that will give harm the society. However, the result is found to be negatively associated with risk taking. This may imply that in being ethical, risk taker is not the capability pursued by organisations.

**Economic citizenship** was significantly and positively associated with: i) shared-vision; ii) open-mindedness; iii) risk taking; iv) organisational performance

The results indicate that economic citizenship is an appropriate practice to stimulate the marketing capabilities. In addition, this manners improve organisations performance as such the obligations of business are to maintain economic wealth and at the same time to meet consumption needs.

On the contrary, **discretionary citizenship** was significantly and positively associated with: i) commitment to learning; ii) shared-vision; iii) open-mindedness; iv) innovativeness; iv) risk taking; v) organisational performance

These results suggest that vital of organisational learning and enviropreneurship in boosting and sustaining marketing capabilities. Thus, the existences of the significant relationship clearly suggest that with those systems in place in the organisations have a superior impact on performance where business actively involved in the betterment of society by contributing resources to the community in order to improve the quality of the society life.

These results suggest that collectively, marketing capabilities namely commitment to learning, shared-vision, open-mindedness, innovativeness and risk taking mediate the relationship between regulatory forces, environment as commitment, ethical citizenship, economic citizenship and discretionary citizenship with organisational performance except for public concern. As such, these results point out that as an integrated model, regulatory forces, environment as commitment, ethical citizenship, economic citizenship

and discretionary citizenship play an important role in supporting marketing capabilities functions as well as having a significant impact on organisational performance.

#### **4.9 Chapter Summary**

This chapter examined the results of the study. The profile of the organisations was forwarded. Furthermore, eight propositions and eight main hypotheses were proposed. First order and second order analysis was conducted to develop and validate the antecedents of CSR orientation (H1). Additionally, structural equation modeling was employed to test the relationships between CSR orientation and marketing capabilities (H2-H4) also to examine the relationship between marketing capabilities and organisational performance (H8).

In addition to test the mediated effect of marketing capabilities in the relationships between CSR orientation and organisational performance (H5-H7) where once again structural equation model was used. This chapter concluded that full mediated model was used to examine the whole relationship of the proposed model.

## **CHAPTER 5**

### **SUMMARY, IMPLICATIONS, FUTURE RESEARCH AND CONCLUSION**

#### **5.1 Introduction**

This chapter discusses the findings from the proposed model of CSR orientation. Explanations on the findings are presented followed by the contributions and managerial implications of the study. Finally, the chapter was concluded with limitations of the study and suggestions for future research.

#### **5.2 Discussion: Overview of the Findings**

Basically, this study is to investigate firstly the antecedents of CSR orientation, secondly the relationship between independent variables and mediating variables, thirdly to examine the mediating effects between independent variable and dependent variables and finally to explore the relationship between mediating variables and dependent variables. Thus, as for discussion and interpretation, the explanations on the findings are based on propositions, hypotheses and the final objective of the study.

**Proposition 1: Elements of social concern, economic concern and corporate citizenship culture are antecedents to CSR orientation**

Integration of social concern, economic concern and corporate citizenship culture were formulated and operationalised based on the work of Banerjee, Iyer and Kashyap (2003); Baker and Sinkula (2005); and Maignan et al (1999). From social concern two dimensions were proposed namely: public concern and regulatory forces. Similarly, economic concern was incorporated into two dimensions: environment as opportunity and environment as commitment and four dimensions that are ethical citizenship, economic citizenship, legal citizenship and discretionary citizenship from corporate citizenship culture.

The integration of these dimensions was certified by exploratory factor analysis with varimax rotation in which two factors, one factor and three factors were produced for social concern, economic concern and corporate citizenship culture respectively.

**Proposition 2: Social concern are related to marketing capabilities**

**Hypothesis 2:** Social concern are positively related to marketing capabilities

**Hypothesis 2a:** Public concern is positively related to marketing capabilities

Hypothesis 2a exhibits there is a significant relationship between public concern and organisational learning for the element of shared-vision and enviropreneurship for the element of innovativeness. The relationship showed five sub-hypotheses and this is discussed below:

H2a (i): Public concern is positively related to commitment to learning

H2a (ii): Public concern is positively related to shared-vision

H2a (iii): Public concern is positively related to open-mindedness

H2a (iv): Public concern is positively related to innovativeness

H2a (v): Public concern is positively related to risk taking

Public concern had a positive significant relationship with shared-vision and innovativeness but a negative significant relationship with the rest of the elements in organisational learning and enviropreneurship. This illustrates that the Malaysian public shared the same vision the managers have with regard to environmental problems facing the organisations. However, the public or external environments (i.e. stakeholders, consumers, competitors and organisation's social community) are not the driving forces that could influence the organisations' corporate practice that transform environmentalism from something external to the market system into something that is central to the core objectives of the organisations.

### **Hypothesis 2b: Regulatory forces are positively related to marketing capabilities**

The overall results showed that regulatory forces were positively significantly related to the elements of marketing capabilities except for open-mindedness. Open-mindedness was significant but inversely related. The results of the sub-hypotheses were explained as below:

H2b (i): Regulatory forces are positively related to commitment to learning

H2b (ii): Regulatory forces are positively related to shared-vision

H2b (iii): Regulatory forces are positively related to open-mindedness

H2b (iv): Regulatory forces are positively related to innovativeness

H2b (v): Regulatory forces are positively related to risk taking

This result is consistent with the previous study (Kirkpatrick, 1990; Maxwell, Lyon and Hackett, 200) that due to the pressures of environmental regulation and legislation together with the high cost of compliance, have made senior executives and managers become proactive in regard to environmental issues. Indeed, Surma and Vondra (1992) assert that tougher legislation and environmental regulation are also possible motivating factors that organisations begin incorporating environmental concern into their corporate strategies. Consistently, Porter (1991) posits strict environmental regulations can force organisations to be more innovative in facing environmental problems and issues.

**Proposition 3:** Economic concern are related to marketing capabilities

**Hypothesis 3a:** Environment as Commitment is positively related to marketing capabilities

The finding showed environment as a commitment is significantly related to each one of the dimension of marketing capabilities except for open-mindedness. Open-mindedness was significant but inversely related. The detailed sub-hypotheses and explanation are discussed below.

H3a (i): Environment as commitment is positively related to commitment to learning

H3a (ii): Environment as commitment is positively related to shared-vision

H3a (iii): Environment as commitment is positively related to open-mindedness

H3a (i): Environment as commitment is positively related to innovativeness

H3a (ii): Environment as commitment is positively related to risk taking

Nall (2002) argue that new marketing opportunities will and has continued to emerge due to recognition of environmental problems. However, in relation to this study the elements of environment as opportunities were dropped from the analysis. This indicated that Malaysian managers did not perceived environmental problems or issues which can be turned into opportunities. But, they view that investments in environmental protection should be evaluated as long-term investments that enhance the organisations tangible and intangible capabilities and something they must obey and be committed to.

**Proposition 4:** Corporate citizenship culture is related to marketing capabilities

**Hypothesis 4:** Corporate citizenship culture are positively related to marketing capabilities

The overall results illustrated that corporate citizenship culture which consists of ethical citizenship, economic citizenship and discretionary citizenships were significantly related to organisational learning. However, when regard to the element of risk taking, ethical citizenship showed insignificant relationship and for the element of innovativeness, economic citizenship showed insignificant relationship. The results of the sub-hypotheses were explained below:



H4a (i): Ethical citizenship is positively related to commitment to learning

H4a (ii): Ethical citizenship is positively related to shared-vision

H4a (iii): Ethical citizenship is positively related to open-mindedness

H4a (iv): Ethical citizenship is positively related to innovativeness

H4a (v): Ethical citizenship is positively related to risk taking

H4b (i): Economic citizenship is positively related to commitment to learning

H4b (ii): Economic citizenship is positively related to shared-vision

H4b (iii): Economic citizenship is positively related to open-mindedness

H4b (iv): Economic citizenship is positively related to innovativeness

H4b (v): Economic citizenship is positively related to risk taking

H4c (i): Discretionary citizenship is positively related to commitment to learning

H4c (ii): Discretionary citizenship is positively related to shared-vision

H4c (iii): Discretionary citizenship is positively related to open-mindedness

H4c (iv): discretionary citizenship is positively related to innovativeness

H4c (v): Discretionary citizenship is positively related to risk taking

In summary, employees of socially proactive organisations could feel the bound with their employer and at the same time they are supportive of the organisation objectives.

The employees enjoy working in an environment that enhances their workplace experience whose goals go beyond profit maximization. As Berry (1995); George and Berry (1981) and Gilly and Wolfenbarger (1998) identify that corporate citizenship is an excellent tool for internal marketing. Indeed, it is the way to motivate employees, to

educate them about the organisation and to connect with them directly. Conclusively, the findings indicate that organisations in Malaysia are responsible to the external and internal stakeholders as well as functioning as good corporate citizens.

**Proposition 5:** Marketing capabilities mediate the relationship between social concern and organisational performance

**Hypothesis 5:** Marketing capabilities mediate the relationship between social concern and organisational performance

**Proposition 6:** Marketing capabilities mediate the relationship between economic concern and organisational performance

**Hypothesis 6:** Marketing capabilities mediate the relationship between economic concern and organisational performance

**Proposition 7:** Marketing capabilities mediate the relationship between corporate citizenship culture and organisational performance

**Hypothesis 7:** Marketing capabilities mediate the relationship between corporate citizenship culture and organisational performance

Before testing for mediation of each of marketing capabilities and antecedents of CSR orientation and organisational performance, the proposed model was compared with a partially mediated model. The chi-square difference test indicates that the proposed model (full mediated model) was a better model. This pointed out that marketing

capabilities is the important mediator in the relationship between antecedents of CSR orientation and organisational performance.

The mediating role of marketing capabilities indicated that none of the elements mediated the relationship between public concern and organisational performance. But, commitment to learning, shared-vision and risk taking mediated the relationship between regulatory forces on organisational performance.

This suggest that Malaysian organisations do have the intention to link corporate environmental performance with company strategies but reluctant to invest substantial resources especially in research and development of environmentally friendly technologies, product and processes. Moreover, the organisations' learning process regards to the organisations 'environmental policies to the stakeholders in educating them about environmental issues were not yet being fully implemented. **However, when issues are based on legal pressure and increased regulation, the Malaysian managers seem to be committed to learn, willing to share their vision and willing to take risk.**

Only the element of commitment to learning was found to mediate the relationship between environment as commitment and organisational performance. This signifies that Malaysian managers are committed to learning about the environment when it only involves the organisation's economic objective.

**Taken collectively, managers in Malaysian organisations do recognize the importance of environmental issues facing their organisation but to integrate the environmental issues with the organisations' strategic plans is not yet their main intention. They are innovative and open-minded. However, when come to environmental issues, these two criteria were neither the norm nor culture. Perhaps, lacking of managerial support and leadership in guiding the employees are the reasons in these two areas.**

Apart from that, commitment to learning mediates the relationship between ethical citizenship and organisational performance; open-mindedness mediates the relationship between economic citizenship and organisational performances as well as commitment to learning and shared-vision mediate the relationship between discretionary citizenship and organisational performance. These results are consistent with Baker and Sinkula (1999) who suggested that managers should adopt learning orientation which encourage organisational members to "think outside a box" and Eisenhardt and Martin (2000) who argued that capabilities can be used to enhance the organisations' long-term competitive advantage.

In contrast, innovativeness and risk taking did not mediate any of the relationship between corporate citizenship culture and organisational performance. It, however, proposed that Malaysian organisations need to nurture, support and continuously enhance enviropreneurship in order to stimulate ecopreneurial behaviour among employees and to endure in a dynamic environment.

Similarly, organisations that adopt enviropreneurship may encourage organisational members to be more proactive with respect to CSR practices and be more willing to embrace risks in delivering value of corporate citizenship behaviour. Likewise, innovative thinking is not being implemented as CSR corporate strategy as the Malaysian organisations themselves is not being fully innovative. It seems that Malaysian organisations as a whole, have not yet included the notion of openness to new ideas, processes, or products, or friendly environmental as part of CSR corporate strategy.

**Proposition 8:** Marketing capabilities is related to organisational performance

**Hypothesis 8a:** Organisational learning is positively related to organisational performance

**Hypothesis 8b:** Enviropreneurship is positively related to organisational performance

Hypothesis 8a exhibits that there are significant relationship between organisational learning and organisational performance but as for hypothesis 8b only the elements of risk taking is significantly related to organisational performance. This is consistent with previous arguments where Sharma and Vredenburg (1997) said that learning is preeminent over other resources because it only enable organisations to maintain a long-term competitive advantage and entrepreneurial proclivity has a positive association with profitability (Zahra, 1991). The relationship for each of the marketing capabilities indicated that five sub hypotheses were significant and this is the discussion:

H8a (i): Commitment to learning is positively related to organisational performance

H8a (ii): Shared-vision is positively related to organisational performance

H8a (iii): Open-mindedness is positively related to organisational performance

H8b: Enviropreneurship is positively related to organisational performance

H8b (i): Innovativeness is positively related to organisational performance

H8b (ii): Risk taking positively related to organisational performance

The result is consistent with previous studies that organisational learning has a direct impact on organisational performance (Hult et al., 2004) and enviropreneurship influence organisational performance (Baker and Sinkula, 2005). Furthermore, organisations capabilities are seen to influence competitive strategies and organisational outcomes Barney and Hansen (1994).

### **5.3 Results and Discussion for on an integrated model linking CSR orientation, marketing capabilities and organisational performance.**

The integrated model of this study demonstrates the comprehensive relationship of the variables that incorporates the antecedents of CSR orientation, the mediating role and the outcome variable in a single model. In view of the fact that, most of these relationships have not been studied together before, testing all variables as an integrated model presents added information on CSR framework. In general, the findings suggest that organisations should incorporate corporate social responsibility elements in their

strategic decision making because it contributes and provides a significant impact on the organisations' performance.

The outcome of the research indicates that marketing capabilities are the main vehicle for implementing CSR practices in organisations and not only leads to a more broader corporate performance in the ecological and social field but also increases the financial performance and leads to product and process improvements. These marketing capabilities especially organisational learning are essential for the sustainability of the organisations, the environment and the society.

#### **5.4 Contribution of the Study**

The contributions of this study are significant in terms of theoretical, methodological and implications to managers. Each of these contributions is discussed below.

##### **5.4.1 Theoretical Contributions**

Firstly, this study contributes by proposing antecedents of CSR orientation as the main thrust that leads to the marketing capabilities of organisations. The justification is that for organisations to incorporate an environmental concern into their strategic decision making; they are required to have both the environmental corporate strategy and environmental marketing strategy which have a greater impact on the organisational

performance. Thus, this emphasizes the idea that socially and environmentally responsible organisations need CSR as their marketing strategy tool.

As a result, it highlights the notion that organisations marketing capabilities (especially organisational learning) are likely to be influenced by the CSR orientation. Consequently, previous study on corporate citizenship (Maignan and Ferrell, 2001) indicated that corporate citizenship is a potentially fruitful practice not only for society as a whole but also for businesses themselves. Thus, in this study it also has proven a similar result.

Secondly, this study also adds to a relatively body of literature which explores social concern, economic concern and corporate citizenship culture as new dimensions of CSR orientation and consequences for organisation and social actions. Hence, this study has attempted to provide a CSR framework that can be used effectively in securing organisational performance. More specifically, this study has extended the research on antecedents of CSR – social concern, economic concern and corporate citizenship culture - by investigating their influence on marketing capabilities. This linkage reflects the overall effects between the CSR orientation and marketing capabilities, and thus determines the performance of the organisations.

Thirdly, this study contributes to the literature in terms of examining marketing capabilities as the mediating variable between the CSR orientation and organisational performance. By analyzing the mediating effects, this study has given a noteworthy



contribution because no previous research have examined the effect of CSR orientation and marketing capabilities on organisational performance.

Finally, the study contributes to the issues in marketing by showing that organisational learning and enviropreneurship are significant as mediating factors in enhancing the organisational performance.

#### **5.4.2 Methodological Contributions**

The methodological contribution of this study is the development of measurement of the constructs where multiple approaches were used to analyze the data and several models were examined simultaneously. Furthermore, this study offers a more accurate methodological process, attempting to clearly define each of the underlying constructs. Assessments of the reliabilities and validities of each constructs using CFA confirm the correspondence rules between both empirical and theoretical concepts (Bagozzi, 1984). Therefore, by combining these methodologies with the purified measurement items of this study provides a useful direction for the future empirical research into CSR framework.

### **5.4.3 Managerial Implications**

From a managerial perspective, this study highlights that being socially and environmentally responsible is not only good for society, but also very good for increasing and preserving shareholder value. As for policy makers, there is clearly a need to tighten up regulations or even develop new regulations and laws that particularly address the enhancement of consumer protection, product quality or provide incentives for the organisations' practices toward CSR.

Lichtenstein, Drumwright and Braig (2004) conclusively mention that corporate social responsibility is considered as a marketing strategy. Thus, this adds to the knowledge of managers and at the same time provides broader benefits to their organisations. The study of social concern, economic concern, corporate citizenship culture and marketing capabilities can enhance the managers' understanding on the impact of CSR in strengthening the relationship with stakeholders and simultaneously boost organisational performance.

Furthermore, the study provides managers with an analytic framework to take advantage of their resources and capabilities, in a more adaptive or generative way, according to the environmental and internal forces to the organisation. Moreover, it has been confirmed by the results of this study that integration of environmental issues into the strategic planning process was a key variable that was positively related to financial and environmental performance.

The results of this study also confirm that managers need to pay more attention to CSR practices if they really wish and want to maintain their competitive edge in the market place. CSR activities or programmes can strengthen and sharpen the management's understanding of consumers and how to implement strategies to engage them in those activities. Furthermore, through CSR, management can enrich its understanding of the business context in view of the organisations' long-term perspective in the future and CSR's help to ensure that the organisations' market decisions depict the true costs spent in building sustainable organisations.

In summary, the theoretical framework proposed in this study provides the managers a fruitful way of strategizing on how organisations apply CSR practices to deploy their marketing capabilities in enhancing organisational performance.

### **5.5 Limitations and Suggestions of the Study**

The findings of this study must be interpreted in the light of several limitations. Firstly, the generalization of this study's findings may be limited to organisations registered under BURSA Malaysia and the Federal of Malaysian Manufacturers who are practicing CSR. This leaves the question open as to the representativeness of the sample. For that reason, future research should attempt to gather information from the organisations regardless of whether they are practicing CSR or not. Furthermore, a broader sample should include not only the managerial level but also non-managerial, so that any potential bias in the data will be minimized.

Secondly, this study does not make any comparison between the sizes of organisations that are practicing CSR. Therefore, future research should consider the size of the organisations so that a comparison between large, medium and small organisations that are practicing CSR can be obtained.

Thirdly, the limitation of this study is that concepts like organisational learning and enviropreneurship may be culturally embedded and this might confuse their interpretation which leads to different conclusions in different settings.

Another limitation is that the information on the data is only from the year 2008. Organisations CSR's practices, strategy and performance implications evolve overtime. Thus, information over a longer period of time might be more transparent and justified. So, it may be desirable to conduct a similar study directed toward collecting longitudinal data which might give a detailed explanation on the activity and strategy.

Finally, the limitation of this study is that it uses only selected variables. It would be desirable to examine other antecedent of CSR such as organisational leadership because CSR in Malaysia is apparently lacking organisational leadership to guide and to encourage units of the organisations to come out with innovative strategies. In addition, future research should include the reputation on how best to use reputation as a driver to embed CSR in core business processes that have a direct impact on competitiveness.

## **5.6 Conclusion**

To summarize, this study examines the relationship of CSR orientation, marketing capabilities and performance of organisations in Malaysia. Even though, the overall findings of the study point out that CSR and marketing capabilities play important roles in enhancing organisational performance, embedded culture of enviropreneurship among employees would facilitate managers to plan a more complete and conclusive CSR practice.

It is hoped that the findings of this study will yield a better understanding of organisations performance that affect society's perception. It should, therefore, help in changing organisation behaviour in meeting public expectations.