

The Perception of Corporate Social Responsibility and Employee Flourishing: Cultural Diversity as an Underlying Mechanism

Telma Mendes^{1,2}, Pamela Silva³, Marisa Ferreira¹, Teresa Proença⁴ and Ana Borges¹

¹CIICESI, ESTG, Polytechnic of Porto, Portugal

²University of Vigo – ECOBAS/REDE, Vigo, Spain

³Faculty of Economics, University of Porto, Portugal

⁴Faculty of Economics, CEF.UP, University of Porto, Portugal

tilm@estg.ipp.pt

202000928@edu.fep.up.pt

mferreira@estg.ipp.pt

tproenca@fep.up.pt

aib@estg.ipp.pt

Abstract: Corporate social responsibility (CSR) has been a field of interest over the past couple of decades. The challenges posed by rapidly evolving technology and frequently changing market conditions along with well-informed customers, have compelled firms to pay greater attention to their stakeholders and address social, economic, and environmental issues. This heightened focus on CSR reflects a growing perception that success transcends financial gains and encompasses broader benefits to communities and society. Moreover, there is growing recognition of the impact of internal CSR practices, which not only enhance a firm's reputation, assets, and customer retention but also significantly influence the well-being, engagement, and satisfaction of their workforce. Currently, for some firms, particularly multinational corporations (MNCs), promoting internal CSR practices becomes particularly complex amidst diverse workforces encompassing varied languages and cultures. This study, thus, explores the relationship between perceived CSR practices and workplace outcomes, including the mediating role of cultural diversity. Based on data collected from 211 employees in 19 different countries, the results reveal that perceived CSR effects on employee well-being, satisfaction, and engagement are driven by diversified cultural settings. Accordingly, these findings reinforce the urgency to delve deeper into the implications of cultural diversity within CSR frameworks.

Keywords: Corporate social responsibility, Cultural diversity, Employee engagement, Job satisfaction, Employee well-being

1. Introduction

A corporate concern for social and environmental responsibility has exponentially increased since firms have started to understand that they can reach a level of success by performing activities that contribute to the well-being of the communities and societies (Al-Ghazali and Sohail, 2021). In recent years, corporate social responsibility (CSR) has attracted the attention of organizations and started to become an important component of business. CSR can be considered as a complete range of policies and practices that are embedded into a company's operations and decision-making process. It reflects the organization's commitment to integrity and ethical conduct and may include considerations of business ethics, environmental sustainability, human rights, community engagement, and consumer and employee rights (Hsu *et al.*, 2017).

Although the study of CSR is increasingly focusing on its results at the individual level (Donia and Sirsly, 2016), employees' perceptions and the real impact of the implementation of CSR strategies on them is still a path to explore (Aguinis and Glavas, 2019, Gotsch *et al.*, 2023, Rodrigues *et al.*, 2024). Thus, this research aims to explore the effects of perceived CSR policies and practices on workplace outcomes, such as job satisfaction, employees' well-being, and employees' engagement, mitigating the existing gap in the literature at this level and extending previous studies (e.g., Cunha *et al.*, 2022, Rodrigues *et al.*, 2024).

As demonstrated in the extant literature, employees' perceptions of CSR play a central role in well-being and job satisfaction and are a key feature of the broader concept of decent work (Adu-Gyamfi *et al.*, 2021, Al-Ghazali and Sohail, 2021, Kim *et al.*, 2018). It similarly presents organizational-level advantages, such as increased employee engagement and commitment, which in turn will be more productive (Al-Ghazali and Sohail, 2021, Azim, 2016, Chaudhary, 2017, Ramdhan *et al.*, 2022). Thus, employees' satisfaction, well-being, and engagement through work prove to be a key piece for organizations, so this study will focus on workplace outcomes at the organizational level. By choosing these outcomes, we intend to contribute to a better understanding of the importance attributed by employees to CSR policies and practices, as well as to guide organizations so that they can manage them more effectively.

Grabner-Kräuter *et al.* (2020) point to the possibility of considering cultural diversity when implementing CSR practices, helping employees to achieve a level of integration, bringing them job satisfaction, and engagement, as well as enhancing their well-being (Neto *et al.*, 2018). It therefore indicates a research question to guide future research, which links perceived CSR practices, workplace outcomes, and cross-cultural dimensions of CSR (Ivanova-Gongne *et al.*, 2022). Adopting this view, we intend to shed light on this pressing question: *Can CSR perception towards cultural diversity affect employees' satisfaction, well-being, and engagement?* By answering this question, this research aims to contribute to expanding knowledge on this subject.

The remainder of this paper is structured as follows. Section two briefly characterizes CSR practices and then discusses the interrelations between perceived CSR, cultural diversity, and workplace outcomes. Section three introduces the data collection and analysis methodology used. The results are covered in section four and discussed in section five. The study closes with the implications drawn and suggestions for future research.

2. Theoretical Background

The employee perceptions of CSR are subjective including their interpretation of the organization's CSR activities which can differ from the actual activities employed (Azim, 2016). According to Tian and Robertson (2017), it is important to comprehend *how* and *when* employees perceive CSR practices, as the circumstances determine the impact on employees' engagement. The social identity theory (SIT) posits that a strong correlation exists between an employee's perception of CSR and how they evaluate the internal and external image of their company (Azim, 2016, Tian and Robertson, 2017). This theory suggests that when an organization's internal and external image positively affects identity, consciousness, and self-enhancement, an employee is more likely to view that organization's image as attractive, feeling that the firm's values are similar to their own (Tian and Robertson, 2017).

Therefore, employees are considered one of the most important stakeholders of any organization and must be prioritized, since the organization's success or failure can be strongly influenced by its workers (Azim, 2016). The top management team should consider employees' responses to CSR activities since they have the potential to transform the company's CSR expenses into value-adding investments (Aggarwal and Singh, 2021). Accordingly, CSR perceptions have a significant impact on employees' emotions because they are more likely to feel engaged in their jobs when they believe that an organization's CSR efforts are focused on improving society and the environment (Al-Ghazali and Sohail, 2021). Their perceptions of CSR activities, especially their judgment of how valuable the company's social responsibility initiatives are to its customers, society, and their own have an impact on the relationship they create with the organization (Al-Ghazali and Sohail, 2021, Lee *et al.*, 2013).

When CSR activities are fair and accurate with the organization's culture, employees can positively perceive those activities, thus they will be more committed and satisfied (Lee *et al.*, 2013). Indeed, firms that adopt CSR practices are seen as more attractive to bring the best employees, since socially responsible activities help to build a positive image and reputation (Al-Ghazali and Sohail, 2021). Employees experience a greater sense of job purpose and importance when the organization performs CSR. When they see their company engaged in the community's well-being, creating a positive image in society, they also want to be a part of it (Azim, 2016). CSR practices, when properly implemented, can have a positive impact on all company decisions, consequently, creating circumstances that would improve the working conditions (Kim *et al.*, 2018). Based on these findings, the present study's first hypothesis was formulated as follows:

Hypothesis 1: *Employees' perceptions of CSR have a positive effect on their satisfaction at work.*

Most employees are motivated and satisfied in the organization when they become aware of internal CSR practices regarding their well-being (Adu-Gyamfi *et al.*, 2021, Al-Ghazali and Sohail, 2021, Kim *et al.*, 2018). According to several scholars (e.g., Bryson *et al.*, 2017, Page and Vella-Brodrick, 2008, Sironi, 2019), social well-being (SWB) is used to describe the positive state of an individual's mind. It is measured by self-evaluations of an emotional state of satisfaction in different areas of life (Bryson *et al.*, 2017), usually defined as the feeling of happiness, derivative of personal fulfilment and expressiveness (Page and Vella-Brodrick, 2008). Thus, rising levels of SWB can impact an employee's physical health, elevate creativity and the ability to problem-solving, also encourage pro-social behaviour, and enhance the level of work engagement (Bryson *et al.*, 2017).

Based on the above, employees are more likely to support their company when they feel happy and satisfied. They may also engage in voluntary actions becoming involved in a reciprocal exchange to show their appreciation for the treatment they receive (Azim, 2016). The factors that can influence the feeling of well-being at work are the opportunities for employees to apply their abilities, the relationship with supervisor and co-workers, the chances of career progression, and job security (Sironi, 2019). A positive workplace promotes

employee productivity, prevents or reduces absenteeism, and labour turnover, and improves work performance (Adu-Gyamfi *et al.*, 2021). The current research thus included the following hypothesis:

Hypothesis 2: *Employees' perceptions of CSR have a positive effect on their well-being at work.*

CSR is one of the key factors in constructing employee engagement (Cunha *et al.*, 2022) and has been solidly established in the literature as the organizational context, directly influencing the individual's *sense of belonging* (Lee, 2021). A recent research stream has found a positive relationship between CSR and employee engagement (Al-Ghazali and Sohail, 2021, Azim, 2016, Chaudhary, 2017, Ramdhan *et al.*, 2022). Job engagement refers to the psychological presence of the individual as an indicator of workers' commitment to developing their duties as members of the organization (Azim, 2016). Hence, they can perform to the best of their abilities because of the motivation and commitment that come with work engagement (Chaudhary, 2017).

A company is more likely to enhance employee performance while strengthening the organizational culture when prioritizing CSR goals towards its employees (Ramdhan *et al.*, 2022). Organizations that perform CSR can make their workers engaged because of their improved self-perception or increased sense of justice, which makes them respond by engaging in voluntary behaviour and positive attitudes at work (Azim, 2016). The effects of CSR on employee engagement will, therefore, depend on the level of employees' meaningfulness and sensemaking that they associate with CSR (Cunha *et al.*, 2022). Accordingly, the present study's next hypothesis postulated that:

Hypothesis 3: *Employees' perceptions of CSR have a positive effect on their engagement at work.*

Many organizations are starting to be more concerned about managing workplace diversity because an organization that prioritizes diversity can expand its creative talent becoming more innovative and competitive (Al Amri *et al.*, 2019). According to Orsini and Magnier-Watanabe (2023), diversity has been defined as a combination of attributes that make a person different from others associated as gender, age, race, education, knowledge, religion, ethnicity, or culture. Cultural diversity is a significant phenomenon that impacts organizational cohesion and effectiveness along with social and political harmony (Lozano and Escrich, 2016), facilitating the exchange of information and providing a wider variety of opinions and knowledge (Dodd *et al.*, 2022). Consequently, managing cultural diversity is considered an extremely important strategy for organizations, requiring the integration of distinct values and beliefs (Lozano and Escrich, 2016).

Some studies provide evidence of cultural influences on CSR, but most of the CSR research is about the importance of diversity on the board of directors and how they influence CSR (Shatnawi *et al.*, 2022). Bocquet *et al.* (2019) indeed highlight that extant research provides limited insights into CSR and diversity challenges, although this subject is crucial for businesses, their primary stakeholders, and their employees. Comparatively to gender or ethnic variety, cultural diversity is less prominent, even though several scholars have investigated the impacts of an organization's board of directors' diversity, there has been limited research on cultural diversity's role in employees (Dodd *et al.*, 2022).

A diverse workforce allows the organization to implement CSR cultural-related activities that are compatible with its structure, supporting identity and moral standards (Bocquet *et al.*, 2019). Furthermore, cultural diversity among the board of directors improves and expands the understanding of employees' demands and supports more effective adoption of CSR policies that are created to meet those needs (Dodd *et al.*, 2022). By cultivating a climate conducive to CSR awareness, understanding, and implementation, cultural diversity engenders a virtuous cycle wherein CSR initiatives resonate with employees' values (Grabner-Kräuter *et al.*, 2020, Neto *et al.*, 2018), fostering a sense of organizational commitment and enhancing workplace outcomes, namely, employees' satisfaction, well-being, and engagement. Thus, the current study's last hypothesis was as follows:

Hypothesis 4: *Cultural diversity mediates the direct relationship between employees' perceptions of CSR and their (a) satisfaction, (b) well-being, and (c) engagement at work.*

The four hypotheses defined were incorporated into the research model (see Figure 1).

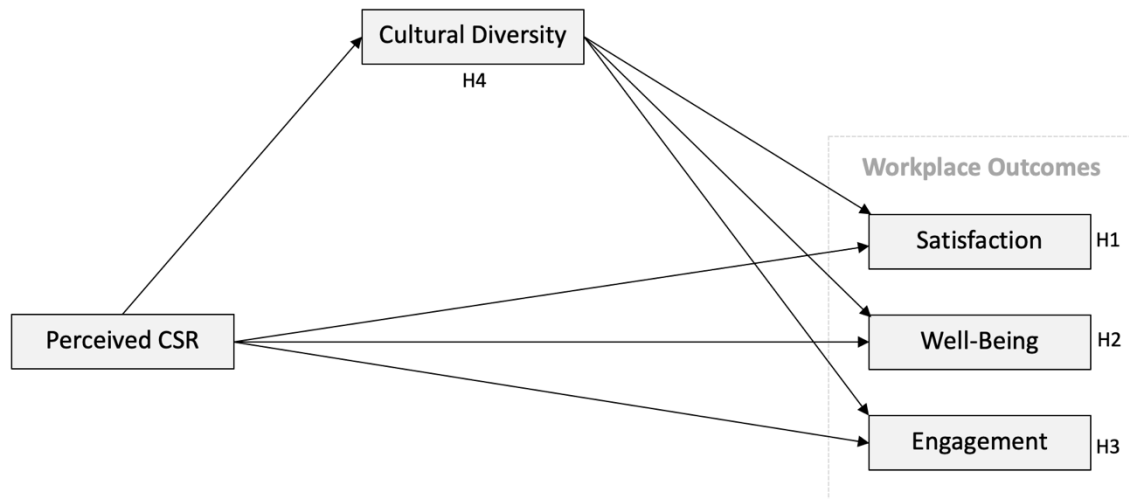


Figure 1: Research model

3. Methodology

3.1 Data Collection and Sample

To achieve the pre-defined objectives, data were collected via a large-scale survey of selected companies in the service sector that have CSR practices and a culturally diverse environment. The questionnaire was administered to international employees of four firms headquartered in the North of Portugal. We opted for a quantitative methodology applied to international employees who recognize the existence of CSR policies and practices in the organization where they work. In addition, variables such as gender, age, country of employment, seniority in the organization, possible managerial responsibilities, and sector of activity were controlled for, as these are variables that may influence the effects of CSR on employee outcomes (Rupp and Mallory, 2015).

A convenience sample technique was used to distribute the survey between April and June 2023 through the Amazon Mechanical Turk (MTurk) platform (English version). By the end of the data collection period, the sample included answers from 211 employees working in 19 different countries. Well-tested scales were employed and respondent confidentiality and anonymity were ensured to mitigate the common method bias. This bias occurs when data is collected from the same source and at a single time, causing variance to result from the measurement method, which can determine the relationship between two variables, leading to incorrect perceptions and affecting hypotheses testing (Podsakoff *et al.*, 2003). Accordingly, we also examined the potential common method bias in our data by resorting the Harman's single-factor test (Podsakoff *et al.*, 2003). The results indicated that no single factor accounted for the majority of the variance, suggesting that common method bias was not a significant concern in this study (Podsakoff *et al.*, 2003).

Since our model simultaneously assumes a series of interrelated relationships, we apply structural equation modelling (SEM) rather than often-used multiple regression, which is restricted to examining a single relationship at a time (Cheng, 2001). Accordingly, we followed the recommendations of Marôco (2014) to validate the research model through a two-step strategy. First, the measurement model was validated by confirmatory factor analysis (CFA), and then the fitting coefficient and path coefficients were measured by SEM. Measurement model validation performed via an SEM-based CFA produces some additional advantages (e.g., more favourable psychometric properties) because the relationship between the constructs' indicators is studied jointly (Cheng, 2001) and because measurement error is considered when statistically analysing data (Lomax and Schumacker, 2004). We used SPSS 29.0 and Amos 29.0 for SEM analysis.

3.2 Variables

3.2.1 Dependent variables

The target variables were employees' satisfaction, well-being, and engagement at work. Employees' satisfaction was assessed using the scale developed by Macdonald and MacIntyre (1997). This scale includes ten items and focuses on the workers' reactions to the events rather than the events themselves. Participants were asked to rate their degree of satisfaction with their job on a 5-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

Employees' well-being, in turn, was measured using the scale presented by Pradhan and Hati (2019). Since this research aims to assess the workers' perceptions of the aspects related to the workplace environment, we focused on *workplace well-being* and *social well-being*. On the one hand, *workplace well-being* includes five items work-life safety, employee assistance, employee growth, work facilities, and work climate (Pradhan and Hati, 2019). On the other hand, the *social well-being* dimension is defined as the degree of belongingness and attachment towards society, consisting of five items related to social acceptance, actualization, contribution, and integration (Pradhan and Hati, 2019). The researchers surveyed scored each item on a 5-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

Engagement at work was determined based on the scale designed by Saks (2006) that investigates the relationships between an organization and its employees using the social exchange relationship model. The scale is divided into two dimensions to assess the employee's psychological engagement in their job and organization with five and six items, respectively. The answers were rated on a 5-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

3.2.2 Independent variable

The explanatory variable was the perceived CSR. This was determined using the stakeholders-based CSR scale developed by Turker (2009) which includes four dimensions: (1) six items for social and non-social stakeholders (community and environment), (2) five items for CSR to employees, (3) three items for CSR to customers, and (4) two items for CSR to government. Responses were rated on a 5-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

3.2.3 Mediating variable

The mediating variable was cultural diversity assessed through the benefits and threats of diversity (BTDS) scale developed by Orsini and Magnier-Watanabe (2023). The BTDS scale measures the *benefits* of cultural diversity which include the perception of diverse groups in society and the analysis of the social environment, each one comprising three items. Further, this scale also explores the *threats* that may arise from the inclusion of distinct cultures in the workplace comprising three items to assess symbolic threats and another three to analyse intergroup anxiety. The responses were coded on a 5-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

4. Results

4.1 Factor Analysis

4.1.1 Exploratory factor analysis

To ascertain whether the factor analysis method can be used, two tests were performed: the Kaiser-Meyer-Olkin (KMO) test and Bartlett's test of sphericity. Having obtained good values for these tests, we proceeded with the exploratory factor analysis, where, for the extraction of the factors, the Principal Component Method was applied, using the Varimax factor rotation method, removing all coefficients below 0.5 (Marôco, 2014). Perceived CSR (PCSR) and cultural diversity (CD) were presented with three factors, while employees' satisfaction (EJS), well-being (EW), and engagement (EE) at work presented two factors. Furthermore, Cronbach's alpha (CA) values exceed the established threshold of 0.70 (Marôco, 2014). The CA found for these constructs, PCSR, EW, EJS, EE, and CD, were 0.931, 0.922, 0.915, 0.889, and 0.785, respectively.

4.1.2 Confirmatory factor analysis

Twelve models were designed in SPSS Amos with different numbers of factors, from a model with only one factor to the measurement models with the number of factors that emerged from EFA. Confirmatory factor analyses (CFA) were then performed on each model to understand the changes to model fit when a different number of factors were considered. As the number of factors increased and approached the respective measurement models, we found an improvement in model fit. Overall, the models presented an acceptable quality fit (see Table 1).

Table 1: Model fit summary

Constructs	χ^2/df	CFI	GFI	RMSEA
CD	2.938	0.940	0.901	0.096
EJS	3.778	0.935	0.895	0.115

Constructs	χ^2/df	CFI	GFI	RMSEA
EE	3.724	0.925	0.885	0.114
EW	2.618	0.962	0.931	0.088
PCSR	1.993	0.951	0.900	0.069
Norm*	< 5	≥ 0.95	≥ 0.95	< 0.05

* Source: most conservative thresholds of Marôco (2014). CFI = comparative fit index, GFI = goodness of fit index, RMSEA = root mean square error of approximation.

Associated with CFA, there are other validation measures – composite reliability (CR), average variance extracted (AVE), and discriminant validity – that were also determined. Besides Cronbach's alpha (CA), construct reliability is assessed considering the values of CR which should be higher than 0.70 (Marôco, 2014). In our study, CA and CR values were above the recommended thresholds (Marôco, 2014), ensuring the constructs' internal reliability. Regarding AVE, in our study, the constructs fulfilled the minimum recommended value of 0.50 (Fornell and Larcker, 1981). The correlations between each pair of constructs were also checked to ensure the values did not exceed the square root of AVE for each latent variable (Fornell and Larcker, 1981). The current results thus indicate that the measurement models have adequate convergent and discriminant validity.

4.2 Descriptive Statistics and Correlation Analysis

Table 2 shows the mean, standard deviation (SD), and correlation coefficients between the variables. PCSR is positive and significantly associated with the three variables that make it up the workplace outcomes (EJS, EW, and EE), and these variables are also associated with each other, which allows us to anticipate a possible confirmation of hypotheses H1, H2, and H3. Likewise, we also found a positive and significant correlation of CD with PCSR, EJS, EW, and EE, allowing us to anticipate a potential validation of H4 (a-c).

Table 2: Descriptive statistics and correlational analysis

Constructs	Mean	S.D.	1	2	3	4	5
1. CD	3.43	0.553	1				
2. EJS	3.65	0.769	0.475**	1			
3. EE	3.42	0.752	0.569**	0.794**	1		
4. EW	3.73	0.760	0.421**	0.879**	0.796**	1	
5. PCSR	3.78	0.636	0.469**	0.767**	0.717**	0.780**	1

** p < 0.01.

4.3 Structural Model Analysis

We performed an SEM analysis (see Figure 2). This model presented reasonable global adjustment values (Marôco, 2014). Depending on the indicators, the adjustment values varied between acceptable ($\chi^2/df = 4.945$) and sufferable (CFI = 0.858, GFI = 0.787). Therefore, this was the model that served as the basis for the remaining analysis. We began the hypotheses testing by analyzing H1, which represents the effects of PCSR on EJS (see Table 3). From the analysis of the results, it is possible to verify that PCSR has a positive and significant impact on employees' satisfaction at work ($p < 0.001$), lending support to hypothesis H1.

Next, hypotheses H2 and H3 were analyzed, which address, respectively, the direct effects of PCSR on EW and EE. We began by testing H2 which reflects the effects of PCSR on employees' well-being at work. We find a positive and significant effect ($p < 0.001$), confirming hypothesis H2. To test H3 the same reasoning was followed. From the analysis of these results, it can be seen that PCSR has a positive and significant effect on employees' engagement at work ($p < 0.05$), supporting hypothesis H3.

Table 3: Direct effects - H1, H2, and H3

Hypotheses	β	S.E.	p value	Result
H1: PCSR $\rightarrow$ EJS	1.152	0.103	***	Confirmed
H2: PCSR $\rightarrow$ EW	1.004	0.113	***	Confirmed
H3: PCSR $\rightarrow$ EE	0.292	0.142	0.039	Confirmed

Finally, we tested hypothesis H4 (a-c), which corresponds to mediation, through cultural diversity (CD), of the relationship between PCSR and workplace outcomes, namely, EJS, EW, and EE. For this we analyzed the indirect effect of PCSR on EJS, EW, and EE, mediated by CD. As can be seen from the analysis of Table 4, the indirect effects of PCSR on EJS, EW, and EE, mediated by CD, are positive and statistically significant ($p < 0.001$), offering support to hypothesis H4 (a-c).

Table 4: Indirect effects - H4

Hypotheses	β	S.E.	ρ value	Result
H4 _a : PCSR $\rightarrow$ CD $\rightarrow$ EJS	1.235	0.127	***	Confirmed
H4 _b : PCSR $\rightarrow$ CD $\rightarrow$ EW	1.232	0.115	***	Confirmed
H4 _c : PCSR $\rightarrow$ CD $\rightarrow$ EE	1.142	0.131	***	Confirmed

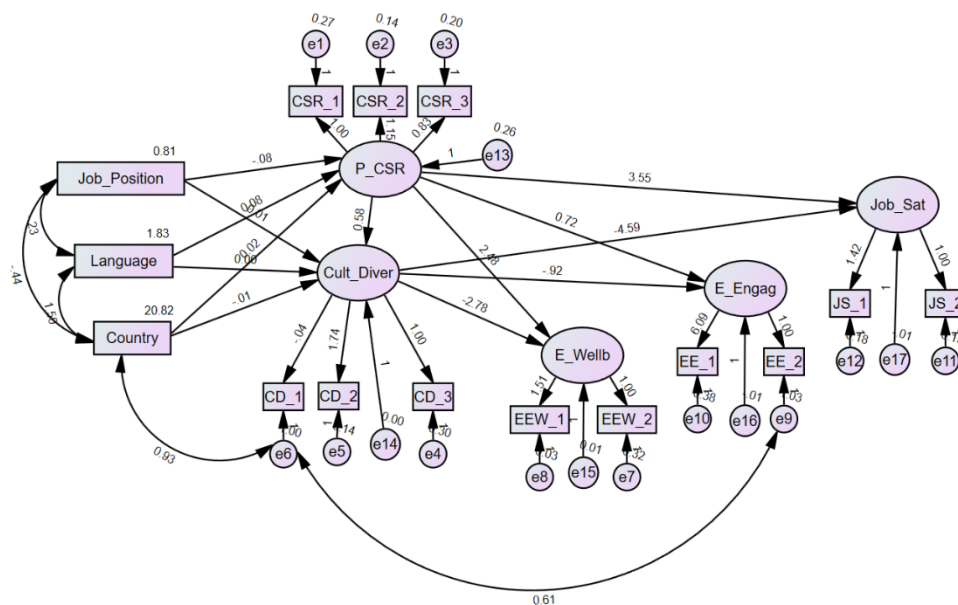


Figure 2: Structural model

5. Discussion

Consistent with what was indicated by the literature, that perceived CSR was positively related to satisfaction at work, our study allows us to prove this relationship (H1). We infer that employees' perceptions of CSR, by itself, influence how satisfied they feel at work. Employees are more likely to be engaged in their jobs when they believe that an organization's CSR efforts are focused on improving society and the environment (Al-Ghazali and Sohail, 2021, Lee *et al.*, 2013). Therefore, the fulfilment of societal obligations by the organization fosters a psychological contract wherein employees feel valued and respected, thus enhancing their overall satisfaction and well-being in their employment.

The perception of CSR as more embedded, such as the inclusion of CSR in the organization's strategy and mission or the management and performance evaluation systems, positively affects employees' well-being, as tested in hypothesis H2. This relationship was also found in the correlation analysis, where there was a positive and significant association between PCSR and EW. As studied in the literature and according to SIT, the perception by employees that CSR activities are genuine and present in the organization's daily life drives the feeling of well-being through work (Adu-Gyamfi *et al.*, 2021, Al-Ghazali and Sohail, 2021, Kim *et al.*, 2018). CSR initiatives serving as outward manifestations of organizational values and ethics, bolster employees' perceptions of organizational integrity and moral standing when they impact employees more directly.

Likewise, according to the data collected, the perception of CSR as more embedded also has a positive impact on employees' engagement, which supported hypothesis H3. This result is understandable because employees who perceive their organization as socially responsible are more likely to identify with the organization's mission and values, leading to heightened engagement driven by a desire to contribute to its societal impact. This

alignment of personal values with organizational goals fosters a sense of purpose and meaning in work, enhancing employees' intrinsic motivation and engagement (Chaudhary, 2017, Cunha *et al.*, 2022).

Finally, it was possible to verify a positive and significant effect of perceived CSR in EJS, EW, and EE, through CD (H4). This relationship has been proved by Grabner-Kräuter *et al.* (2020) who pointed out that considering cultural diversity (CD) when implementing CSR practices, helps to achieve a level of integration, bringing job satisfaction and engagement, as well as enhancing well-being (Neto *et al.*, 2018). Also, in the analysis of correlations between variables, it was found that perceived CSR was positively associated with workplace outcomes (EJS, EW, EE) and CD. Thus, we prove that CD partially converts CSR practices' effects into higher levels of employee satisfaction, well-being, and engagement at work.

6. Conclusion

This study explored the relationship between perceived CSR practices and employees' satisfaction, well-being, and engagement, including the mediating role of cultural diversity. Our problem statement is of huge relevance because, as explored earlier, the positive effects of CSR implementation on employees are dependent on their perceptions (e.g., Bachrach *et al.*, 2022, Rodrigues *et al.*, 2024). With organizations having an important role in shaping these perceptions, they should consider this when selecting, designing, and communicating their CSR policies and practices (Bachrach *et al.*, 2022).

Our results have theoretical implications including that companies focusing on diversity and inclusion as a part of their CSR strategy are better positioned to create effective, adequate, and harmonious workplaces. The significant mediating effect of cultural diversity emphasizes the importance of considering cultural nuances in CSR program design. Accordingly, these findings contributed to the empirical research of CSR and workplace outcomes by exploring the existing gap in the literature (e.g., Grabner-Kräuter *et al.*, 2020, Ivanova-Gongne *et al.*, 2022) of the actual process of *why* and *how* cultural diversity must be considered within CSR frameworks. Exposure to divergent cultural settings cultivates a heightened appreciation for social and environmental concerns, increasing employees' receptivity toward CSR initiatives. Such increased awareness is pivotal in shaping employees' perceptions of the organization's commitment to ethical conduct, thereby enhancing the salience of CSR within the workplace.

From a managerial perspective, the findings highlight that firms recognizing and accommodating cultural diversity in CSR practices will be able to foster a more inclusive and equitable work environment wherein all employees feel valued and engaged, regardless of their cultural mindset. According to this research, organizations should use CSR initiatives strategically, focusing on including CSR in the company's daily practices, going against a symbolic approach, and genuinely committing to their social and environmental responsibilities. Thus, for CSR policies and practices to be present in the organization's daily activities, managers should actively involve employees in designing and implementing CSR, by creating platforms for feedback and participation. These platforms will ensure that CSR practices are inclusive and reflective of the workforce's diverse needs. Concurrently, organizations should prioritize cultural diversity as a key component of their CSR strategies. This can involve implementing diversity training programs, promoting inclusive hiring practices, and fostering a workplace culture that values and respects diverse perspectives. By doing so, managers can enhance employee satisfaction and productivity, leading to a more harmonious and effective workplace.

The practical implications of CSR policies extend beyond individual firms and their employees, permeating broader institutional dimensions that warrant consideration. A notable consequence entails the potential metamorphosis of legal and regulatory frameworks. Proficiently executed CSR practices, such as those presented above, pose the potential to encourage government revaluation and refinement of laws, fostering an environment conducive to CSR implementation. Additionally, CSR initiatives have the power to establish new industry benchmarks and conventions, cultivating a *milieu* of ethical business behaviour on an institutional scale. As enterprises implement and showcase efficient CSR, these practices become an example to follow for others within the sector, catalysing the development of best practices.

Even considering the contributions made by this research, it is necessary to recognize that it also presents some limitations. The analysis only covered international employees working in four firms headquartered in the North of Portugal. Future research should compare data on other regions and even European nations to determine whether the current results apply to other contexts. The sample size could also be larger. Thus, future studies could obtain a more representative sample of the population employed in organizations with CSR practices and policies. Another limitation to be addressed is the short period that our data was collected. The questionnaire answers were gathered at a single point in time, which limited our ability to capture the dynamic nature of EJS,

EW, and EE. To comprehensively assess these dimensions, future research could perform data collection at multiple time intervals.

Acknowledgments

This research has been supported by Portuguese funds through FCT - Fundação para a Ciência e Tecnologia under the project UIDB/04728/2020.

References

- Adu-Gyamfi et al. (2021) "Effects of Internal CSR Activities on Social Performance: The Employee Perspective", *Sustainability*, Vol. 13, No. 11, 6235.
- Aggarwal, P., and Singh, R. K. (2021) "Employee-level consequences of perceived internal and external CSR: decoding the moderation and mediation paths", *Social Responsibility Journal*, Vol. 19, No. 1, pp 38-78.
- Aguinis, H., and Glavas, A. (2019) "On corporate social responsibility, sensemaking, and the search for meaningfulness through work", *Journal of Management*, Vol. 45, No. 3, pp 1057-1086.
- Al Amri et al. (2019) "The impact of perceived corporate social responsibility on employee engagement: The case of Qatar", *Business Strategy & Development*, Vol. 2, No. 3, pp 180-191.
- Al-Ghazali, B. M., and Sohail, M. S. (2021) "The impact of employees' perceptions of CSR on career satisfaction: Evidence from Saudi Arabia", *Sustainability*, Vol. 13, No. 9, 5235.
- Azim, M. T. (2016) "Corporate Social Responsibility and employee behavior: mediating role of organizational commitment", *Review of Business Management*, Vol. 18, pp 207-225.
- Bachrach et al. (2022) "Does 'how' firms invest in corporate social responsibility matter? An attributional model of job seekers' reactions to configurational variation in corporate social responsibility", *Human Relations*, Vol. 75, No. 3, pp 532-559.
- Bocquet et al. (2019) "Strategic CSR for innovation in SMEs: Does diversity matter?", *Long Range Planning*, Vol. 52, No. 6, 101913.
- Bryson et al. (2017) "Does employees' subjective well-being affect workplace performance?", *Human Relations*, Vol. 70, No. 8, pp 1017-1037.
- Chaudhary, R. (2017) "Corporate social responsibility and employee engagement: can CSR help in redressing the engagement gap?", *Social Responsibility Journal*, Vol. 13, No. 2, pp 323-338.
- Cheng, E. W. (2001) "SEM being more effective than multiple regression in parsimonious model testing for management development research", *Journal of Management Development*, Vol. 20, No. 7, pp 650-667.
- Cunha et al. (2022) "Employees Perceptions about Corporate Social Responsibility—Understanding CSR and Job Engagement through Meaningfulness, Bottom-Up Approach and Calling Orientation", *Sustainability*, Vol. 14, No. 21, 14606.
- Dodd et al. (2022) "Cultural diversity among directors and corporate social responsibility", *International Review of Financial Analysis*, Vol. 83, 102337.
- Donia, M. B., and Sirsly, C. A. T. (2016) "Determinants and consequences of employee attributions of corporate social responsibility as substantive or symbolic", *European Management Journal*, Vol. 34, No. 3, pp 232-242.
- Fornell, C., and Larcker, D. F. (1981) "Evaluating structural equation models with unobservable variables and measurement error", *Journal of Marketing Research*, Vol. 18, No. 1, pp 39-50.
- Gotsch et al. (2023) "Top-down and bottom-up strategies for the implementation of corporate social responsibility: A qualitative survey of an international IT services company", *Corporate Social Responsibility and Environmental Management*, Vol. 30, No. 4, pp 1645-1663.
- Grabner-Kräuter et al. (2020) "Exploring the relationship between employees' CSR perceptions and intention to emigrate: Evidence from a developing country", *Business Ethics, the Environment & Responsibility*, Vol. 30, No. S1, pp 87-102.
- Hsu et al. (2017) "Corporate Social Responsibility and Corporate Disclosures: An Investigation of Investors' and Analysts' Perceptions", *Journal of Business Ethics*, Vol. 158, No. 2, pp 507-534.
- Ivanova-Gongne et al. (2022) "Cultural sensemaking of corporate social responsibility: A dyadic view of Russian-Finnish business relationships", *Industrial Marketing Management*, Vol. 101, pp 153-164.
- Kim et al. (2018) "The effects of corporate social responsibility (CSR) on employee well-being in the hospitality industry", *International Journal of Contemporary Hospitality Management*, Vol. 30, No. 3, pp 1584-1600.
- Lee et al. (2013) "Employee perception of CSR activities: Its antecedents and consequences", *Journal of Business Research*, Vol. 66, No. 10, pp 1716-1724.
- Lee, Y. (2021) "Linking internal CSR with the positive communicative behaviors of employees: the role of social exchange relationships and employee engagement", *Social Responsibility Journal*, Vol. 18, No. 2, pp 348-367.
- Lomax, R. G., and Schumacker, R. E. (2004) "A beginner's guide to structural equation modeling", Psychology Press.
- Lozano, J. F., and Escrich, T. (2016) "Cultural Diversity in Business: A Critical Reflection on the Ideology of Tolerance", *Journal of Business Ethics*, Vol. 142, No. 4, pp 679-696.
- Macdonald, S., and MacIntyre, P. (1997) "The Generic Job Satisfaction Scale", *Employee Assistance Quarterly*, Vol. 13, No. 2, pp 1-16.
- Marôco, J. (2014) "Análise de equações estruturais: Fundamentos teóricos, software & aplicações", ReportNumber, Lda.
- Neto et al. (2018) "Job-Related Well-Being of Immigrants", *Social Indicators Research*, Vol. 141, No. 1, pp. 463-475.

- Orsini, P., and Magnier-Watanabe, R. (2023) "Foreign coworker nationality, cultural distance, and perception of cultural diversity in the workplace", *Journal of Asia Business Studies*, Vol. 17, No. 2, pp 256-278.
- Page, K. M., and Vella-Brodrick, D. A. (2008) "The 'What', 'Why' and 'How' of Employee Well-Being: A New Model", *Social Indicators Research*, Vol. 90, No. 3, pp 441-458.
- Podsakoff et al. (2003), "Common method biases in behavioral research: A critical review of the literature and recommended remedies", *Journal of Applied Psychology*, Vol. 88, No. 5, pp. 879–903.
- Pradhan, R. K., and Hati, L. (2019) "The Measurement of Employee Well-being: Development and Validation of a Scale", *Global Business Review*, Vol. 23, No. 2, pp 385-407.
- Ramdhan et al. (2022) "Internal corporate social responsibility as a microfoundation of employee well-being and job performance", *Sustainability*, Vol. 14, No. 15, 9065.
- Rodrigues et al. (2024) "Insights into employee perspectives on corporate social responsibility policies and practices: Embeddedness, participation, and meaningfulness through work", *Corporate Social Responsibility and Environmental Management* (ahead-of-print).
- Rupp, D. E., and Mallory, D. B. (2015), "Corporate social responsibility: Psychological, person-centric, and progressing", In F. P. Morgeson (Ed.), *Annual review of organizational psychology and organizational behavior* (Vol. 2, No. 2, pp. 211, 211–236, 236), Annual Reviews.
- Saks, A. M. (2006) "Antecedents and consequences of employee engagement", *Journal of Managerial Psychology*, Vol. 21, No. 7, pp 600-619.
- Shatnawi et al. (2022) "The effect of board nationality and educational diversity on CSR performance: Empirical evidence from Australian companies", *Uncertain Supply Chain Management*, Vol. 10, No. 4, pp 1467-1478.
- Sironi, E. (2019) "Job satisfaction as a determinant of employees' optimal well-being in an instrumental variable approach", *Quality & Quantity*, Vol. 53, No. 4, pp 1721-1742.
- Tian, Q., and Robertson, J. L. (2017) "How and When Does Perceived CSR Affect Employees' Engagement in Voluntary Pro-environmental Behavior?", *Journal of Business Ethics*, Vol. 155, No. 2, pp 399-412.
- Turker, D. (2009) "How Corporate Social Responsibility Influences Organizational Commitment", *Journal of Business Ethics*, Vol. 89, No. 2, pp 189-204.