

The antecedents and consequences of the Corporate Social Responsibility (CSR) disclosure-action portrayal gap

by

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Abstract

This study aims to examine the antecedents and consequences of the Corporate Social Responsibility (CSR) disclosure-action portrayal gap, which represents the disparity between the extent of CSR disclosures and actual organisational effort in respect to CSR, as perceived by lower level managers. Specifically, this study examines the association between stakeholder pressure, public image, and the use of interactive and diagnostic controls with the CSR disclosure-action portrayal gap, and examines the associations between the CSR disclosure-action portrayal gap and three employee work-related attitudes: job satisfaction, employee organisational commitment, and the propensity to remain. The results reveal that while stakeholder pressures and public image exhibited a positive association with the CSR disclosure-action portrayal gap, the use of interactive and diagnostic controls exhibited a negative association with the gap. Furthermore, specific dimensions of the CSR disclosure-action portrayal gap exhibited a negative association with all three employee work-related attitudes. This finding was further supported by a separate analysis which revealed that job satisfaction, employee organisational commitment and the propensity to remain were all significantly less when organisations clearly engaged in impression management i.e. the extent of CSR disclosures exceeded actual CSR activities. Overall, the study provides managers with an insight into the factors that mitigate or exacerbate the CSR disclosure-action portrayal gap, and the detrimental effect of the gap on employees.

Statement of Originality

I certify that the work in this thesis entitled “The antecedents and consequences of the Corporate Social Responsibility (CSR) disclosure-action portrayal gap” is the result of my own research and has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree to any other university or institution. I also certify that the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself. Any help and guidance that I have received in my research work and the preparation of the thesis itself have been appropriately acknowledged.

The research presented in this thesis was approved by Macquarie University Ethics Review Committee, reference number: 5201954488863 on 30/05/2019.

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Chapter 1 Introduction

1.1 Background

Corporate social responsibility (CSR) can be defined as voluntary company activities, demonstrating the inclusion of social and environmental concerns in business operations and interactions with stakeholders (van Marrewijk, 2003). Corporate social responsibility (CSR) disclosures inform stakeholders regarding the social and environmental activities of an organisation. Organisations provide disclosures for their stakeholders to enable them to make informed decisions regarding their impact on society and the environment, with stakeholders' perception of social and environmental disclosures receiving significant attention in prior research (Diouf and Boira, 2017; Wagner, 2009). The reporting of CSR practices has remained largely voluntary, with such disclosures referred to by many different terms such as “environmental reports,” “citizenship reports,” and “sustainability reports” (Thorne et al., 2014). Organisations in the United States (U.S.), in particular, have very few mandated disclosures relating to social issues¹. In addition, while there are reporting standards and framework such as the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI), there are no mandatory requirements to comply with any of these disclosure frameworks.

Organisations are increasingly providing CSR disclosures with a KPMG (2017) corporate responsibility reporting survey revealing that ninety-three percent of the largest global companies were engaged in the voluntary reporting of CSR activities. The usefulness of the

¹ Exceptions are the California Transparency in Supply Chains Act of 2010 which requires large manufacturers and retailers to disclose their efforts to eliminate slavery and human trafficking (Birkey et al., 2018), and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 which requires publicly traded companies to disclose conflict minerals coming from mines in and around the Democratic Republic of the Congo region (Islam and van Staden, 2018).

increased CSR disclosures, however, depends upon the reliability, accuracy and completeness of the information (Boiral, 2013; Merkl-Davies and Brennan, 2007; Adams, 2004), for without these qualities, CSR disclosures merely resemble public relation tools for managing public image and manipulating stakeholder perceptions (Boiral, 2013; Cho et al., 2010). Consequently, a major concern relating to CSR disclosure practices is whether organisations are “window-dressing” without exerting real effort concerning their CSR practices (Gond et al., 2012; Deegan, 2002; Neu et al., 1998). The CSR literature has alluded to the existence of such window dressing efforts (Lee and Yoon, 2018; Monfardini et al., 2013; Adams, 2004), with the quality of CSR disclosures often criticised due to its perceived lack of credibility (Michelon et al., 2015; Husillos et al., 2011). One of the reasons for this criticism is that organisations exploit impression management strategies, such as using idealised imageries and symbols to project desired images that are often disconnected from reality, to influence the perception of external stakeholders (Boiral, 2013). Furthermore, with the use of biased language in CSR disclosures, organisations downplay or deflect attention away from corporate scandals and negative environmental performance (Cho et al., 2010).

This study draws on this issue, by focusing on the gap between the extent of CSR disclosures and CSR actions. The study refers to this gap as the CSR disclosure-action portrayal gap, which is measured as the difference between the emphasis on CSR disclosures and actual CSR actions. While the extent of the CSR disclosures is expected to be less than the CSR actions due to the voluntary nature of CSR disclosures (Verrecchia, 1983), with the gap being a negative value, the continuous increase of CSR disclosures provides organisations with greater potential for distortion in CSR reporting practices. Indeed, in extreme cases where the extent of CSR disclosures exceeds CSR actions, the CSR disclosure-action portrayal gap will exhibit

a positive value, and it will be clearly apparent that organisations are engaging in impression management practices.

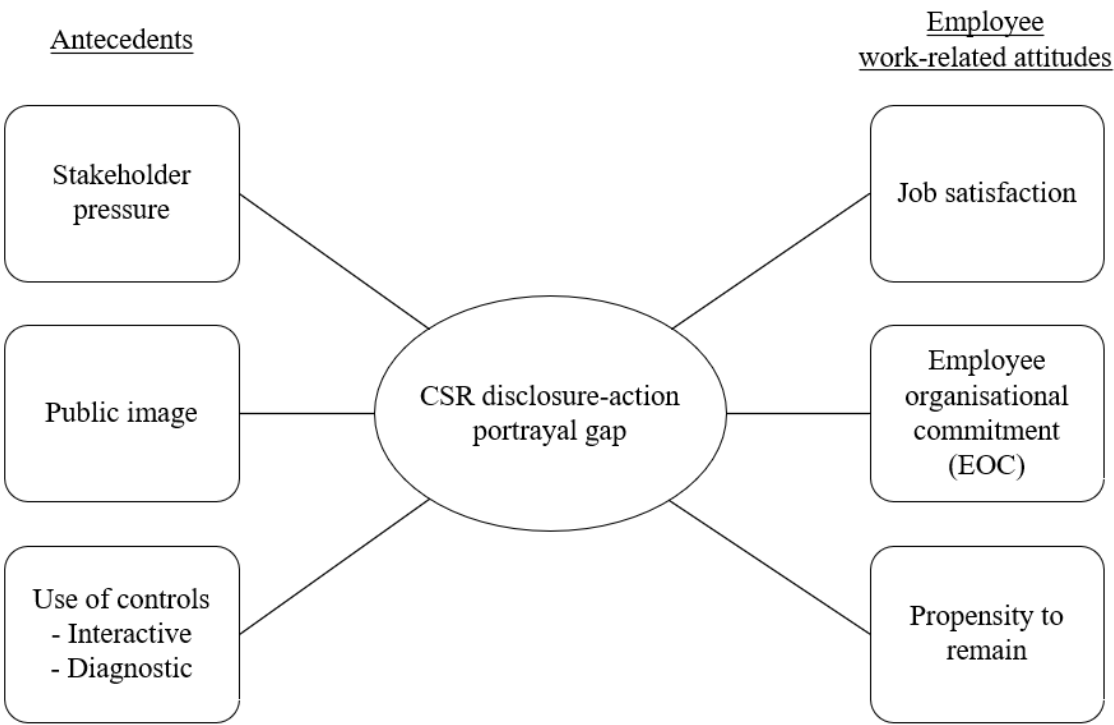
This study aims to contribute to the CSR impression management literature by focusing on the CSR disclosure-action portrayal gap, examining its antecedent factors and the consequences it has on employee work-related attitudes. In examining the antecedents of the CSR disclosure-action portrayal gap, prior literature has focused on the motivations and determinants of CSR activities and disclosures (Giannarakis, 2014; Thorne et al., 2014). Specifically, Patten (2002) concluded that stakeholder pressure was associated with the level of environmental disclosures while others considered public image to motivate CSR disclosures (Porter and Kramer, 2006; Maignan and Ralston, 2002). Consequently, this study aims to examine stakeholder pressure and public image as antecedents of the CSR disclosure-action portrayal gap. In addition, this study explores the use of Simons' (1995) interactive and diagnostic controls and its relationship with the CSR disclosure-action portrayal gap. The focus on these controls is pertinent as they are a part of the managerial control system, which has implications for achieving organisational goals (i.e. CSR activities). Therefore, the use of interactive and diagnostic controls may influence the gap between CSR disclosures and actual CSR activities.

Employees often have a first-hand insight into the CSR disclosure-action portrayal gap and in particular, the extent to which organisations engage in impression management strategies. Rupp et al. (2006) has suggested that employees' perception of their organisation influences their overall perception of their organisation, with the literature calling for more insight into how these perceptions influence employee's work-related attitudes (Rupp et al., 2013; Aguilera et al., 2007; Collier and Esteban, 2007). Accordingly, this study aims to respond to the calls in the literature by empirically examining the influence of the CSR disclosure-action

portrayal gap on employee’s work-related attitudes (job satisfaction, employee organisational commitment, and the propensity to remain).

Hence, as depicted in Figure 1, the study will provide an insight into the antecedents and consequences of the CSR disclosure-action portrayal gap from an employee’s perspective.

Figure 1: The antecedents and consequences of the CSR disclosure-action portrayal gap



1.2 Motivations of the study

1.2.1 To examine the CSR disclosure-action portrayal gap from an employee’s perspective

The discrepancy between the level of CSR disclosures and actual CSR activities, expressed as the CSR disclosure-action portrayal gap, has important ethical implications (Adams, 2004). In particular, since the reporting of social and environmental information remains largely voluntary, the extent of the CSR disclosure-action portrayal gap can be considered to represent

the integrity and ethical disposition of the reporting organisation, especially in cases where the CSR disclosures exceed the CSR actions. Furthermore, no study to date has attempted to compare the CSR disclosures with the actual level of CSR activities from the perspective of employees.

Prior studies have, however, focused on the comparison between the CSR disclosures and the CSR performance. For instance, Wiseman (1982) compared the environmental disclosures made with the level of environmental performance and found that the two were not related. Similarly, Adams (2004) refers to a gap between CSR disclosures and information relating to CSR in the media by highlighting that undesirable information is often omitted in CSR disclosures, while positive events and outcomes are highlighted. More recently, while comparing environmental disclosures and environmental performance, Cho et al. (2010) found that poor environmental performers used optimistic language to mask their true performance. Hence, given the significant amount of literature which implies that CSR disclosures are used to distort social and environmental performance, this study will empirically examine the CSR disclosure-action portrayal gap.

In addition, while prior literature indicates that the CSR disclosure-action portrayal gap can influence stakeholders' perceptions of the organisation, there is sparse literature examining how stakeholders, employees in particular, perceive such discrepancy in CSR information (Vlachos et al., 2014; Hahn and Kühnen, 2013). Wagner (2009) conducted an experiment to examine how customers perceived inconsistent CSR information, and concluded that customers perceived inconsistent CSR information as corporate hypocrisy, which led to customers displaying negative attitudes towards organisations. Similarly, Diouf and Boira (2017) examined socially responsible investors' views on the compliance of sustainability

reports with Global Reporting Initiative (GRI) guidelines and concluded that the investors perceived unbalanced rhetoric and impression management strategies in these reports.

Due to the importance of stakeholders' expectations in respect to an organisation's CSR efforts (Parker, 2005), prior literature calls for a better understanding of stakeholders' views of CSR (Hahn and Kühnen, 2013; O'Dwyer et al., 2005), particularly the views of non-managerial stakeholders (Diouf and Boira, 2017; Aguilera et al., 2007). This study, therefore, aims to extend the current literature on stakeholders' perception of CSR disclosures by examining how employees perceive the CSR disclosure-action portrayal gap.

Employees' perception of the CSR disclosure-action portrayal gap is valuable since they are likely to observe or be aware of the discrepancy between the CSR disclosures and the actual CSR activities. In particular, while external stakeholders' knowledge of an organisation will be, to a large extent, limited to public information, employees as insiders of an organisation are much less susceptible to information asymmetry which enables them to assess the (im)balance between their organisation's CSR disclosures and the actual CSR activities. Therefore, employees' perception and evaluation of an organisation's CSR activities may be more valuable than CSR ratings from external bodies (Rupp et al., 2013).

However, despite employees being an important stakeholder group, their perceptions of CSR have received very little attention (Vlachos et al., 2017; Slack et al., 2015; Aguilera et al., 2007), and no study has examined employees' perception of both CSR disclosures and actual CSR activities. Therefore, this research extends the literature on CSR disclosure practices by examining the discrepancy between CSR disclosures and actual CSR activities from the perspective of employees.

1.2.2 To examine the factors influencing the CSR disclosure-action portrayal gap

This study will examine the antecedent factors that influence the CSR disclosure-action portrayal gap. Specifically, the study will examine the association between stakeholder pressure, public image, and the use of interactive and diagnostic controls with the CSR disclosure-action portrayal gap.

1.2.2.1 Stakeholder pressure

Prior literature has documented the pressures that organisations face from various stakeholders such as customers, creditors, investors, and competitors concerning CSR disclosures (Huang and Watson, 2015; Roberts, 1992). Such pressures can motivate organisations to manage stakeholders' perception that they are increasing CSR efforts through extensive disclosures (Merkl-Davies and Brennan, 2007; Neu et al., 1998). For example, prior literature has found that organisations operating in environmentally sensitive industries produce extensive environmental disclosures to highlight positive news during periods surrounding environmental prosecutions (Deegan and Rankin, 1996).

While prior studies have acknowledged that stakeholder pressures motivate organisations to exaggerate their CSR efforts through CSR disclosures, no study to date has empirically examined the association between stakeholder pressure and the gap between CSR disclosures and actual CSR efforts. Accordingly, this study aims to contribute to the CSR literature by empirically examining this association. It is expected that such pressures will be associated with higher CSR disclosures and hence, a smaller gap in the extent to which CSR actions exceeds CSR disclosures, or possibly even a situation where CSR disclosures exceed CSR actions.

1.2.2.2 Public image

Public image is the desired image that an organisation attempts to project in order to maintain a good reputation in the minds of important stakeholders (Gray and Balmer, 1998). Prior literature provides evidence that a favourable public image could improve an organisation's ability to attract resources (Ngai et al., 2018; Greening and Turban, 2000). Therefore, many organisations disclose their CSR policies and initiatives to maintain their public image (Porter and Kramer, 2006; Maignan and Ralston, 2002), with CSR disclosures widely accepted as an organisational marketing effort to promote and manage their public image (Parguel et al., 2011).

While concern for public image may encourage a level of engagement in actual CSR related activities, prior studies have found that environmental initiatives that are implemented due to public image concerns have no impact on the betterment of society (Tung et al., 2018; Larrinaga-González et al., 2001). Moreover, the literature suggests that organisations could still achieve legitimacy by simply managing their public image through communicating about CSR rather than engaging in CSR activities (Bansal and Clelland, 2004; Neu et al., 1998). Hence, from an agency perspective, Suchman (1995) suggests that managers may prefer to manage stakeholders' expectations through symbolic actions (i.e. CSR disclosures) rather than pursuing substantive CSR goals. Similarly, Tung et al. (2018) suggest that the voluntary nature of CSR disclosures could predispose organisations to focus on managing their public image through CSR disclosures rather than actually improving CSR performance. Accordingly, organisations that are more concerned with their public image are more likely to produce additional CSR disclosures, resulting in a smaller gap in the extent to which CSR actions exceeds CSR disclosures. In some cases, a high level of public image concerns may even lead organisations to produce CSR disclosures which exceed their actual level of CSR activities.

Empirical evidence to date on public image is limited to focusing on CSR activities and disclosures in isolation. Hence, the nature of the relation between public image and the CSR disclosure-action portrayal gap is unknown. This study, therefore, contributes to the existing literature by providing empirical evidence of the influence of public image on the CSR disclosure-action portrayal gap.

1.2.2.3 The use of interactive and diagnostic controls

The study will examine the impact of the use of Simons' (1995) interactive and diagnostic controls on the CSR disclosure-action portrayal gap. These controls are part of Simons' (1995) Levers of Control framework of managerial control systems (MCSs). The use of MCSs plays an important role for organisations in achieving CSR goals (Sundin and Brown, 2017), and can also play a part in extending CSR values in society (Arjaliès and Mundy, 2013). However, research on the impact of the use of MCSs on CSR engagement is limited, and no study to date has examined how the use of MCSs, specifically Simons' (1995) levers of controls, can influence CSR disclosures relative to CSR activities. Therefore, this study contributes to the literature by examining the influence of the use of Simons' (1995) interactive and diagnostic controls on the CSR disclosure-action portrayal gap.

The use of interactive controls promotes communication and internal learning (Adler and Chen, 2011; Ferreira and Otley, 2009). As such, they involve intense management and employee involvement in CSR initiatives, which implies that employees have a good knowledge of their organisation's CSR activities and may even have a say in their organisation's CSR initiatives. Such transparency is expected to lessen the likelihood of

organisations overemphasising their CSR efforts through CSR disclosures, resulting in a larger gap in the extent to which CSR actions exceeds CSR disclosures.

The use of diagnostic controls allows managers to translate organisational strategy into a set of specific performance targets for employees to achieve, and to monitor their performance outcomes (Simons, 1995). Therefore, the use of diagnostic controls provides employees clarity in relation to direction and procedures (Simons, 1995), which helps keep their focus on achieving organisational CSR goals, thereby reducing the need for managers to overemphasise their CSR efforts in CSR disclosures. Therefore, given the use of diagnostic controls maintains the organisational focus on CSR activities, organisations are expected to be less likely to exaggerate CSR disclosures, resulting in a larger gap in the extent to which CSR actions exceed CSR disclosures.

1.2.3 To examine the association between the CSR disclosure-action portrayal gap and employee work-related attitudes

Prior literature calls for greater insight into employees' view of CSR and its impact on their work-related outcomes (Barakat et al., 2016; Collier and Esteban, 2007). This study examines the effect on job satisfaction and employee organisational commitment, as they are found to be the two most powerful predictors of employee behaviour (Harrison et al., 2006). The study also examines employees' propensity to remain as empirical research has found that it predicts turnover behaviour better than job satisfaction and employee organisational commitment (EOC) (Tett and Meyer, 1993). The examination of the impact of the CSR disclosure-action portrayal gap on employees' work-related attitudes contributes to the literature examining the impact of CSR related activities.

Prior research suggests that CSR positively influences employees' work-related attitudes (Gond et al., 2017). For example, Bauman and Skitka (2012) suggest that CSR activities can enhance employees' job satisfaction. Similarly, Dhanesh (2014) found that CSR activities are positively associated with employees' job satisfaction and organisational commitment. While other studies have reached similar conclusions in regard to employees' organisational commitment (Lee and Yoon, 2018; Maignan and Ferrell, 2001), Hansen et al. (2011) found that employees' perception of CSR is positively associated with the propensity to remain, with Scheidler et al. (2019) confirming that inconsistent CSR strategies had a negative influence on employees' morale, which led to a reduced propensity to remain.

While these prior studies demonstrate the association between CSR and employees' work-related attitudes, they have focused solely on the influence of CSR activities without considering the effect of the discrepancy between CSR disclosure practices and actual CSR efforts. Therefore, in line with evidence that an inconsistent CSR focus can have a negative influence on employees' morale and lead to a decreased propensity to remain (Scheidler et al., 2019), this study aims to extend the research examining the behavioural impact of CSR related activities. Specifically, given the consequences of the gap between CSR disclosures and actual CSR activities on work-related attitudes remains unexplored, this study will empirically examine the association between the CSR disclosure-action portrayal gap with three employee work-related attitudes (job satisfaction, employee organisational commitment and the propensity to remain).

1.3 Organisation of the thesis

The next chapter contains a review of the literature and the hypotheses development. Chapter 3 then describes the methodology and data collection method. Chapter 4 presents the results

and finally, Chapter 5 discusses the findings and their implications, contributions of the study and opportunities for future research.

Chapter 2 Literature Review and Hypotheses Development

This chapter commences with a review of the CSR disclosure literature and how such disclosures are used for impression management purposes. The remainder of the chapter focuses on the CSR disclosure-action portrayal gap and develops hypotheses in respect to the factors influencing the CSR disclosure-action portrayal gap (stakeholder pressure, public image, and the use of interactive and diagnostic controls) and the impact of the CSR disclosure-action portrayal gap on employees' work-related attitudes (job satisfaction, employee organisational commitment and the propensity to remain).

2.1 CSR disclosures

The environmental, social and economic impact of business organisations has important implications not only for shareholders but also for society. Therefore, corporate disclosures, especially those relating to CSR, should be clear, complete and credible (Merkl-Davies and Brennan, 2007; Deegan and Rankin, 1999). Nevertheless, CSR disclosures have been criticised as a legitimising tool for organisations to manage stakeholders' impressions (Diouf and Boira, 2017; Hopwood, 2009; Bebbington et al., 2008; Deegan, 2002). Corporate impression management here can manifest as ambiguous reports of corporate activities with implied meanings, deliberate reporting of misleading information (Huang, 2005), and/or the embellishment of positive organisational performance (Merkl-Davies et al., 2011). Accordingly, previous studies have examined the quality of CSR reports from a CSR impression management perspective, whereby CSR impression management is defined as an attempt to influence the external audience's perception of an organisation's CSR performance (Elsbach et al., 1998).

Adams (2004) studied the completeness of an organisation's CSR disclosures against the CSR related information available in the media and found that undesirable accounts, despite their relevance, were omitted from CSR disclosures. Likewise, in a more recent study, Boiral (2013) compared GRI A and A+ rated CSR reports against news events available in the media and found that none of the reports described the negative events in the media clearly, with most of the reports omitting negative information altogether. Diouf and Boira (2017) also found that CSR disclosures are unbalanced with greater emphasis placed on positive news in their study of the quality of CSR disclosures from the perspective of socially responsible investors. Similarly, Michelon et al. (2015) compared three reporting practices; stand-alone reporting, the use of GRI reporting guidelines, and the use of assurances about CSR information, and found that none of the reporting practices were associated with higher disclosure quality, suggesting that CSR reporting practices are largely symbolic rather than substantive. Therefore, while more organisations are reporting CSR information and the extent of disclosure has increased, the extent of accuracy with which CSR disclosures inform stakeholders about an organisation's actual CSR efforts is debatable (Michelon et al., 2015; Laufer, 2003). Accordingly, this study will attempt to provide an insight into this issue by examining the discrepancy between CSR disclosures and the actual level of CSR efforts from an employee's perspective.

2.2 The CSR disclosure-action portrayal gap

The CSR disclosure-action portrayal gap refers to the gap between the extent of CSR disclosures and the actual level of CSR activities. There is substantial research examining CSR disclosure practices (Michelon et al., 2015; Boiral, 2013; Cho et al., 2010; Clarkson et al., 2008; Neu et al., 1998), with many of these studies suggesting that organisations exaggerate their CSR activities (Melloni et al., 2017; Boiral, 2013; Cho et al., 2010; Neu et al., 1998;

Deegan and Rankin, 1996). However, all of these studies have sought to examine the discrepancy between CSR disclosure practices and organisations' social and environmental performance, and the findings are inconsistent with some studies reporting no relation (Cho et al., 2016; Sutantoputra et al., 2012; Fekrat et al., 1996; Wiseman, 1982), and others reporting positive (Hummel and Schlick, 2016; Arena et al., 2015; Herbohn et al., 2014; Mahoney et al., 2013; Clarkson et al., 2008; Al-Tuwaijri et al., 2004), and negative relations (Clarkson et al., 2011; Cho and Patten, 2007; Patten, 2002; Hughes et al., 2001; Deegan and Rankin, 1996).

For example, Fekrat et al. (1996) compared the environmental performance and environmental disclosures of 26 organisations and found no significant association. Sutantoputra et al. (2012) studied whether environmental performance, measured using a ratio of emission to sales and environmental ratings, predicted the extent of environmental disclosures of 53 companies listed on the ASX200, and found no relationship. Similarly, Cho et al. (2016) performed a meta-analysis of 16 quantitative papers published on the relationship between environmental performance and disclosures and found no significant association.

Al-Tuwaijri et al. (2004) found a positive association between environmental performance and disclosures using the ratio of waste recycled to toxic waste generated as a proxy for environmental performance. Clarkson et al. (2008) used a similar environmental performance proxy and reported a positive association between environmental performance and discretionary environmental disclosures for 191 organisations from a high polluting industry in the U.S. Finally, Herbohn et al. (2014) found that sustainability performance, measured by verifiable data from annual reports, is positively associated with sustainability disclosures.

Alternatively, Hughes et al. (2001) studied corporations in the U.S. with good, mixed, and poor ratings from the Council of Economic Priorities, and found that poor environmental performers issued the most environmental disclosures. In line with this, Cho and Patten (2007) studied the environmental performance of 100 corporations in the U.S., as rated by KLD Research and Analytics Inc., and found that poor environmental performers provided more disclosures than their better performing counterparts. Finally, Clarkson et al. (2011) examined the environmental disclosures of 51 Australian organisations and found that high polluting organisations issued more environmental disclosures.

In summary, the literature has yet to reach a consensus regarding the relationship between CSR disclosures and CSR performance. One explanation for these inconsistent findings is that CSR disclosures are motivated by strategic purposes rather than any perceived accountability (Thorne et al., 2014), with Dawkins and Fraas (2011) noting that as performance declines, CSR disclosures are necessary for organisations to either explain the decline or provide future commitments regarding CSR to deflect attention away from poor results, while as CSR performance improves, they communicate it through CSR disclosures.

The lack of consensus in the literature is consistent with the fact that the level of CSR disclosures is not always representative of the actual CSR performance, indicating a potential gap between the level of CSR disclosures and CSR activities. Given the voluntary nature of CSR disclosures in the U.S., this gap is generally expected to have a negative value, whereby the level of CSR disclosures is less than the actual level of activities (Verrecchia, 1983), but may exhibit a positive value if the level of CSR disclosures exceeds the actual level of CSR activities (Font et al., 2012).

The notion of CSR disclosures is largely linked to stakeholders, and therefore, prior literature has examined CSR disclosures from various stakeholders' perspectives (Sen et al., 2006). However, employees' perception of CSR disclosures has received very little attention. Research to date has instead examined the perspectives of customers (Wagner, 2009; Luo and Bhattacharya, 2006) and investors (Diouf and Boira, 2017; Sen et al., 2006), who are not privy to the exact nature of an organisation's CSR activities. Wagner (2009) conducted an experiment to examine how customers perceived inconsistent CSR information, concluding that customers perceived inconsistent CSR information as corporate hypocrisy, which resulted in customers displaying negative attitudes towards organisations. Monfardini et al. (2013) explored CSR disclosures in the healthcare industry from the perspective of internal and external stakeholders and found that internal stakeholders did not use CSR disclosures for decision making, while external stakeholders viewed CSR disclosures as a legitimising attempt. These findings suggest that stakeholders perceive a gap between CSR disclosures and actual CSR efforts and that such a gap influences their perception of the organisation's overall CSR efforts.

While prior literature suggests that the CSR disclosure-action portrayal gap can influence stakeholders' perceptions of the organisation, there is sparse literature examining how employees perceive such a discrepancy. Employees' perception of the CSR disclosure-action portrayal gap is valuable since they are probably the most reliable witness to the discrepancy between CSR disclosures and actual CSR activities. In particular, as insiders, employees have unique knowledge of their organisation, which often exceeds that of external stakeholders, thereby enabling them to assess the (im)balance of their organisation's CSR disclosures and CSR actions. Thus, employees' perception and evaluation of an organisation's CSR activities may be more valuable than CSR ratings from external bodies (Rupp et al., 2013).

However, empirical research on employees' perception of CSR, specifically CSR activities relative to CSR disclosures, is sparse. Hence, given prior literature's recognition of the importance of stakeholders' expectations (Parker, 2005), and calls in the literature for an understanding of stakeholders' views (Hahn and Kühnen, 2013; O'Dwyer et al., 2005), particularly non-managerial stakeholders (Diouf and Boira, 2017), this study extends the current literature on stakeholders' perception of CSR disclosures by examining how employees perceive the CSR disclosure-action portrayal gap. Specifically, this research will focus on employees, defined as lower-level managers in the U.S., who are not part of the CSR reporting process at the organisational level.

2.3 The impact of factors influencing the CSR disclosure-action portrayal gap

The following sections provide a review of the CSR literature on stakeholder pressure, public image, and the use of Simons' (1995) interactive and diagnostic controls, and develop hypotheses in respect to the influence of these factors on the CSR disclosure-action portrayal gap.

2.3.1 The association between stakeholder pressure and the CSR disclosure-action portrayal gap

Stakeholder pressure can be defined as the extent to which stakeholders can influence an organisation's decisions (Helmig, 2016; Kassinis and Vafeas, 2006), with various stakeholder groups placing pressure on organisations to operate in a socially responsible manner (Lee, 2011). As organisations need social legitimacy from stakeholders for their survival and longevity (Reddy and Sharma, 2014; Monfardini et al., 2013; Gray et al., 1995), they must manage competing expectations from various stakeholders. However, since meeting all stakeholders' expectations is not feasible, it is interesting to observe how organisations

manage diverse stakeholder pressures. The voluntary provision of CSR disclosures is one way in which organisations attempt to manage their stakeholders (Hopwood, 2009). Accordingly, studies have found that CSR disclosures are motivated by stakeholder pressures (Thorne et al., 2014). For instance, Patten (2002) found that stakeholder pressures are positively related to the extent of CSR disclosures, suggesting a legitimising attempt by reporting organisations. Fernandez-Feijoo et al. (2014) also found that stakeholder pressures are positively associated with the transparency of the CSR disclosures reported under GRI guidelines.

While previous literature has examined the relevance of stakeholder pressures on organisations' behaviour (Perez-Batres et al., 2012), there is no conclusive evidence of the relationship between stakeholder pressures and CSR activities (Hahn and Kühnen, 2013; Kassinis and Vafeas, 2006). Perez-Batres et al. (2012) found that stakeholder salience and resource availability influenced an organisation's choice of symbolic and substantive adoption of CSR activities. Erdiaw-Kwasie (2018) also found that stakeholder pressures led to proactive CSR adoption by the organisation when there was a partnership between stakeholders and the organisation. While these studies provide some insights into the influence of stakeholder pressures on CSR activities, no study to date has empirically examined how stakeholder pressures influence the CSR disclosure-action portrayal gap.

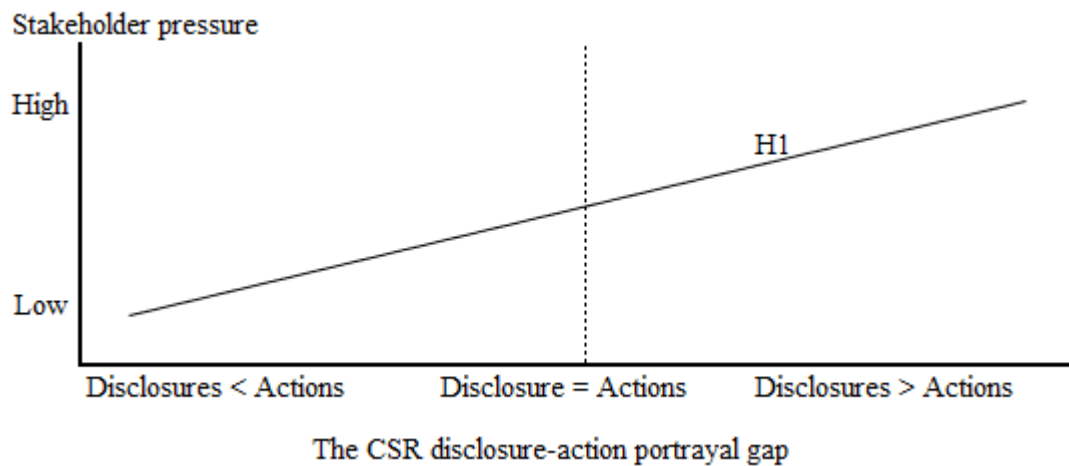
The extent of stakeholder pressure can impact the CSR disclosure-action portrayal gap as information asymmetry usually exists between an organisation and its stakeholders, with the organisation possessing superior knowledge of their own social and environmental impact compared to their stakeholders (Kulkarni, 2000). Hence, information asymmetry provides incentives to an organisation to strategically manipulate stakeholder perceptions about the state of their practices in order to gain legitimacy (Crilly, 2012; Suchman, 1995). Similarly,

previous literature suggests that organisations can manage stakeholder pressures by adopting CSR symbolically through voluntary disclosures, which are usually decoupled from actual CSR activities, while still achieving the desired outcome of positively affecting an organisation's legitimacy (Bansal and Clelland, 2004; Weaver et al., 1999; Neu et al., 1998; Oliver, 1991).

Hence, organisations that face higher demands to operate in a socially and environmentally responsible manner (Huang and Watson, 2015; Neu et al., 1998) from various stakeholder groups such as customers, suppliers, the government and society, each of whom have different expectations in respect to CSR activities (Roberts, 1992), are more likely to exhibit higher CSR disclosures relative to their CSR activities. This may be due to the perceived need to be more accountable for their social and environmental performance and to maintain a good relationship with their stakeholders, or to manipulate their stakeholders' impression of CSR through CSR disclosures without exerting real efforts in CSR activities. In either case, although CSR disclosures are generally expected to be less than CSR activities with the gap being a negative value, the extent of CSR disclosures relative to the CSR actions is expected to be higher, reducing the magnitude of the negative CSR disclosure-action portrayal gap. For some organisations, the CSR disclosures may even exceed the level of CSR actions, resulting in a positive CSR disclosure-action portrayal gap. Hence, as depicted in Figure 2, it is hypothesised that stakeholder pressure is positively associated with the CSR disclosure-action portrayal gap.

H1: Stakeholder pressure is positively associated with the CSR disclosure-action portrayal gap.

Figure 2: The association between stakeholder pressure and the CSR disclosure-action portrayal gap



2.3.2 The association between public image and the CSR disclosure-action portrayal gap

Public image is the desired image that an organisation attempts to project in order to maintain a good reputation in the minds of important stakeholders (Gray and Balmer, 1998). A favourable public image can enhance an organisation's ability to attain skilled labour (Greening and Turban, 2000), access capital (Ngai et al., 2018), and achieve a positive corporate reputation (Michelon, 2011). Therefore, organisations are motivated to enhance their public image by displaying their CSR policies and initiatives, as failing to do so may damage their public image (Porter and Kramer, 2006; Maignan and Ralston, 2002). In particular, the voluntary nature of CSR disclosures could predispose organisations to focus on managing their public image through CSR disclosures rather than improving CSR performance (Tung et al., 2018).

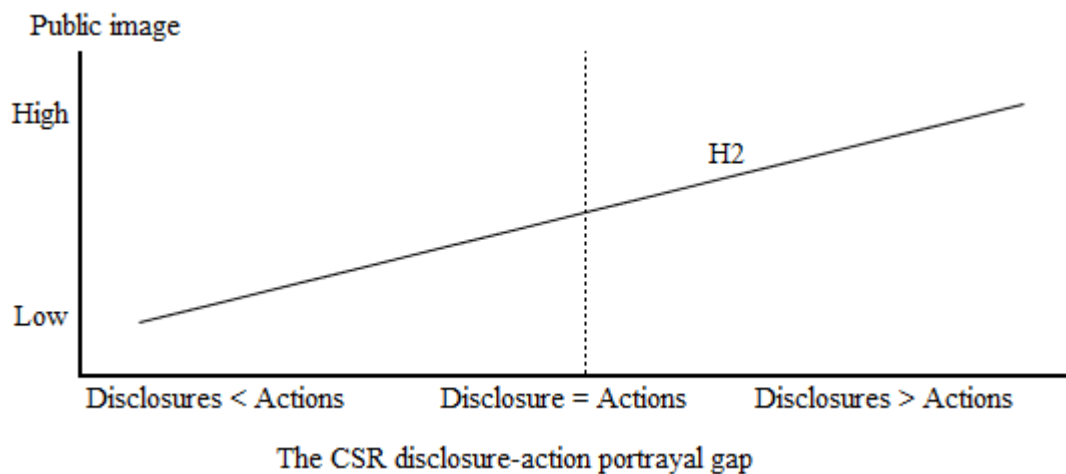
For example, Deegan and Rankin (1996) examined Australian companies with environmental breaches and found that organisations that produce extensive environmental disclosures highlight positive news during periods surrounding environmental prosecutions. Larrinaga-

González et al. (2001) also found that organisations use environmental information largely for managing their public image and that such use has no impact on the usefulness of environmental activities. In addition, Tung et al. (2018) found that the use of environmental performance measures to improve public image has no impact on the improvement of environmental performance. These findings suggest that public image concerns may lead to increased CSR disclosures but not necessarily increased CSR actions.

Therefore, concerns for maintaining a favourable public image could lead organisations to use CSR impression management strategies to exaggerate their actual CSR efforts so as to project a favourable image. Hence, organisations that are more concerned with their public image will be more likely to produce additional CSR disclosures, and the extent of CSR disclosures relative to CSR actions is expected to be higher, thereby reducing the magnitude of the negative disclosure-action portrayal gap. In extreme cases where the CSR disclosures exceed the CSR actions, this would result in a positive CSR disclosure-action portrayal gap. Hence, as depicted in Figure 3, it is hypothesised that public image is positively associated with the CSR disclosure-action portrayal gap.

H2: An organisation's concern for its public image is positively associated with the CSR disclosure-action portrayal gap.

Figure 3: The association between public image and the CSR disclosure-action portrayal gap



2.3.3 The association between the use of interactive and diagnostic controls and the CSR disclosure-action portrayal gap

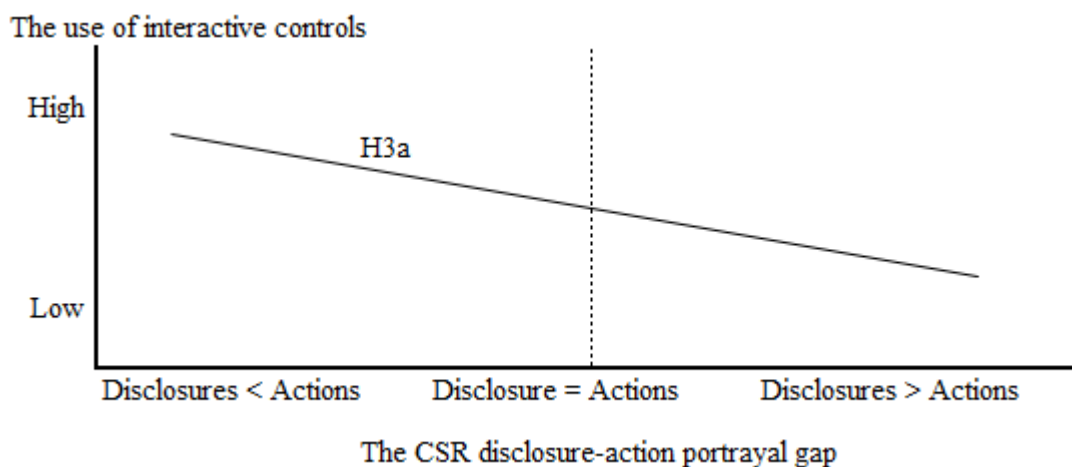
Managerial control systems (MCSs) are information-based controls managers use to carry out organisational activities (Simons, 1995). The use of MCSs can “contribute to society’s broader sustainability agenda through processes that enable innovation, communication, [and] reporting” (Arjaliès and Mundy, 2013, p. 284). Similarly, an organisation’s focus on CSR goals can be attained by integrating these goals into managerial control systems (Sundin and Brown, 2017). However, the use of managerial control systems in CSR research has received scarce consideration (Durden, 2008; Parker, 2005). Therefore, this study contributes to the CSR literature by examining the influence of the use of Simons’ (1995) interactive and diagnostic systems on the CSR disclosure-action portrayal gap.

The use of interactive controls is expected to promote organisational learning through open dialogue between top management and operational managers (Albertini, 2019; Arjaliès and Mundy, 2013), and can be used by top management to become involved in decision making involving their subordinates (Simons, 1994). Prior literature suggests that managers use

interactive controls to communicate and direct the attention of the organisation to specific organisational priorities by promoting information exchange and providing channels for debates (Henri, 2006; Simons, 1995). Hence, the use of interactive controls is likely to promote communication and active dialogues with operational managers and employees in respect to CSR initiatives, and therefore organisations with a higher use of interactive controls are less likely to exaggerate their CSR actions through higher CSR disclosures relative to CSR actions. The use of interactive controls is, therefore, hypothesised to be negatively associated with the CSR disclosure-action portrayal gap.

H3a: *The use of interactive controls is negatively associated with the CSR disclosure-action portrayal gap.*

Figure 4: The association between the use of interactive controls and the CSR disclosure-action portrayal gap

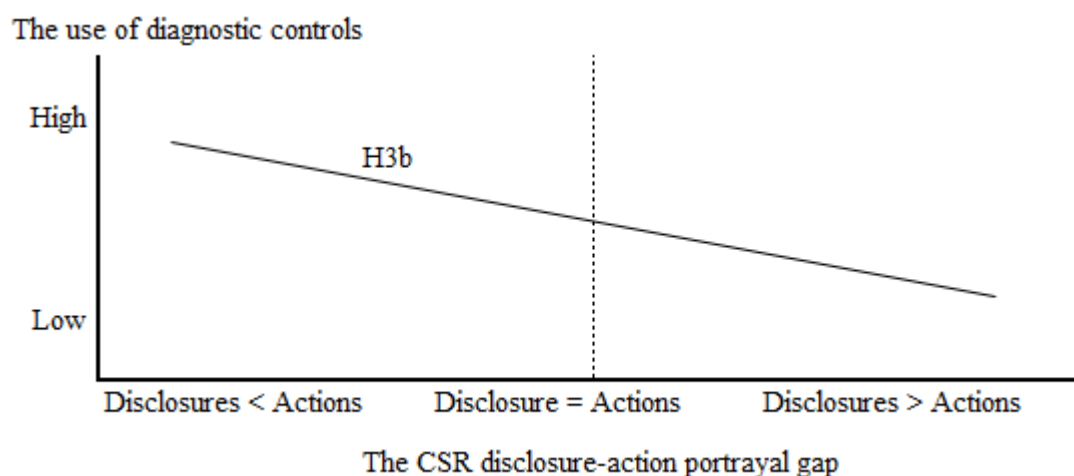


The use of diagnostic controls enables managers to define their organisation's operating domain and transform organisational goals into a set of specific objectives and activities for employees to achieve (Baird et al., 2019a; Bhimani and Langfield-Smith, 2007). Diagnostic controls emphasise compliance with pre-set standards, which enables managers to monitor performance, correct underperformance (Simons, 1994) and reward meeting performance

targets (Baird et al., 2018). The use of diagnostic controls further allows managers to focus on the analysis of key success factors in implementing organisational strategies (Baird and Su, 2018; Simons, 1994). Hence, the use of diagnostic controls is expected to help organisations to focus on specific CSR activities. In addition, prior research has found that the use of diagnostic controls in respect to target setting is essential to achieve CSR goals such as carbon emission reductions (Bui, 2017; Lee, 2012). Hence, the use of diagnostic controls is expected to promote the accomplishment of CSR activities. The monitoring of corporate social performance, specifically environmental performance against environmental standards, also enables managers to avoid non-compliance incidents (Bui, 2017; Tung et al., 2014), suggesting that there will be less need for or likelihood of impression management through CSR disclosures. Moreover, as organisational targets are set clearly, there is less room for management to use disclosures to manipulate impressions of CSR. Hence, the use of diagnostic controls is hypothesised to be negatively associated with the CSR disclosure-action portrayal gap.

H3b: The use of diagnostic controls is negatively associated with the CSR disclosure-action portrayal gap

Figure 5: The association between the use of diagnostic controls and the CSR disclosure-action portrayal gap



2.4 The impact of the CSR disclosure-action portrayal gap on employee work-related attitudes

Recent literature on the micro-foundations of CSR has suggested that an organisation's CSR activities positively influence employees' work-related attitudes (see Gond et al., 2017 for a review). For example, Bauman and Skitka (2012) suggest that CSR activities can enhance employees' job satisfaction while Dhanesh (2014) and El Akremi et al. (2018) provide empirical evidence concerning the positive association between CSR activities and employees' job satisfaction. Prior studies have revealed the positive impact of CSR activities on employee organisational commitment (Lee and Yoon, 2018; Brammer et al., 2007; Maignan and Ferrell, 2001), while CSR activities were also found to be positively associated with the propensity to remain (Ng et al., 2019; Hansen et al., 2011). Alternatively, Scheidler et al. (2019) found that inconsistent CSR strategies between internal and external stakeholders had a negative influence on employees' morale, which led to a lower level of propensity to remain.

While prior studies demonstrate the important association between CSR and employees' work-related attitudes, they have examined employee's reaction to CSR solely based on CSR activities (Vlachos et al., 2014), with no study to date focusing on the effect of the CSR disclosure-action portrayal gap on employees' work-related attitudes. Moreover, recent research has revealed that prospective employees are generally unconvinced by potential employers' CSR claims (Jones et al., 2016), thus prompting the need to understand employees' reaction to employers' CSR claims. Accordingly, this study will empirically examine the association between the CSR disclosure-action portrayal gap and employees' job satisfaction, employee organisational commitment (EOC) and the propensity to remain with their organisation.

2.4.1 The association between the CSR disclosure-action portrayal gap and job satisfaction

Job satisfaction has been defined as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976, p. 1304). According to social identity theory, working for an ethical and socially responsible organisation helps shape an employee's positive self-image and fulfils the need for belongingness by allowing them to identify with a morally outstanding group of people (Skudiene and Auruskeviciene, 2012; Aguilera et al., 2007). By enhancing perceived morality, CSR positively influences job satisfaction by addressing employee's need for a meaningful existence and belongingness to a larger society with a positive identity (Bauman and Skitka, 2012).

The findings from empirical research indicate that CSR activities exhibit a positive association with employees' job satisfaction (Barakat et al., 2016; Dhanesh, 2014; Glavas and Kelley, 2014; Zhu et al., 2014; Vlachos et al., 2013; Ellemers et al., 2011; Tziner et al., 2011; Valentine and Fleischman, 2008). Interestingly, while Ellemers et al. (2011) found that CSR activities were positively associated with job satisfaction, they found that this association was mediated by perceived organisational morality, conceptualised in respect to honesty, sincerity, and trustworthiness. Accordingly, their findings suggest that an organisation's ethical disposition, rather than their actual CSR activities alone, influences job satisfaction. Hence, job satisfaction may be influenced by an employee's perception of their organisation's ethical standing.

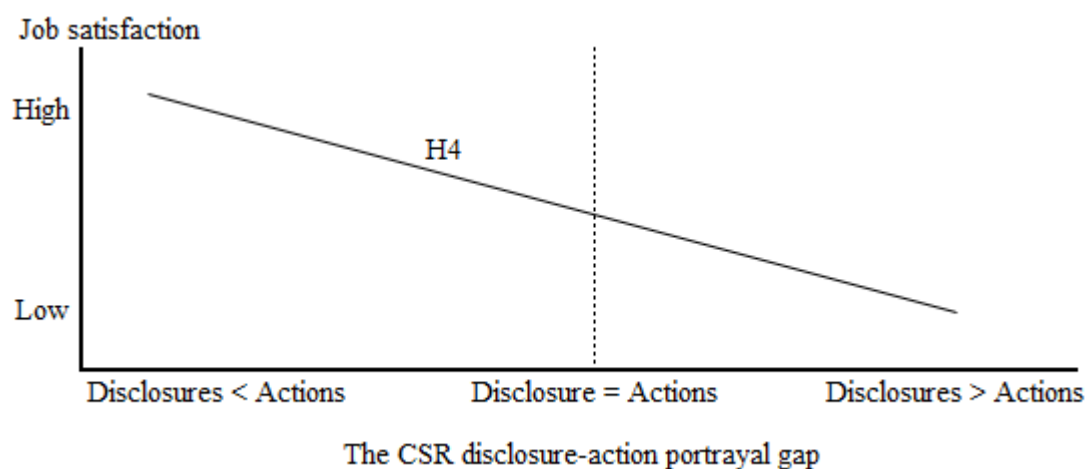
As organisations produce more CSR disclosures, more impression management tactics are used such as a one-sided focus on positive aspects (Michelon et al., 2015; Adams, 2004; Deegan and Rankin, 1996). Therefore, the perceived ethical disposition of an organisation is expected to deteriorate as more CSR disclosures are produced. CSR impression management

tactics can also escalate to a point where the extent of CSR disclosures surpasses the actual extent of CSR actions, which clearly indicates dishonest reporting by the organisation. Therefore, the extent of the CSR disclosure-action portrayal gap is expected to influence employee's perception of their organisation's ethics and morality in terms of honesty and trustworthiness. In particular, employees would be expected to perceive a positive CSR disclosure-action portrayal gap as a clear sign of immorality.

In instances where the disclosures are less than the actions, lower level of employees' satisfaction are expected to be observed, as higher levels of CSR disclosure provide organisations with a greater opportunity to engage in impression management. Therefore, since an organisation's ethical disposition is linked to employee job satisfaction, the CSR disclosure-action portrayal gap can reduce employees' trust and impact negatively on their job satisfaction. As such, as depicted in Figure 6, it is hypothesised that the CSR disclosure-action portrayal gap is expected to be negatively associated with job satisfaction.

H4: *The CSR disclosure-action portrayal gap is negatively associated with job satisfaction.*

Figure 6: The association between the CSR disclosure-action portrayal gap and job satisfaction



2.4.2 The association between the CSR disclosure-action portrayal gap and EOC

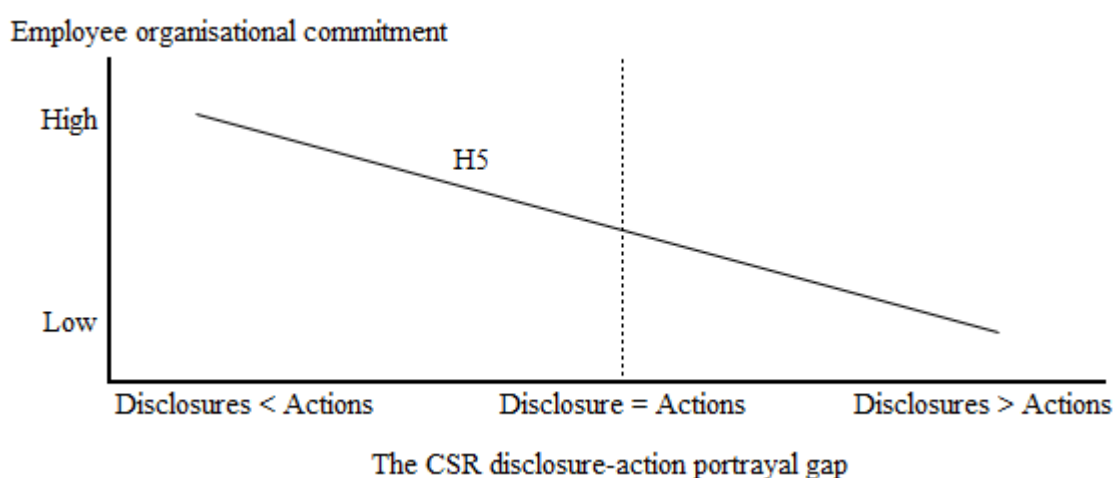
Employee organisational commitment (EOC) is considered as the “linkage to behavioural consequences desirable at an organisational level” (McKinnon et al., 2003, p. 26). EOC represents the positive viewpoint an employee has of their organisation (Meyer and Allen, 1997). Organisations’ CSR activities are found to influence EOC positively (Glavas and Kelley, 2014; Zhu et al., 2014; Rupp et al., 2013; Kim et al., 2010; Brammer et al., 2007; Maignan and Ferrell, 2001). For example, Brammer et al. (2007) found that employees’ perception of their organisation’s CSR, especially towards external stakeholders, exhibited a significant positive relationship with EOC. Alternatively, Lee and Yoon (2018) revealed that lower EOC scores were reported when employees perceived CSR initiatives to be inauthentic or a legitimising attempt by their organisation. Similarly, McShane and Cunningham (2012) found that employees make authenticity judgements about their organisation’s CSR and that a perception of an inauthentic CSR can lead to lower levels of EOC. Such findings imply that EOC can be affected by the level of CSR disclosures which are often carefully crafted to present a favourable version of the organisation, rather than the truth.

In some instances, although the extent of the CSR actions reported may be technically true, the disclosures still present an inaccurate reflection of an organisation’s CSR activities (Milne and Patten, 2002). In these instances, employees as insiders will deduce the management’s intention behind such initiatives and make authenticity judgments about these actions (McShane and Cunningham, 2012). Therefore, even when the CSR disclosures do not exceed CSR actions, the way in which CSR actions are portrayed in CSR disclosures could be perceived by employees as a smokescreen or concession for less than favourable incidents.

Therefore, based on the notion that impression management is the main motivator for CSR disclosures, a greater extent of CSR disclosures is expected to have a negative impact on EOC. A high degree of deception towards external stakeholders is clearly observed when the extent of CSR disclosures exceeds the CSR actions of the reporting organisation. Specifically, since CSR reporting is largely voluntary, exaggeration beyond actual CSR practices demonstrates an organisation's deliberate act to manage the impressions of external stakeholders by portraying a good image that is removed from reality. Employees often have a better knowledge of their organisation than external stakeholders, and hence, they will be able to decipher the extent to which their organisation is exaggerating CSR activities. Therefore, employees would be more likely to perceive the gap in a negative manner. Furthermore, even when organisations disclosures are less than their actual CSR activities, higher disclosures could impact negatively on EOC, as there is a greater opportunity for impression management. Consequently, as depicted in Figure 7, the CSR disclosure-action portrayal gap is expected to exhibit a negative association with EOC.

H5: *The CSR disclosure-action portrayal gap is negatively associated with EOC.*

Figure 7: The association between the CSR disclosure-action portrayal gap and employee organisational commitment



2.4.3 The association between the CSR disclosure-action portrayal gap and employee's propensity to remain with their organisation

Based on social identity theory, where employees seek to identify themselves with groups/organisations in higher status (van Knippenberg and van Schie, 2000), the literature suggests that organisational status is predictive of the ability to attract and retain employees (Ng et al., 2019; Greening and Turban, 2000). There is, however, only a few studies to date which have examined employees' perceptions of CSR activities as a predictor of employees' propensity to remain with their organisation (e.g. Ng et al., 2019; Hansen et al., 2011). The findings here suggest that the extent of an organisation's focus on CSR activities positively influences employees' propensity to remain (Hansen et al., 2011), with Ng et al. (2019) finding that pride and embeddedness mediated the association between the perception of CSR and the propensity to remain. However, no study has examined how the extent of the CSR disclosure-action portrayal gap influences employee's propensity to remain with their organisation.

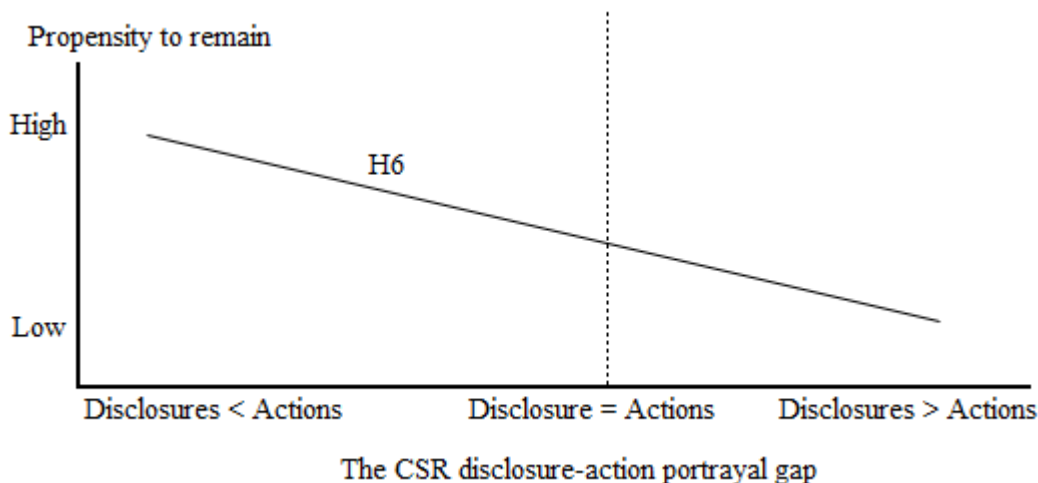
Although there is little empirical evidence on employees' reaction to CSR disclosures, prior literature suggests that employees may not tolerate the gap between CSR claims (i.e. CSR disclosures) and actual CSR activities for an extended period of time (Lee and Yoon, 2018; Walker and Wan, 2012). That is, while employees may understand their employer's CSR claims to represent aspirations and commitments, the failure to follow through with CSR claims could deteriorate employees' view of their organisation (Lee and Yoon, 2018).

As the notion of CSR is closely related to corporate ethics, embellishing actual CSR performance can evoke a perception of hypocrisy. Specifically, studies suggest that greenwashing and unsupported claims can diminish employees' trust in their organisation to a point where they become reluctant participants (Archimi et al., 2018; Walker and Wan, 2012). Such

reluctance can lead to the tension of dissonance which forces employees to either acquiesce or leave their organisation in order to avoid the dissonance (Bruhn, 2008). As such, CSR disclosures, which overemphasise CSR actions, are expected to lower employees' propensity to remain with their organisation. Furthermore, while CSR disclosures may not surpass CSR actions, higher disclosures are also expected to have a negative influence on employees' propensity to remain as more CSR disclosures imply greater opportunities for impression management efforts. As such, as depicted in Figure 8, it is hypothesised that the CSR disclosure-action portrayal gap is expected to be negatively associated with the propensity to remain.

H6: *The CSR disclosure-action portrayal gap is negatively associated with employees' propensity to remain with their organisation.*

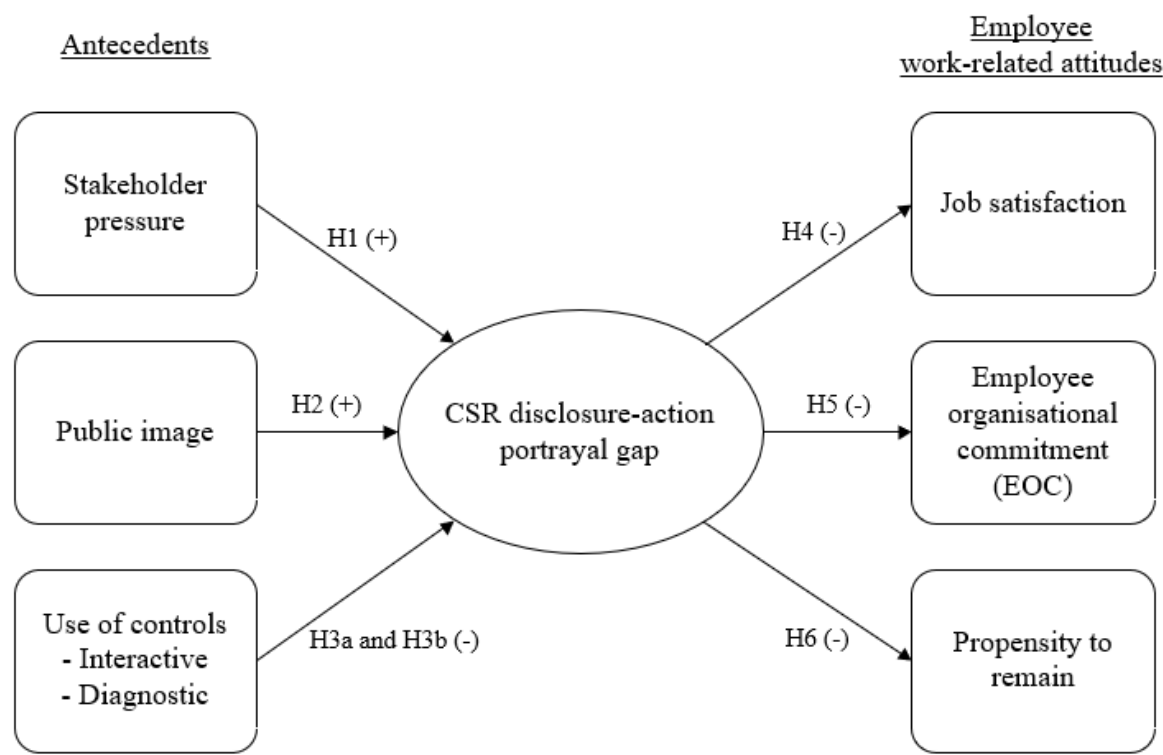
Figure 8: The association between the CSR disclosure-action portrayal gap and employees' propensity to remain



2.5 Summary of the hypotheses

The following diagram (Figure 9) presents a summary of the study's hypotheses.

Figure 9: Summary of hypotheses



Chapter 3 Method

This chapter discusses the research method used in the study. Section 3.1 provides an explanation for choosing the internet survey method. Section 3.2 provides a summary of the design of the survey questionnaire. Section 3.3 describes the data collection procedures and discusses the unit of analysis and sample size. Section 3.4 provides details on the measurement of each of the variables. Finally, the response rate and common method bias are addressed in section 3.5.

3.1 Justification of the method

The use of the survey method is considered appropriate for this study as it provides us with primary data from real-world participants. Primary data is essential for this study, as the variables of interest cannot be provided by archival sources. The survey data also reflects the real-world situation within organisations which may be difficult to replicate in an experimental setting. In particular, data collected from the survey method can be used to draw statistical generalisability, which may not be possible with interpretive methods. Likewise, while the case study method may bring forth an in-depth understanding of the mechanisms of the CSR disclosure-action portrayal gap, there would have been concerns regarding the generalisability of the findings.

3.2 The design of the survey questionnaire

The questionnaire was designed in Qualtrics and included a total of fifteen questions, with the first three questions designed to exclude respondents outside of the targeted population (See Appendix 1). Specifically, the screening questions (Questions 1-3) ensured that the respondents were lower-level managers in organisations that make CSR disclosures in relation

to CSR activities (e.g. in CSR reports, annual reports, websites, social media, or other media), and whose responsibilities in their organisation did not include preparing or implementing CSR activities. A lower-level manager was defined as “the first line of managers who communicate the fundamental operating problems of an organisation to higher levels of management.” Examples were provided to further clarify what was meant by lower-level managers (e.g. operational managers, account managers, service managers, sales managers and commercial managers). The decision to target lower level managers ensured that the sample excluded senior managers who are likely to be responsible for their organisation’s CSR initiatives and therefore, are likely to be biased in providing information relating to their organisation’s CSR disclosures and CSR activities.

After the screening questions, the questionnaire continued with demographic questions (Questions 4-7) concerning the industry, years of experience, organisational size (number of employees), and job title. The remaining questions (Questions 8-15) were designed to assess the CSR disclosure-action portrayal gap and the antecedents and consequences of the CSR disclosure-action portrayal gap. Details regarding these measures are provided in Section 3.4, with all of the questions set up in Qualtrics in a way that respondents could not progress to the next question without answering the current question, thereby eliminating any missing data problems.

3.3 Data collection

Survey questionnaires were distributed to 4944 lower level managers across various industries in the U.S. via Qualtrics (2005). Two hundred and twenty (220) responses were received, giving a response rate of 4.45%. Table 1 shows that the highest number of responses were received from the social services industry (24.40%) (e.g. public administration and safety;

health care and social assistance) and the personal services industry (19.62%). The low response rate here is attributed to the stringent qualifying requirements, with only 4.45% of the survey recipients meeting the qualifying requirements and willing to complete the questionnaire. To ensure that the responses received were from the targeted population, the respondents were asked to indicate their job titles. Subsequently, eleven responses where the job titles were “CEO”, “Vice President” and “owner” were removed, resulting in a final sample of 209 responses.

Table 1 Demographics by industry

Industry	N	%
Extractive sector (e.g. agriculture, forestry, fishing, mining)	5.00	2.39
Manufacturing (including construction)	20.00	9.57
Utilities sector (e.g. electricity, gas, water, waste services)	3.00	1.44
Financial and insurance services	18.00	8.61
Other business services (e.g. rental; hiring and real estate services; professional, scientific and technical services; administrative and support services)	35.00	16.75
Distribution services (e.g. wholesale trade; retail trade; transport, postal and warehousing; information, media and telecommunications)	36.00	17.22
Social services (e.g. public administration and safety; health care and social assistance)	51.00	24.40
Personal services (arts and recreation services; accommodation and food services)	41.00	19.62
Total	209	100

3.3.1 Unit of analysis

The unit of analysis in this study is the organisation as the aim of the study is to examine an organisation’s CSR disclosures relative to the actual level of CSR activities.

3.3.2 Sample size

The sample size was determined based on the size required to conduct structural equation modelling (SEM), which was the statistical analysis chosen for testing the hypotheses. According to Kline (2011) a sample size of 200 is considered appropriate to conduct structural equation modelling.

3.4 Measurement of variables

3.4.1 Stakeholder pressure

Stakeholder pressure was measured in respect to the respondent's opinion as to the extent to which four specific groups of stakeholders (customers, suppliers, regulators and employees) exerted pressure on their organisation (See Appendix 1, Question 9). Respondents were asked to indicate the perceived level of stakeholder pressure on a five-point scale with anchors of "1= Not at all" and "5= To a great extent". As the reliability of the combined measure of the four stakeholder pressures was poor (Cronbach's alpha 0.67), the responses for each of the four stakeholder groups were analysed separately.

3.4.2 Public image

Concern for public image in relation to CSR was measured using a two-item measure (Tung et al., 2018) (See Appendix 1, Question 10). These items are (1) 'Focusing on CSR activities strengthens the perceptions of various stakeholders of our organisation' and (2) 'Improved CSR performance improves our organisation's public image'. Respondents were asked to indicate the extent to which the two statements applied to their organisations on a five-point Likert scale with anchors of "1 = Not at all" and "5 = To a great extent". Public image was

measured as the average score of these two items, with higher (lower) scores indicating a higher (lower) level of concern for public image.

3.4.3 The use of interactive and diagnostic controls

The use of interactive and diagnostic controls was measured using the scales used by Su et al. (2015) which were based on Simons (1995) (See Appendix 1, Question 11). The use of interactive controls was measured using a six-item scale (items 1, 2, 3, 5, 8, and 10) and the use of diagnostic controls was measured using a four-item scale (items 4, 6, 7, and 9). Respondents were asked to report the extent to which the statements reflected management practices within their organisation on a five-point Likert scale with anchors of “1= Not at all” and “5 = To a great extent”. After conducting a confirmatory factor analysis (See Appendix 2, Table A), item 1 from the measure for the use of interactive controls had a loading lower than 0.6 and therefore was removed from the final analysis. The three benchmark fit indices ($CMIN/DF^2 = 1.23$; $CFI^3 = 1.00$; $RMSEA^4 = 0.03$) indicated a good fit of the model. Therefore, the average of the remaining 5 items was used to measure the use of interactive controls. A confirmatory factor analysis was also conducted for the use of diagnostic controls with all 4 items exhibiting loadings above 0.6 (See Appendix 2, Table B). The fit indices ($CMIN/DF = 0.82$; $CFI = 1.00$; $RMSEA = 0.00$) indicated a good fit of the model. Therefore, the use of diagnostic controls was measured as the average score of the 4 items. The use of interactive and diagnostic controls was measured as the average score of the respective items with higher (lower) scores indicating a higher (lower) level of use.

² Relative chi-square values $CMIN/DF$ between 1 and 5 are acceptable (Schumacker and Lomax, 2004).

³ CFI values of close to 1 and at least 0.93 can be seen as “good” and “acceptable” fit (Byrne, 2013).

⁴ RMSEA values of less than 0.05 and less than 0.08 can be seen as “good” and “acceptable” fit (Schermelehn-Engel et al., 2003; Browne and Cudeck, 1993).

3.4.4 The CSR disclosure-action portrayal gap

The CSR disclosure-action portrayal gap was measured using a self-developed scale based on a review of the previous literature (Pérez, 2013; Young and Marais, 2012; O'Shaughnessy et al., 2007). The questionnaire items were developed based on six subsets of CSR definitions, which were concern for society, concern for the community, and protection of the environment, ethics, labour, and business behaviour. A total of 13 items were developed to measure CSR actions and CSR disclosures (See Appendix 1, Question 8).

Initially, respondents were asked to indicate the extent to which their organisation's disclosure practices emphasised each of the 13 CSR related activities using a five-point Likert scale with anchors of "1=Not at all" and "5=To a great extent". Factor analysis (varimax rotation), using a cut-off point of 0.5 revealed that these 13 items loaded onto 3 dimensions (see Table 2). The first dimension contains 6 items relating to ethics, and concern for the community and society. This dimension was labelled 'General CSR'. The second dimension contains 4 items relating to employees and was labelled 'Labour-focused CSR'⁵ in line with Pérez (2013) and Young and Marais (2012). The third dimension contains 3 items relating to the environment and was labelled 'Environmental CSR'.

⁵ Although Item 7 cross-loaded between the General and the Labour-focused dimensions, removal of the item did not affect the overall results. Therefore, Item 7 was retained as part of the General CSR dimension (0.56).

Table 2 Factor analysis of CSR disclosure items

Items	Component		
	General CSR	Labour-focused CSR	Environmental CSR
1. Actions to improve the general well-being of society.	0.78	0.12	0.16
2. Philanthropic contributions towards society.	0.69	0.12	0.37
3. Engaging in community programs such as health, education, water projects and community infrastructure assistance.	0.77	-0.01	0.26
4. Actions to protect the natural environment.	0.31	0.05	0.83
5. Actions to mitigate environmental risks.	0.24	0.14	0.89
6. The dissemination of environmental policy throughout the organisation.	0.18	0.23	0.81
7. The development and application of responsible business practices (e.g. code of conduct, ethical principles)	0.56	0.53	-0.08
8. The dissemination of CSR policy throughout the organisation.	0.52	0.33	0.29
9. Engaging in CSR activities.	0.62	0.37	0.31
10. Supporting employees' career development.	0.13	0.83	0.08
11. Supporting the general well-being of employees.	0.01	0.84	0.17
12. Compliance with relevant industrial relations.	0.13	0.78	0.19
13. Engaging in ethical interactions with stakeholders (e.g. customers, suppliers).	0.46	0.64	0.10
Variance explained	23.71%	23.32%	20.18%
Cronbach's alpha	0.84	0.84	0.88

Each dimension of CSR disclosure was subsequently scored as the average sum of the items loading on each dimension. The Cronbach alpha scores for each dimension were higher than the required cut-off point (0.7) (Nunnally, 1994), which indicated that the measure for each of the CSR disclosure variables was reliable. Respondents were then asked to indicate the extent to which their organisations emphasised each of the 13 CSR related activities using a five-

point Likert scale with anchors of “1=Not at all” and “5=To a great extent” (See Appendix 1, Question 15). In order to enable a comparison, these 13 items were also grouped into the same categories as for CSR disclosures (i.e. ‘General CSR’, ‘Labour-focused CSR’, and ‘Environmental CSR’). The CSR disclosure- action portrayal gap was then computed as the difference between the mean scores in respect to CSR disclosures and CSR actions for each of the 3 identified dimensions of CSR use.

3.4.5 Job satisfaction

Job satisfaction was measured using a nine-item scale based on the nine dimensions of Spector’s (1985) Job Satisfaction Survey (See Appendix 1, Question 13). These dimensions are pay, promotion, supervision, fringe benefits, co-workers, the nature of work, communication, contingent rewards, and operating conditions. Respondents were asked to indicate on a five-point Likert scale, with anchors of “1 = Strongly disagree” and “5 = Strongly agree”, the extent to which they agreed or disagreed with the statements relating to the nine dimensions. Three items were reverse scored (“My supervisor shows too little interest in the feelings of subordinates”, “I find I have to work harder at my job because of the incompetence of people I work with”, and “I have too much to do at work”), and hence, higher (lower) scores indicated higher (lower) job satisfaction. Confirmatory factor analysis revealed that 5 items (items 3, 4, 5, 6, and 9) had loadings lower than 0.6 and hence, these items were subsequently removed from the measure. A further two items (Item 7 and Item 8) (See Appendix 2, Table C) also exhibited loadings below the 0.6 cut-off. However, they were retained so that the measure included at least four of the items in Spector’s (1985) instrument and to enable the goodness of fit measures to be calculated. The fact that the three benchmark fit indices for the remaining 4 items (CMIN/DF = 0.27; CFI = 1.00; RMSEA = 0.00) indicated a good fit of the

model justified their retainment, and hence the average score of the remaining 4 items was used to measure job satisfaction.

3.4.6 Employee organisational commitment

Employee organisational commitment was measured using a nine-item scale based on Cook and Wall (1980) (See Appendix 1, Question 12). Respondents were asked to indicate the extent to which they agreed with the statements on a five-point Likert scale with anchors of “1 = Strongly disagree” and “5 = Strongly agree”. A confirmatory factor analysis was conducted, with 5 items subsequently removed due to loadings lower than 0.6 (See Appendix 2, Table D). The overall fit of the model for the remaining 4 items (CMIN/DF = 0.54; CFI = 1.00; RMSEA = 0.00) indicated a good model fit. Therefore, EOC was measured as the average score of these 4 items, with higher (lower) scores indicating a higher (lower) level of commitment.

3.4.7 The propensity to remain

The propensity to remain was measured using a one-item scale which was adapted from Rosse and Hulin’s (1985) turnover intention scale (See Appendix 1, Question 14). Respondents were asked to report on the likelihood that they will actively seek new employment in the next year, on a five-point Likert scale with anchors of “1 = Strongly disagree” and “5 = Strongly agree”, Reverse scoring was applied so that higher (lower) scores represented a higher (lower) level of propensity to remain.

3.5 Test for bias in survey responses

All responses were collected within twelve days. A comparison of the responses received in the first and the last six days showed no statistically significant differences (See Appendix 2, Table E). Therefore, non-response bias was not considered to be of concern. Similarly,

common method bias was not of concern given Harman's (1967) highest total variance explained by a single factor (23.80%) was below the 50 per cent threshold indicative of common method bias problems (Podsakoff et al., 2003).

Chapter 4 Results

4.1 Descriptive statistics

Panel A of Table 3 provides demographic information in respect to the years of experience and organisational size. On average, the respondents had 10.12 years of work experience in their current organisation, while the respondents' organisations had on average 19019 employees. Panel B of Table 3 provides the descriptive statistics in respect to the three dimensions of the CSR disclosure-action portrayal gap, the antecedent factors, and employees' work-related attitudes. The mean scores suggest that pressure from customers appeared to be the highest stakeholder pressure (3.83), followed by stakeholder pressure from employees (3.46), the government (3.31), and suppliers (2.88). The mean score for public image (3.45) was above the mid-point which suggests that the organisations in the sample exhibited a moderate level of concern for public image. The mean scores for the use of interactive (3.32) and diagnostic controls (3.42) indicated that the organisations in the sample exercised the use of diagnostic controls more than they exercised the use of interactive controls.

The mean scores for job satisfaction (3.33), EOC (3.62), and the propensity to remain (3.36) suggest that on average, the respondents exhibited a moderate level of job satisfaction, EOC, and propensity to remain. The negative mean scores for the disclosure-action portrayal gaps (-0.14, -0.15, -0.31) indicate that on average, the emphasis placed on CSR disclosures was less than the extent of CSR actions in respect to all three dimensions of CSR. The disclosure-action portrayal gap for the General CSR and the Labour-focused CSR dimensions (-0.14, -0.15) were smaller than the gap for the Environmental CSR dimension (-0.31), indicating that

Table 3 Demographics and descriptive statistics of all variables

<i>N</i> = 209	Mean	Std. Dev.	Min.	Max.	Cronbach's <i>α</i>	Composite reliability	AVE
<i>Panel A</i>							
Years of experience	10.12	NA	1.00	42.00	NA	NA	NA
Size	19019.15	NA	3.00	650000.00	NA	NA	NA
<i>Panel B</i>							
<i>Antecedents of the CSR disclosure-action portrayal gap</i>							
Stakeholder pressure – Customer	3.83	1.15	1.00	5.00	NA	NA	NA
Stakeholder pressure – Suppliers	2.88	1.15	1.00	5.00	NA	NA	NA
Stakeholder pressure – Government	3.31	1.26	1.00	5.00	NA	NA	NA
Stakeholder pressure – Employees	3.46	1.01	1.00	5.00	NA	NA	NA
Public image	3.45	0.90	1.00	5.00	0.81	NA	NA
The use of interactive controls	3.32	0.81	1.00	5.00	0.87	0.87	0.57
The use of diagnostic controls	3.42	0.81	1.25	5.00	0.84	0.85	0.58
<i>CSR disclosure-action portrayal gap</i>							
General CSR disclosure-action portrayal gap	-0.14	0.79	-3.40	2.00	0.84	NA	NA
Labour-focused CSR disclosure-action portrayal gap	-0.15	0.76	-3.00	1.75	0.84	NA	NA
Environmental CSR disclosure-action portrayal gap	-0.31	0.92	-3.00	2.67	0.88	NA	NA
<i>Employee work-related attitudes</i>							
Job satisfaction	3.33	0.92	1.00	5.00	0.80	0.78	0.47
EOC	3.62	0.82	1.25	5.00	0.77	0.79	0.48
Propensity to remain	3.36	1.30	1.00	5.00	NA	NA	NA

the amount of CSR disclosures relative to CSR actions was higher in respect to the General and Labour-focused dimensions.

Table 4 provides additional insight into the disclosure-action portrayal gap, by focusing on the mean scores of the 13 items used to measure CSR disclosures, actions, and the disclosure-action portrayal gap. The mean scores indicate that on average, the focus on CSR actions was greater than the extent of CSR disclosures in respect to all 13 items. This result was expected due to the voluntary nature of the CSR disclosures. Table 4 also categorises the responses in respect to the percentage of respondents who indicated that the CSR disclosures either exceeded CSR actions, or were less than or equal to CSR actions. Across the 13 items, the percentage of organisations that focused more on the CSR disclosures than the CSR actions ranged from 16.75% (Item 4) to 29.67% (Items 1 and 7). The three items which reported the highest percentage of respondents who indicated that the CSR disclosures exceeded CSR actions were item 1 ‘Actions to improve the general well-being of society’ (29.67%), item 7 ‘The development and application of responsible business practices (e.g. code of conduct, ethical principles)’ (29.67%), and item 3 ‘Engaging in community programs such as health, education, water projects and community infrastructure assistance’ (29.19%). All of these items were from the General CSR dimension, suggesting that organisations are more likely to exaggerate their CSR disclosures in relation to the General CSR dimension. A similar comparison of the percentage of organisations where the emphasis on CSR disclosures (did not) exceeded CSR actions in respect to the three dimensions of CSR (see Table 5), reinforces this with 37% of the organisations exhibiting CSR disclosures greater than CSR actions in respect to the General CSR dimension. In addition, 32% and 27% of the respondents reported that their organisations placed more emphasis on the CSR disclosures than the CSR actions in

Table 4 Descriptive statistics of CSR disclosures, actions and the disclosure-action portrayal gap

Items	Mean			Disclosures ≤ Actions		Disclosures > Actions	
	Disclosure	Action	Gap	N	%	N	%
1. Actions to improve the general well-being of society.	3.16	3.23	-0.07	147	70.33%	62	29.67%
2. Philanthropic contributions towards society.	2.97	3.20	-0.23	160	76.56%	49	23.44%
3. Engaging in community programs such as health, education, water projects and community infrastructure assistance.	3.28	3.29	-0.01	148	70.81%	61	29.19%
4. Actions to protect the natural environment.	2.59	3.00	-0.40	174	83.25%	35	16.75%
5. Actions to mitigate environmental risks.	2.70	2.98	-0.28	160	76.56%	49	23.44%
6. The dissemination of environmental policy throughout the organisation.	2.60	2.87	-0.26	167	79.90%	42	20.10%
7. The development and application of responsible business practices (e.g. code of conduct, ethical principles)	3.66	3.68	-0.02	147	70.33%	62	29.67%
8. The dissemination of CSR policy throughout the organisation.	3.19	3.30	-0.11	162	77.51%	47	22.49%
9. Engaging in CSR activities	3.13	3.43	-0.29	168	80.38%	41	19.62%
10. Supporting employees' career development.	3.36	3.44	-0.08	158	75.60%	51	24.40%
11. Supporting the general well-being of employees.	3.52	3.53	-0.01	162	77.51%	47	22.49%
12. Compliance with relevant industrial relations.	3.49	3.71	-0.22	162	77.51%	47	22.49%
13. Engaging in ethical interactions with stakeholders (e.g. customers, suppliers).	3.49	3.77	-0.28	169	80.86%	40	19.14%

Table 5 The CSR disclosure-action portrayal gap for the three CSR dimensions

	General CSR		Labour-focused CSR		Environmental CSR	
	N	%	N	%	N	%
Disclosures less than or equal to Actions	132	63%	142	68%	152	73%
Disclosures greater than Actions	77	37%	67	32%	57	27%
Total	209	1	209	1	209	1

respect to the Labour-focused and Environmental dimensions of CSR, respectively. These results indicate that many organisations clearly engaged in impression management.

4.2 Structural model

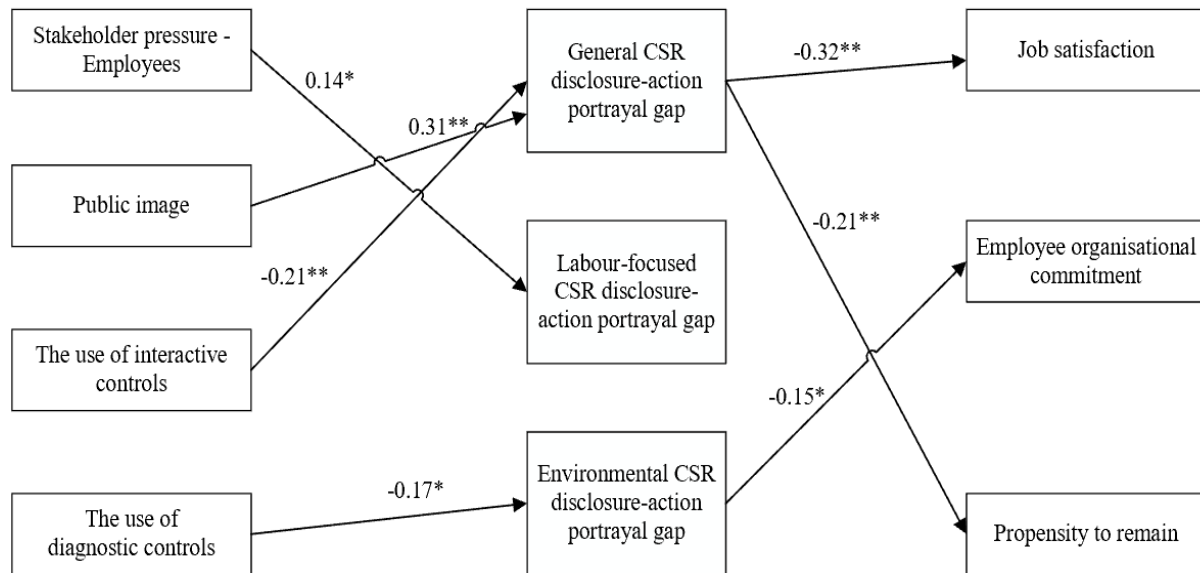
The hypotheses were examined using structural equation modelling (SEM) with maximum likelihood estimate using AMOS Graphics version 25 software. SEM was used to examine the model as it is particularly suited to models where the outcome variable becomes a predictor variable in a subsequent relationship (Hair, 2006). Paths that were not statistically significant were removed sequentially until all remaining paths in the model were significant (Anderson and Gerbing, 1988), and additional paths were added based on the modification indices until the overall model was a good fit⁶. The results of the structural equation model are shown in Figure 10 with the results of the structural model presented in Table 6. The three benchmark fit indices (CMIN/DF = 2.32; CFI = 0.94; RMSEA = 0.08) indicate a good model fit.

In respect to the antecedents of the CSR disclosure-action portrayal gap, stakeholder pressure from employees was positively associated with the ‘Labour-focused CSR’ dimension ($\beta = 0.14$; $p = 0.02$), thereby providing partial support for H1. In addition, public image was found to be positively associated with the ‘General CSR’ dimension of the CSR disclosure-action portrayal gap ($\beta = 0.31$; $p = 0.00$) which provides partial support for H2. Finally, the use of interactive controls was found to be negatively associated with the ‘General CSR’ dimension of the CSR disclosure-action portrayal gap ($\beta = -0.21$; $p = 0.00$), while the use of diagnostic controls was negatively associated with the ‘Environmental CSR’ dimension of the CSR

⁶ The control variables (industry, years of experience and organisation size) were not found to be associated with other variables, and hence do not appear in the final model.

disclosure-action portrayal gap ($\beta = -0.17$; $p = 0.01$), thereby providing partial support for H3a and H3b.

Figure 10: Results of the structural model examining the antecedents and consequences of the disclosure-action portrayal gap



* Significant at the 5% significance level
 ** Significant at the 1% significance level

In respect to the impact of the CSR disclosure-action portrayal gap on employee work-related attitudes, while the ‘Labour-focused CSR’ dimension was not associated with employee work-related attitudes, the ‘Environmental CSR’ dimension was negatively associated with EOC ($\beta = -0.15$; $p = 0.01$) and the ‘General CSR’ dimension of the CSR disclosure-action gap was found to be negatively associated with job satisfaction ($\beta = -0.32$; $p = 0.00$), and the propensity to remain ($\beta = -0.21$; $p = 0.00$). Overall, these results provide partial support for H4, H5, and H6.

Table 6 Results of the structural model

Regression path*	Std. Beta	S.E.	C.R.	P-value
Stakeholder pressure - Employees → Labour-focused CSR disclosure-action portrayal gap	0.14	0.05	2.32	0.02
Public image → General CSR disclosure-action portrayal gap	0.31	0.05	5.04	0.00
The use of interactive controls → General CSR disclosure-action portrayal gap	-0.21	0.06	-3.26	0.00
The use of diagnostic controls → Environmental CSR disclosure-action portrayal gap	-0.17	0.07	-2.79	0.01
General CSR disclosure-action portrayal gap → Job satisfaction	-0.32	0.07	-5.48	0.00
General CSR disclosure-action portrayal gap → Propensity to remain	-0.21	0.10	-3.65	0.00
Environmental CSR disclosure-action portrayal gap → EOC	-0.15	0.05	-2.62	0.01
<i>Goodness of fit statistic</i>				
CMIN	101.88			
DF	44			
CMIN/DF	2.32			
CFI	0.94			
RMSEA	0.08			

* Only significant paths are shown.

4.3 Additional analysis

4.3.1 Additional insight into the impact of the CSR disclosure-action portrayal gap on work-related attitudes

Given the findings in respect to the association between the CSR disclosure-action portrayal gap and employee work-related attitudes, an additional analysis was conducted to further analyse the impact of the gap on work-related attitudes. Specifically, the work-related attitudes in organisations which clearly engaged in impression management (i.e. CSR disclosures exceeded CSR actions) were compared with the work-related attitudes in organisations where CSR disclosures were equal to or less than the CSR actions. To conduct the analysis, dummy variables were created for each of the three disclosure-action portrayal gaps, with the dummy variables coded “0” where the emphasis on CSR disclosures was less than or equal to CSR

actions, and “1” where the emphasis on CSR disclosures was greater than CSR actions. A one-way analysis of variance (ANOVA) was undertaken to compare the effect of the three disclosure-action portrayal gaps on job satisfaction, EOC, and the propensity to remain. The results in respect to the ‘General CSR’ dimension (see Table 7) indicated that there were significant differences between the two groups in respect to job satisfaction ($F = 18.96$, $p = 0.00$), EOC ($F = 5.12$, $p = 0.02$), and the propensity to remain ($F = 6.98$, $p = 0.01$), with EOC, job satisfaction, and the propensity to remain significantly less for organisations where the emphasis placed on CSR disclosures was greater than on CSR actions (i.e. those organisations that engaged in CSR impression management).

Table 7 Results of the one-way ANOVA comparing employee work-related attitudes in respect to the General CSR disclosure-action portrayal gap

Variables	Disc \leq Action	Disc $>$ Action	F-value	P-value
	N = 132	N = 77		
	Mean (Std. Dev)	Mean (Std. Dev)		
Job satisfaction	3.53 (0.84)	2.98 (0.95)	18.96	0.00
EOC	3.71 (0.78)	3.45 (0.86)	5.12	0.02
Propensity to remain	3.54 (1.30)	3.05 (1.26)	6.98	0.01

Table 8 presents the results with respect to the Labour-focused CSR dimension. The results revealed significant differences between the two groups in respect to job satisfaction ($F = 8.20$, $p = 0.00$), and EOC ($F = 6.00$, $p = 0.02$), with the level of EOC and job satisfaction significantly less for those organisations engaging in impression management (i.e. CSR disclosures greater than CSR actions). While the propensity to remain was also less when the emphasis on CSR disclosures was greater, this difference was not significant ($F = 3.82$, $p = 0.05$).

Table 8 Results of the one-way ANOVA comparing employee work-related attitudes in respect to the Labour-focused CSR disclosure-action portrayal gap

Variables	Disc ≤ Action	Disc > Action	F-value	P-value
	N = 142	N = 67		
	Mean (Std. Dev)	Mean (Std. Dev)		
Job satisfaction	3.45 (0.91)	3.07 (0.89)	8.20	0.00
EOC	3.71 (0.82)	3.42 (0.78)	6.00	0.02
Propensity to remain	3.48 (1.33)	3.10 (1.21)	3.82	0.05

Table 9 presents the results with respect to the Environmental CSR dimension. There were significant differences between the two groups in respect to job satisfaction ($F = 8.71$, $p = 0.00$), EOC ($F = 6.19$, $p = 0.01$), and the propensity to remain ($F = 6.11$, $p = 0.01$). The results suggest that when organisations place more emphasis on CSR disclosures than CSR actions, the level of EOC, job satisfaction and propensity to remain were significantly less.

Table 9 Results of the one-way ANOVA comparing employee work-related attitudes in respect to the Environmental CSR disclosure-action portrayal gap

Variables	Disc ≤ Action	Disc > Action	F-value	P-value
	N = 152	N = 57		
	Mean (Std. Dev)	Mean (Std. Dev)		
Job satisfaction	3.44 (0.90)	3.03 (0.91)	8.71	0.00
EOC	3.70 (0.76)	3.39 (0.92)	6.19	0.01
Propensity to remain	3.49 (1.30)	3.00 (1.25)	6.11	0.01

Overall, the results suggest that excessive disclosures (i.e. where CSR disclosures are greater than CSR actions) in respect to the General and Environmental CSR disclosures had a negative impact on all three employee work-related attitudes, and a negative impact on job satisfaction and EOC in respect to the Labour-focused CSR dimension. Specifically, these results highlight that the gap between CSR disclosures and CSR actions, where the extent of disclosures are greater than the extent of CSR action, exhibits a negative impact on job satisfaction, EOC, and the propensity to remain, thereby providing further support for H4, H5, and H6.

Chapter 5 Discussion and Conclusion

5.1 Discussion

This study provides an insight into both CSR disclosures and CSR actions, referring to the discrepancy between the two as the CSR disclosure-action portrayal gap. While the previous literature has focused on the antecedents and consequences of CSR disclosures or CSR actions in isolation (e.g. Giannarakis, 2014; Roberts, 1992), this study is the first to examine these issues in respect to the gap between the CSR disclosures and the CSR actions, examining these relationships from an employee perspective. Interestingly, while it is expected that the absence of a mandated reporting framework and the voluntary nature of CSR reporting would result in organisations placing less emphasis on CSR disclosures relative to CSR actions, the study found that some organisations actually placed greater emphasis on CSR disclosures than CSR actions. These findings indicate that some organisations have engaged in impression management by embellishing or exaggerating their CSR activities. Such findings provide support for prior literature which suggests that CSR disclosure practices are susceptible to “window-dressing” efforts by organisations (Gond et al., 2012; Weaver et al., 1999).

In assessing the CSR disclosure-action portrayal gap, the results revealed three dimensions of CSR including: General CSR, Labour-focused CSR and Environmental CSR. The ‘General CSR’ dimension, which includes social disclosures relating to the community, society, philanthropy, and responsible business practices, had the highest percentage (37%) of organisations which emphasised CSR disclosures more than CSR actions, while the ‘Labour-focused CSR’ dimension had 32% and the ‘Environmental CSR’ dimension had 27% of organisations which placed more emphasis on CSR disclosures than CSR actions. Similarly, the analysis of the individual CSR items revealed that the 3 items where CSR disclosures

exceeded CSR actions to the greatest extent were all from the General CSR dimension. Hence, as expected given there is very little mandate in the U.S. for social disclosures, these findings highlight that social disclosures are susceptible to impression management practices. Specifically, due to the lack of a mandated reporting framework for social disclosures, organisations have the freedom to engage in deceptive reporting practices whereby they deliberately overemphasise their social and philanthropic activities through extensive CSR disclosures. Therefore, users of CSR information should be aware that the CSR information disclosed by organisations does not always reflect the actual level of CSR engagement. Indeed, it is hoped that through enhancing employees' and practitioners' awareness of these impression management practices, this study may serve to assist in avoiding such effects in the future. In particular, the findings will inform employees, practitioners and other stakeholders of areas where organisations are most likely to engage in impression management practices. In addition, the findings will inform governments and policy makers who may seek to regulate the reporting of CSR information in order to minimise the opportunities for such practices.

While previous CSR studies have examined CSR disclosures and CSR practices from the perspective of stakeholders such as investors and customers, this study provides a unique perspective on this issue, focusing on employees' perspective of CSR disclosures. Such an approach enabled an insight into the impact of impression management activities, operationalised through the CSR disclosure-action portrayal gap, on employee work-related attitudes.

The findings indicated that the General dimension of the CSR disclosure-action portrayal gap was negatively associated with job satisfaction and the propensity to remain, indicating that

when the negative gap relating to the General CSR dimension was smaller or the extent of CSR disclosures exceeded CSR actions (i.e. a positive gap), employees were less satisfied and less likely to stay with their organisation. In addition, the Environmental dimension of the CSR disclosure-action portrayal gap was negatively associated with EOC, indicating that employees were less likely to be committed to their organisation, when the negative Environmental CSR disclosure-action portrayal gap was smaller or the extent of CSR disclosures exceeded CSR actions (i.e. a positive gap).

The negative consequences of the CSR disclosure-action portrayal gap on employee work-related attitudes provide organisations with evidence that employees' perception of the CSR disclosure-action portrayal gap influences their subsequent attitudes towards their organisation (Collier and Esteban, 2007). This could serve to motivate organisations to be more accountable for their impact on society and the environment by placing more focus on CSR activities, potentially leading to social change (Aguilera et al., 2007). Alternatively, if organisations choose to maintain higher CSR disclosures relative to CSR activities, they could potentially risk damaging employee relationships through an apparent loss of internal legitimacy. These findings create tension for organisations as they challenge the long-held view that CSR disclosures improve organisations legitimacy by maintaining good relationship with stakeholders (Herzig and Schaltegger, 2006; Neu et al., 1998). Specifically, while organisations may achieve legitimacy through managing impressions of external stakeholders without having exerted effort equivalent to their CSR claims, there is tension among employees who are clearly perturbed by such practices.

The significance of such findings is reinforced by the significant amount of literature highlighting the importance of employee work-related attitudes. For example, job satisfaction,

and EOC have been linked to individual performance and organisational performance (Baird et al., 2019b; Harrison et al., 2006), while the propensity to remain often predicts actual turnover which impacts negatively on organisations (Tett and Meyer, 1993). Hence, given these links between employee work-related attitudes, behaviour and organisational success, managers will need to reappraise their approach to CSR disclosures relative to CSR actions and consider whether the benefits of CSR disclosures, and in particular overemphasising CSR disclosures, outweigh the negative consequences on employee work-related attitudes. Specifically, while CSR disclosures may be beneficial for an organisation's relationship with other stakeholders, such benefits will need to be weighed up against the detrimental effect of the CSR disclosure-action portrayal gap on employee work-related attitudes.

Given the detrimental impact of the CSR disclosure-action portrayal gap on employee work-related attitudes, the study also provides an insight into the antecedent factors influencing the CSR disclosure-action portrayal gap. Stakeholder pressure from employees was found to be positively associated with the Labour-focused CSR disclosure-action portrayal gap, indicating that higher pressure from employees led to higher CSR disclosures relative to CSR actions. This finding supports prior literature that organisations provide CSR disclosures in response to stakeholder pressures (Thorne et al., 2014; Patten, 2002). Furthermore, in line with Tung et al. (2018) and Larrinaga-González et al. (2001), public image concern was also found to be associated with the CSR disclosure-action portrayal gap in respect to the General CSR dimension, which relates to society, community, philanthropy and responsible business practices. These findings highlight the potential for organisations to engage in impression management practices by providing more CSR disclosures to address stakeholder pressure and public image concerns. Consequently, the finding suggests the need for a regulated CSR

reporting framework so as to provide consistency in respect to the nature and extent of CSR disclosures, thereby minimising the potential for such CSR impression management practices.

In addition, the study also examined the impact of the use of Simons' (1995) interactive and diagnostic controls on the CSR disclosure-action portrayal gap. The use of interactive controls was negatively associated with the CSR disclosure-action portrayal gap relating to the General CSR dimension. This finding indicates that the higher the use of interactive controls, the lower the extent to which the CSR disclosures exceeded CSR actions (i.e. a smaller positive gap), or the higher the extent to which CSR actions exceeded CSR disclosures (i.e. a larger negative gap). This finding suggests that the use of interactive controls minimises the CSR disclosure-action portrayal gap by raising employees' participation in their organisation's CSR activities through active exchanges and open dialogue between senior management and employees in respect to CSR initiatives, and in doing so, leading to the accomplishment of CSR activities. The finding also suggests that the use of interactive controls potentially tempers management's tendency to overemphasise their CSR claims by raising employee awareness of their organisation's CSR activities through active dialogues. Given the adverse consequences of the CSR disclosure-action portrayal gap on employee work-related attitudes, the finding highlights the need for organisations to enhance their use of interactive controls by involving their employees in CSR communications and discussions, particularly in respect to CSR matters relating to society, community, philanthropy, and responsible business practices.

The use of diagnostic controls was found to be negatively associated with the CSR disclosure-action portrayal gap relating to the Environmental CSR dimension which included statements in respect to the protection of the natural environment, mitigating environmental risks and the dissemination of environmental policy throughout the organisation. This finding indicates that

the use of diagnostic controls minimises the extent to which the environmental related CSR disclosures exceed environmental related CSR activities (i.e. a smaller positive gap) or increases the extent to which the environmental related CSR actions exceed CSR disclosures (i.e. a larger negative gap). This finding suggests that the use of diagnostic controls minimises the CSR disclosure-action portrayal gap by facilitating the achievement of organisational objectives relating to CSR activities in the Environmental CSR dimension. The finding also implies that the use of diagnostic controls facilitates the setting of clear and specific environmental performance targets, thereby limiting the opportunities for management to exaggerate their CSR achievements. Therefore, in light of the adverse impact of the CSR disclosure-action portrayal gap on employee work-related attitudes, managers should increase the use of diagnostic controls in areas of environmental related CSR engagement in order to minimise the environmental CSR disclosure-action portrayal gap.

5.2 Conclusion

The study sheds light on the consequences of employees' perceptions of the CSR disclosure-action portrayal gap and the factors which can mitigate or exacerbate the gap. From a critical perspective, the findings imply that the voluntary nature of CSR disclosures is providing opportunities for impression management through CSR disclosures, which is having a negative impact on employees' work-related attitudes and probably organisational outcomes due to the strong association between employees' work-related attitudes and organisational outcomes. Consequently, it is recommended that managers should refrain from engaging in impression management practices and attempt to reduce the CSR disclosure-action portrayal gap. Hence, while public image concerns and stakeholder pressures are outside of the controls of the reporting organisations and exert pressures on organisations to disclose CSR practices, managers should be aware of the full implications of disclosing such information, in particular,

if it is considered to be misleading. Alternatively, in order to minimise the gap and its effects, organisations should adopt the use of interactive and diagnostic controls in respect to CSR initiatives to ensure that the focus of the organisation is placed on CSR activities, and mitigate the risk of overemphasising CSR disclosures. Finally, a mandated reporting framework could provide the structure necessary to ensure consistency in the content and practices relating to CSR disclosures, thereby alleviating some of the ambiguities associated with social disclosures and reducing the opportunities for impression management.

5.3 Limitations and suggestions for future research

The use of the survey method limits the study from establishing causal relationships. Although the survey was administered online and the respondents were assured of confidentiality, social desirability bias could not be eliminated completely as the respondents would have known that the survey was about their organisation's CSR activities and disclosures. In addition, the study was conducted in the U.S. and therefore the applicability of the findings may be restricted to similar economic and cultural contexts. As such, future studies may explore the CSR disclosure-action portrayal gap in developing and emerging economies.

While a significant amount of literature showed that CSR disclosures misrepresent actual CSR practices, this study only focuses on the discrepancy between the extent of disclosures and the extent of CSR practices. Therefore, future studies may examine the extent to which disclosures accurately represent practices using an interpretive method such as semi-structured interviews. Furthermore, while this study demonstrated quantitative associations among the antecedents and consequences of the CSR disclosure-action portrayal gap, using cross-sectional data, a longitudinal study that explores the process and the timing of these associations could add greater depth to the findings of this study.

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APPENDIX 1: Corporate Social Responsibility Survey

Question 1

Lower level managers are the first line of managers who communicates the fundamental operating problems of an organisation to higher levels of management, e.g. operation managers, account managers, services managers, sales managers, and commercial managers.

Are you a lower level manager?

Yes/No

Question 2

Corporate social responsibility (CSR) can be defined as voluntary company activities which demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.

Does your organisation make disclosures in relation to corporate social responsible (CSR) activities (e.g. in CSR reports, annual reports, websites, social media, or other media)?

Yes/No

Question 3

Do your responsibilities within your organisation include preparing CSR disclosures or the implementation of CSR practices?

Yes/No

Question 4

Indicate the industry sector that most clearly represents the industry that your organisation where you currently work is in.

- Extractive sector (e.g. agriculture, forestry, fishing, mining)
- Manufacturing (including construction)
- Utilities sector (e.g. electricity, gas, water, waste services)
- Financial and insurance services
- Other business services (e.g. rental; hiring and real estate services; professional, scientific and technical services; administrative and support services)
- Distribution services (e.g. wholesale trade; retail trade; transport, postal and warehousing; information, media and telecommunications)
- Social services (e.g. public administration and safety; health care and social assistance)
- Personal services (arts and recreation services; accommodation and food services)

Question 5

How many years have you worked in your organisation? _____

Question 6

How many employees work in your organisation? _____

Question 7

What is your current job title? _____

Question 8

To what extent do your organisation's disclosure practices (CSR reports, annual report, websites, social media and other media etc.) emphasise the following:

(1 'Not at all' to 5 'To a great extent')

1. Actions to improve the general well-being of society.
2. Philanthropic contributions towards society.
3. Engaging in community programs such as health, education, water projects and community infrastructure assistance.
4. Actions to protect the natural environment.
5. Actions to mitigate environmental risks.
6. The dissemination of environmental policy throughout the organisation.
7. The development and application of responsible business practices (e.g. code of conduct, ethical principles)
8. The dissemination of CSR policy throughout the organisation.
9. Engaging in CSR activities
10. Supporting employees' career development.
11. Supporting the general well-being of employees.
12. Compliance with relevant industrial relations.
13. Engaging in ethical interactions with stakeholders (e.g. customers, suppliers).

Question 9

Please indicate the importance of the pressure placed on your organisation by the following stakeholders:

(1 'Not at all' to 5 'To a great extent')

1. Customers
2. Suppliers
3. Government
4. Employees

Question 10

Please indicate the extent to which the following statements apply to your organisation.

(1 'Not at all' to 5 'To a great extent')

1. Focusing on CSR activities strengthens the perceptions of various stakeholders of our organisation.
2. Improved CSR performance improves our organisation's public image.

Question 11

Please indicate the extent to which the following statements reflect management practices within your organisation.

(1 'Not at all' to 5 'To a great extent')

1. There is a lot of on-going interaction between operational management and senior managers.
2. Controls are used regularly in scheduled face-to-face meetings between operational and senior managers.
3. Controls are often used as a means of developing ongoing action plans.
4. Controls are used to track progress towards goals and monitor results.
5. Controls generate information that forms an important and recurring agenda in discussions between operational and senior managers.
6. Controls are used to review performance.

7. Controls are used to plan how operations are to be conducted in accordance with the strategic plan.
8. Controls are used by operational and senior managers to discuss changes that are occurring within the business unit.
9. Controls are used to identify significant exceptions from expectations and take appropriate actions.
10. Controls are often used as a means of identifying strategic uncertainties

Question 12

Please indicate the extent to which you agree with the following statements.

(1 'Strongly disagree' to 5 'Strongly agree')

1. I am quite proud to be able to tell people who it is I work for.
2. I sometimes feel like leaving this employment for good.
3. I am not willing to put myself out just to help the organisation.
4. Even if my organisation was not doing well financially, I would be reluctant to change to another employer.
5. I feel that I am a part of the organisation.
6. In my work I like to feel I am applying some effort not just for myself but for the organisation as well.
7. The offer of a small increase in remuneration by another employer would not seriously make me think of changing my job.
8. I would not advise a close friend to join my organisation.
9. I am determined to make a contribution for the good of my organisation.

Question 13

Please indicate the extent to which you agree or disagree with the following statements.

(1 'Strongly disagree' to 5 'Strongly agree')

1. I feel I am being paid a fair amount for the work I do.
2. I am satisfied with my chances for promotion.
3. My supervisor shows too little interest in the feelings of subordinates.
4. The benefits we receive are as good as those offered by most organisations.
5. I find I have to work harder at my job because of the incompetence of people I work with.
6. I sometimes feel my job is meaningless.
7. Communication seems good within this organisation.
8. When I do a good job, I receive the recognition for it that I should receive.
9. I have too much to do at work.

Question 14

Please indicate the extent to which you agree that you will actively look for a new job in the next year.

(1 'Strongly disagree' to 5 'Strongly agree')

Question 15

To what extent do you believe your organisation focuses on the following.

(1 'Not at all' to 5 'To a great extent')

1. Actions to improve the general well-being of society.
2. Philanthropic contributions towards society.

3. Engaging in community programs such as health, education, water projects and community infrastructure assistance
4. Actions to protect the natural environment.
5. Actions to mitigate environmental risks.
6. The dissemination of environmental policy throughout the organisation.
7. The development and application of responsible business practices (e.g. code of conduct, ethical principles)
8. The dissemination of CSR policy throughout the organisation.
9. Engaging in CSR activities
10. Supporting employees' career development.
11. Supporting the general well-being of employees.
12. Compliance with relevant industrial relations.
13. Engaging in ethical interactions with stakeholders (e.g. customers, suppliers).

APPENDIX 2: Tables

Table A Confirmatory factor analysis for the use of interactive controls

Items for the use of interactive controls	Std. beta	S.E.	C.R.	P-value
Item 2. Controls are used regularly in scheduled face-to-face meetings between operational and senior managers	0.77			
Item 3. Controls are often used as a means of developing ongoing action plans.	0.84	0.08	11.56	0.00
Item 5. Controls generate information that forms an important and recurring agenda in discussions between operational and senior managers.	0.75	0.09	10.86	0.00
Item 8. Controls are used by operational and senior managers to discuss changes that are occurring within the business unit.	0.74	0.09	9.66	0.00
Item 10. Controls are often used as a means of identifying strategic uncertainties	0.68	0.08	9.60	0.00
<i>Goodness of fit statistics</i>				
CMIN/DF	1.23			
CFI	1.00			
RMSEA	0.03			

* Only significant items are shown.

* Removed: Item 1. There is a lot of on-going interaction between operational management and senior managers.

Table B Confirmatory factor analysis for the use of diagnostic controls

Items for the use of diagnostic controls	Std. beta	S.E.	C.R.	P-value
Item 4. Controls are used to track progress towards goals and monitor results.	0.82			
Item 6. Controls are used to review performance.	0.71	0.08	10.43	0.00
Item 7. Controls are used to plan how operations are to be conducted in accordance with the strategic plan.	0.85	0.08	12.27	0.00
Item 9. Controls are used to identify significant exceptions from expectations and take appropriate actions.	0.66	0.09	9.62	0.00
<i>Goodness of fit statistics</i>				
CMIN/DF	0.82			
CFI	1.00			
RMSEA	0.00			

* Only significant items are shown.

Table C Confirmatory factor analysis for job satisfaction

Items for job satisfactions	Std. beta	S.E.	C.R.	P-value
Item 1. I feel I am being paid a fair amount for the work I do.	0.77			
Item 2. I am satisfied with my chances for promotion.	0.80	0.12	8.21	0.00
Item 7. Communication seems good within this organisation.	0.56	0.11	6.94	0.00
Item 8. When I do a good job, I receive the recognition for it that I should receive.	0.58	0.10	7.17	0.00
<i>Goodness of fit statistics</i>				
CMIN/DF	0.27			
CFI	1.00			
RMSEA	0.00			

* Only significant items are shown.

* Removed: Item 3. My supervisor shows too little interest in the feelings of subordinates; Item 4. The benefits we receive are as good as those offered by most organisations; Item 5. I find I have to work harder at my job because of the incompetence of people I work with; Item 6. I sometimes feel my job is meaningless; and Item 9. I have too much to do at work.

Table D Confirmatory factor analysis for EOC

Items for EOC	Std. beta	S.E.	C.R.	P-value
Item 1. I am quite proud to be able to tell people who it is I work for.	0.80			
Item 2. I sometimes feel like leaving this employment for good.	0.60	0.12	7.69	0.00
Item 5. I feel that I am a part of the organisation.	0.67	0.10	8.35	0.00
Item 8. I would not advise a close friend to join my organisation.	0.68	0.12	8.51	0.00
<i>Goodness of fit statistics</i>				
CMIN/DF	0.54			
CFI	1.00			
RMSEA	0.00			

* Only significant items are shown.

* Removed: Item 3. I am not willing to put myself out just to help the organisation; Item 4. Even if my organisation was not doing well financially, I would be reluctant to change to another employer; Item 6. In my work I like to feel I am applying some effort not just for myself but for the organisation as well; Item 7. The offer of a small increase in remuneration by another employer would not seriously make me think of changing my job; and Item 9. I am determined to make a contribution for the good of my organisation.

Table E Comparison of early and late responses

Variables	First 6 days	Last 6 days	F-value	P-value
	N = 13	N = 196		
	Mean (Std. Dev.)	Mean (Std. Dev.)		
Stakeholders 1- Customers	3.69 (1.32)	3.84 (1.14)	0.19	0.66
Stakeholders 2- Suppliers	3.08 (0.95)	2.87 (1.16)	0.40	0.53
Stakeholders 3- Government	3.31 (1.03)	3.31 (1.27)	0.00	1.00
Stakeholders 4- Employees	3.46 (1.13)	3.46 (1.01)	0.00	0.99
Public image	3.46 (0.85)	3.45 (0.90)	0.00	0.95
The use of interactive controls	3.31 (1.03)	3.32 (0.79)	0.00	0.96
The use of diagnostic controls	3.56 (1.08)	3.41 (0.79)	0.42	0.52
General CSR disclosure-action portrayal gap	-0.03 (0.53)	-0.15 (0.80)	0.27	0.60
Labour-focused CSR disclosure-action portrayal gap	-0.19 (0.72)	-0.15 (0.76)	0.04	0.83
Environmental CSR disclosure-action portrayal gap	-0.56 (0.44)	-0.3 (0.94)	1.03	0.31
Job satisfaction	3.58 (0.57)	3.32 (0.94)	0.99	0.32
EOC	3.69 (0.69)	3.61 (0.83)	0.12	0.73
Propensity to remain	3.62 (0.96)	3.34 (1.32)	0.54	0.46

Appendix 3 of this thesis has been removed as it may contain sensitive/confidential content