

## RESEARCH ARTICLE

# The 5 E(lements) of employee-centric corporate social responsibility and their stimulus on happiness at work: An empirical investigation

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## Abstract

In recent times, there has been a growing interest in corporate social responsibility (CSR) practices that focus on employees, with an increasing emphasis on investigating employees' experiences of CSR in relation to their happiness. The purpose of this study is to explore employee-centric CSR initiatives with the aim of identifying the elements stimulating happiness at work (HAW). To accomplish this, we adopt a non-linear and data-driven approach to analyze self-reported data from 441 employees across 21 small and medium-sized enterprises spanning various industries. The analysis brings to light 5 *E(lements)* of employee-centric CSR: envisioning, related to personal and organizational value orientation; equity, related to definition and distribution of rewards; empowerment, related to career development and professional growth; experimentation, related to innovative tasks and organizational forms; and empathy, related to a supportive workplace and coworkers' network. These 5 *E(lements)* serve as stimuli for HAW in different ways: envisioning, empowerment, and experimentation play a major role in promoting employees' happiness and underscore the importance of initiatives related to shared values, inclusivity, and innovative work practices. Thus, this study sheds light on the influence of employee-centric CSR in promoting HAW and on effective strategies that may contribute to achieving Sustainable Development Goals targets.

## KEYWORDS

employee-centric CSR, happiness at work, logistic regression, nonlinear principal component analysis, sustainable development goals

## JEL CLASSIFICATION

M14, M54, I31, C38

## 1 | INTRODUCTION

In the last two decades, the advent of digital transformation and the related organizational challenges has contributed to reconsidering

the crucial role of human capital and its well-being (Chalutz Ben-Gal, 2019). In fact, organizations have started to shift the focus from the technological results of the production process to their members, recognizing their pivotal contribution to economic

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development (McConvill, 2020). Likewise, corporations are increasingly committing to CSR practices to address environmental challenges and make a positive impact on the society in which they operate (Jang & Ardichvili, 2020). These two orientations have started to converge, with CSR strategies focusing not only on external stakeholders, but also on the internal members of the organization (Aguilera et al., 2007; McWilliams & Siegel, 2001). Although employees constitute one of the key stakeholder groups for whom the company is responsible (Barakat et al., 2016; Peloza & Shang, 2011), as noted by Onkila and Sarna (2022), the perspective of employees as targets of responsibility remains underexplored, and the focus on employee well-being is lacking. CSR practices that focus on employee well-being, often used interchangeably with employee happiness in literature, have been explored in recent studies (Ahmed et al., 2020; Sorribes et al., 2021). Specifically, the development of CSR strategies embedding goals related to employee happiness may contribute to a positive work environment that fosters responsible behaviors and the achievement of social sustainability goals (Ahmed et al., 2020; Cohen et al., 2012; Su & Swanson, 2019). Furthermore, over the past two decades, well-being and CSR have gained traction on the agenda of public institutions within the scope of sustainability, as evidenced by the Sustainable Development Goals (SDGs) (United Nations, 2015). From an organizational perspective, happiness has primarily been examined at the individual level, revealing positive implications for both employees and organizations (Fisher, 2010; Ravina Ripoll et al., 2019; Wright & Cropanzano, 2004). However, despite the extensive body of research on happiness at work (HAW), a commonly agreed-upon definition still needs to be established (Fisher, 2010; Kesebir & Diener, 2008; Salas-Vallina et al., 2020). Over the past two decades, a multidimensional approach to happiness has emerged, incorporating both hedonia and eudaimonia (Ryan & Deci, 2001), which are two conceptually distinct orientations to happiness that can be integrated to formulate a more comprehensive definition (Kashdan et al., 2008). The relevance of employee-centric CSR initiatives at different levels (i.e., individual and organizational) and the existing knowledge gap concerning their relationship with employees' HAW serve as the motivation for this research, which encompasses various objectives.

Firstly, acknowledging the importance of integrating employees' perspectives when analyzing the influence of organizational CSR practices on their happiness (Raab, 2020), this study hinges on employees' perceptions of internal CSR practices to delve into the relation between distinct CSR initiatives and HAW. Consequently, the research builds upon recent studies on employee-centric CSR (Bastian & Poussing, 2023; Garrido-Ruso & Aibar-Guzmán, 2022; Suto & Takehara, 2022) by incorporating the valuable perspective of employees. These different employee-centric CSR initiatives are linked to both hedonic and eudaimonic aspects of HAW, aiming to capture the full spectrum of the concept.

Secondly, from a methodological standpoint, we employ robust nonlinear methodologies to empirically identify the directions of employee-centric CSR initiatives toward HAW and assess how HAW is stimulated by such CSR initiatives. In this regard, our work contributes to the literature by addressing the broader research question:

*Can organizations shape employee-centric CSR initiatives to stimulate HAW? If so, in what ways?*

To answer such questions, we focus on employees' perceptions and, through the adoption of data-driven investigations, we then explore the impact of employee-centric CSR initiatives on employee happiness. In turn, this may assist managers in formulating novel approaches for employee-centric CSR, particularly in the post-pandemic scenario, where many employees are reconsidering their relationship with work and redefining their priorities.

The paper is structured as follows. Section 2 provides a review of the theoretical framework of employee-centric CSR and the concept of HAW within the ongoing discourse, forming the foundation for our research hypotheses. In Section 3, we present comprehensive details of data collection, survey items, variable definitions, and methodologies employed. Section 4 discusses the primary findings, together with additional investigations on sample heterogeneity and robustness. Finally, the last section draws conclusions, advises academic and managerial contributions, and suggests future developments.

## 2 | THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESIS

### 2.1 | Corporate social responsibility

Since the 1950s, the idea that corporations should not only pursue financial results but also contribute to the society in which they operate started to arise. In particular, over the last two decades CSR has gained considerable attention both from scholars and practitioners (Carroll, 1999; Jang & Ardichvili, 2020), leading to a proliferation of scientific works that, however, have failed to reach a common definition (Dahlsrud, 2008; Onkila, 2015). Carroll's three-dimensional model (1979) is commonly accepted as a starting point in the conceptualization of CSR (Cuesta-Valiño et al., 2019). In his work, Carroll defined CSR as "the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time". In 1991 the author further developed the model, concluding that businesses should not only have the responsibility to generate financial results abiding by the law but also to operate in the interest of society by engaging in socially desired ethical and philanthropic activities (Carroll, 1991). Several studies followed Carroll's contribution, investigating CSR meaning under different disciplines and perspectives. In 2008 Dahlsrud reviewed 37 different definitions of CSR, concluding that most of them were congruent and referred to five dimensions: stakeholder, social, economic, voluntariness, and environmental. Further, Windsor (2006) identified three main CSR approaches, including ethical responsibility, economic responsibility, and corporate citizenship. All these definitions shed light on different perspectives of the same concept, sharing the idea of going beyond what is required by law. Indeed, corporations willing to engage in CSR activities should operate beyond compliance, carrying out actions that further some social good (Carroll, 1991; Portney, 2008).

Nevertheless, despite the contested meaning of the term, organizations are increasingly engaging in CSR activities (Jang & Ardichvili, 2020),

going beyond legal requirements to “improve the well-being of the community through discretionary business practices and contributions of corporate resources” (Kotler & Lee, 2005). In fact, nowadays, organizations consider CSR a crucial part of their strategic orientation, enabling them to meet their stakeholders' obligations and attract the investors' interest (Cuesta-Valiño et al., 2019). In addition, such activities may benefit society as a whole and generate a long-term competitive edge for the company (Porter & Kramer, 2002). Traditionally, the mainstream of the CSR literature focuses on demonstrating that companies more committed to CSR generate better financial results (Boesso & Michelon, 2010; de Bussy & Suprawan, 2012). Nevertheless, studies demonstrating that employee-CSR practices may generate better social results are scarce (Gorondutse & Hilman, 2019).

## 2.2 | Employee-centric CSR

The study of CSR has predominantly focused on external stakeholders, yet in recent times, there has been an increasing emphasis on internal stakeholders, particularly employees (Bastian & Poussing, 2023; Jang & Ardichvili, 2020; Onkila & Sarna, 2022; Suto & Takehara, 2022). Employee-centric CSR encompasses a wide array of objectives, including enhancing work-life balance, ensuring occupational health and safety, facilitating training opportunities, promoting equal opportunities, and fostering diversity practices (Diaz-Carrion et al., 2019; Jamali et al., 2015; Suto & Takehara, 2022). Although employees are one of the key stakeholder groups to whom the company is responsible (Barakat et al., 2016; Pelozo & Shang, 2011), according to Onkila and Sarna (2022), the view of employees as targets of responsibility is under-investigated, and the focus on employee well-being and justice is missing. The authors suggest that future research should map out employee experiences of their companies' CSR related to equality in the workplace, well-being, and social justice (Onkila & Sarna, 2022). In this view, to contribute to this stream of literature and respond to the call to include employees' well-being in the assessment of the effect of CSR practices, this study investigates employee-centric CSR configuration to promote employees' happiness. Our investigation encompasses CSR initiatives directed at employees at both the organizational and individual levels. In particular, CSR actions can lead to positive employee emotions, such as pride, enthusiasm, gratification, and fulfillment (Barakat et al., 2016; Lee & Chen, 2018). On the contrary, companies' actions that have a negative impact on stakeholders can lead to adverse emotions among employees, such as shame, anger, and fear (El Akremi et al., 2018; Onkila, 2015). Onkila (2015) states that companies engaged in CSR activities are more likely to evoke positive emotions, including pride, higher identification with the company, and alignment with the companies' values. Thus, employees holding positive emotions will be more willing to direct their behavior toward activities that align with their organization's goals and values (Temminck et al., 2015). Positive emotions and experiences generated by employee-centric CSR practices not only influence employees' conduct but may also drive companies toward more responsible behaviors (Aguilera et al., 2007; McWilliams & Siegel, 2001). Thus, different CSR initiatives toward employees can

foster HAW (Raab, 2020), which is indivisibly linked to employees' experience and workplace values and practices. In this vein, the present study explores the drivers of employee-centric CSR initiatives in pursuing HAW objectives and contributing to organizational members' well-being. Furthermore, the role of employees in CSR actions is central, and the interplay between human resource management and CSR practices may contribute to meeting social sustainability targets, as outlined by the SDGs (Cohen et al., 2012; United Nations, 2015).

## 2.3 | Employee-centric CSR and HAW

While prior research has examined the relationship between CSR and aspects like employee commitment, innovation, and satisfaction (Ramayah et al., 2022; Story & Castanheira, 2019; Suto & Takehara, 2022), a notable research gap exists concerning the specific investigation of employee happiness as the ultimate goal. Positive psychology has tried to define happiness for years, considering it a paramount goal and the most desirable state for individuals (Diener & Biswas-Diener, 2008), leading to clear benefits for individuals such as improved physical health, longevity, and performance (Dolcos et al., 2018; Lyubomirsky et al., 2005; Oswald et al., 2015).

In general, happiness can be described as the predominance of positive emotions and experiences over negative ones (Lu, 2010). However, happiness is inherently subjective, depending on personal evaluations (Rego et al., 2010), making it challenging to establish a single, universally accepted definition (Kesebir & Diener, 2008). This difficulty, rooted in its multidimensional nature, has resulted in a vast number of definitions (Fisher, 2010; Sender et al., 2021). Recognizing this complexity, a multidimensional approach to happiness has emerged in the last two decades, emphasizing the integration of both hedonic and eudaimonic perspectives (Ryan & Deci, 2001). Consequently, we can distinguish between hedonic and eudaimonic happiness, two conceptually distinct orientations that can be combined to formulate a more comprehensive understanding of happiness (Kashdan et al., 2008). From a hedonic perspective, happiness is the affective evaluation of pleasure and enjoyment (Huta & Waterman, 2014), characterized by both physical and mental pleasure (Kahneman et al., 1999; Ryan & Deci, 2001), representing a subjectivist view (Kashdan et al., 2008). Subjective happiness, also known as subjective well-being, assesses one's emotional experiences and life satisfaction, typically associated with high positive and low negative affect (Diener et al., 2017). Eudaimonic happiness, namely the Aristotelian view, arises from realizing one's true potential and adhering to core virtues and ethics (Waterman, 1993). It follows an objectivist approach guided by social values (Kashdan et al., 2008) and can be achieved through noble pursuits, self-realization, and meaning (Ryan & Deci, 2001; Seligman, 2002). For a comprehensive review of hedonic and eudaimonic concepts, refer to Haybron (2008). In response to the need to incorporate both hedonism and eudaimonism (Ryan & Deci, 2001), in this study, we see happiness as the combination of elements capturing both orientations, with the aim of constructing a holistic definition of HAW. Indeed, these two orientations work in tandem and are interconnected (Kashdan et al., 2008). For instance, the



experience of hedonic happiness (i.e., pleasure) may be associated with improved perceptions of meaning in life, promoting the eudaimonic functioning (King et al., 2006).

From an organizational perspective, HAW traces its roots to the positive psychology's theories of well-being. Consequently, happiness and well-being are often used interchangeably in the literature (Demo & Paschoal, 2016; Higgs & Dulewicz, 2014; Lyubomirsky, 2007; Seligman, 2002; Sheldon & Lyubomirsky, 2004; Wright & Huang, 2012). More recently, HAW has evolved into a distinct construct (Lutterbie & Pryce-Jones, 2013; Salas-Vallina et al., 2017, 2018), serving as an umbrella term encompassing various happiness-related constructs, including job satisfaction, engagement, commitment, and subjective well-being (De Sousa & Porto, 2015; Fisher, 2010; Salas-Vallina et al., 2017; Sender et al., 2021). A recurring theme in the literature about HAW is the presence of pleasure, positive emotions, and fulfilling experiences in the workplace (Fisher, 2010; Salas-Vallina et al., 2017), encompassing both physical and mental dimensions (Currie, 2001). Furthermore, existing literature suggests that employee happiness may depend on individual-level factors (e.g., personality, values, goals) and organizational-level elements such as the work environment and culture (De Sousa & Porto, 2015; Sender et al., 2021). Other significant factors stimulating HAW include alignment between individual and organizational expectations and needs, workplace and job satisfaction, opportunities for professional growth, employee engagement, and the quality of social relationships (Dutton & Ragins, 2007; Erdogan et al., 2012; Joo & Lee, 2017). This theory-based approach has resulted in multiple perspectives on defining HAW, leading to a proliferation of measures and definitions (Fisher, 2010; Warr & Inceoglu, 2012). Thus, in our study, we aim to model HAW using employee-centric CSR initiatives capturing both hedonic and eudaimonic orientations.

## 2.4 | Research hypotheses

Considering the potential impact of employee-centric CSR initiatives on HAW, our focus lies on the primary categories that may stimulate both hedonic and eudaimonic functioning of employee happiness. In recent times, scholars have begun to investigate the boundary conditions affecting the relationship between perceived CSR and employees' emotional engagement and organizational identification. For instance, De Roeck et al. (2016) discovered that employees are more likely to identify with socially and environmentally responsible organizations when they perceive their company as practicing internal fairness. Through CSR initiatives, companies can cultivate emotional engagement among employees and promote the alignment of their values with the organization's true values (Farrukh et al., 2020; Jones Christensen et al., 2014). Consequently, the establishment of expectations concerning the organization's goals takes shape through a shared, purposeful mindset, significantly influencing future decisions (Montani et al., 2014). As posited by Fisher (2010), employees displaying emotional engagement with the organization develop attachment to the workplace, thereby triggering the positive emotions essential to HAW.

Another direction of employee-centric CSR refers to initiatives aimed at enhancing the perceived fairness of employee treatment

through economic and moral rewards, which are perceived as manifestations of organizational justice (Simmons, 2003). As stated by the cited author (p. 137) in the context of investigating responsible human resource practices, "employee views of equity in organizations are influenced by the acceptability of human resource systems and decision criteria as well as by their outcomes." Within this framework, equity in treatment encompasses both the distribution of organizational resources and the perceived fairness of organizational decision-making processes (Andrews & Kacmar, 2001). Numerous studies indicate that organizational justice, where employees perceive fairness in decision-making processes, resource allocation, and equal treatment (Colquitt, 2001), significantly influences employee happiness (Jha et al., 2023; Mert et al., 2022).

Employee-centric CSR initiatives can empower employees by promoting job meaningfulness, increasing their confidence in task performance, enhancing their autonomy in decision-making, and improving their perception of making a positive impact within the organization (Thomas & Velthouse, 1990). In general, employee empowerment encompasses actions aimed at fostering greater flexibility and freedom in making decisions about their work (Greasley et al., 2005). Initiatives that seek to empower employees through the delegation of responsibilities and the provision of sufficient staff support are fundamental in achieving HAW (Galván Vela et al., 2022).

Additionally, CSR can also stimulate organizations' motivation to engage in product innovation and incentivize employees to exhibit innovative behavior (Richter et al., 2021). In organizations where employees can act without fear of consequences and are encouraged to take risks, they are more likely to experiment with new solutions (Ahmad et al., 2019). When such experimentation initiatives are in place, employees are encouraged to incorporate innovative ideas while completing their assigned tasks. These proactive attitudes can improve employees' self-motivation to excel in their roles and recognize the impact of their work on others (Suseno et al., 2020). Management models that emphasize responsibility and focus on creativity, commitment, innovation, and internal entrepreneurship promote happiness within organizations and among employees (Ravina Ripoll et al., 2021).

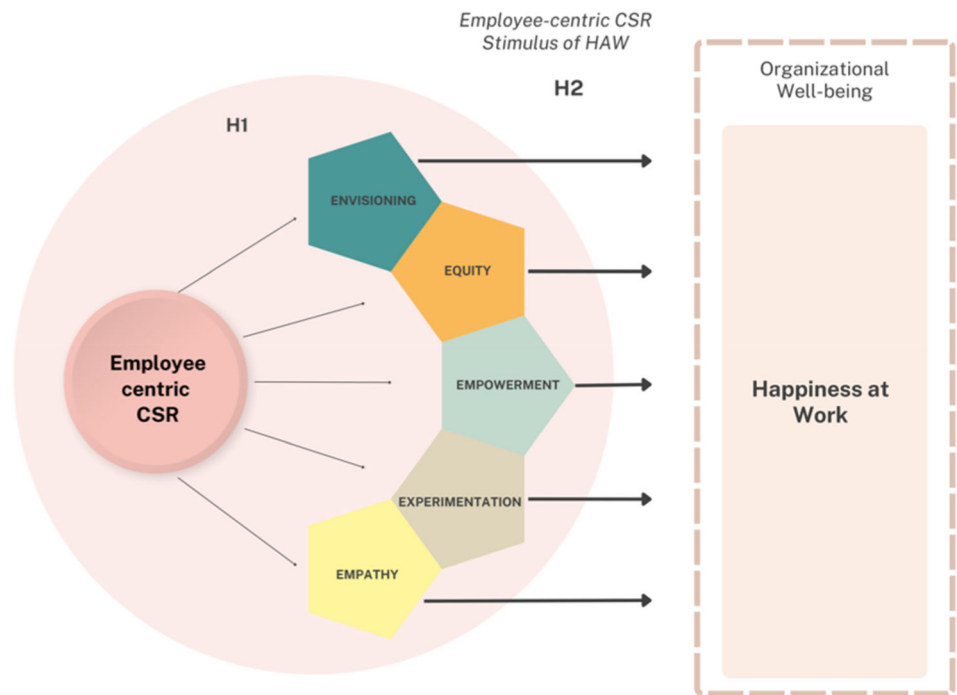
Lastly, initiatives aimed at fostering social networking and a collaborative environment can be categorized under the concept of empathy, which involves sharing another person's feelings in relation to their well-being (Batson, 1987). Empathy comprises both cognitive and emotional components (Mencé & May, 2009). Some facets of empathy are also closely linked to prosocial and altruistic behaviors (Batson & Ahmad, 2009), which, in turn, contribute to greater happiness (Aknin et al., 2012).

In order to identify the elements of employee-centric CSR that exhibit an influence on HAW and, in turn, to evaluate how HAW can be enhanced by different employee-centric CSR initiatives, the very first question to address relates with the exploration of potential different directions of such initiatives. Consequently, we formulate our first hypothesis as follows:

**H1.** *There exist 5 well-separated employee-centric CSR initiatives that can be clearly identified:*

- a. *Envisioning, related to personal and organizational value orientation;*

**FIGURE 1** Research model and hypotheses. HAW, happiness at work.



- b. *Equity, related to definition and distribution of rewards;*
- c. *Empowerment, related to career development and professional growth;*
- d. *Experimentation, related to innovative tasks and organizational forms;*
- e. *Empathy, related to a supportive workplace and coworkers' network.*

Thus, we refer to the above as the 5 E(lements) of employee-centric CSR.

Following the identification of employee-centric CSR initiatives, we then evaluate the extent to which HAW is stimulated by them. Therefore, we set the second hypothesis as follows:

**H2.** *HAW is positively stimulated by the 5 E(lements) of employee-centric CSR with Envisioning, Empowerment, and Experimentation being the greater stimuli with respect to Equity and Empathy.*

Figure 1 summarizes the research model and related hypotheses.

### 3 | DATA AND METHODS

#### 3.1 | Data collection

Considering the research objective of this study, we adopted an employee perspective by using self-reported measures for data

collection. We conceptually delineated various elements of employee-centric CSR that could potentially stimulate employees' happiness, and we grounded the questionnaire items design on theories and concepts from extant literature. The online survey was administered between September 2019 and January 2020, targeting all companies affiliated with the "Association for Corporate Social Responsibility" in Italy, with a participation rate of 65%. Before data collection, a pilot phase was conducted to refine the questionnaire based on insights and issues raised by participating companies. The finalized survey was then distributed to employees via email, ensuring both voluntary participation and the confidentiality of responses in anonymous way.

The final sample for analysis includes 441 workers from 21 small and medium enterprises (SMEs) across various industries (e.g., steel industry, industrial machinery, IT services, research and development) in Northern Italy. Gender distribution is nearly equal, with 55% of respondents identifying as male and 45% as female. Most of them (212) are between 36 and 50 years old and have secondary (57.6%) or higher education (39.2%). The average organizational tenure is 11.5 years. A more detailed overview of the sample characteristics is provided in Table 1.

#### 3.2 | Survey items and variables definition

The structured questionnaire used for data collection was designed as follows. The first section contained the main variables of the study (40), measuring the individual work-related experience. In the second section, two multiple-choice questions were included to evaluate employees' working experience and collect personal thoughts on the organization. The main variables of the study were measured on a



**TABLE 1** Demographic characteristics of the sample.

| Respondents (N = 441) | Count (%)  |
|-----------------------|------------|
| Gender                |            |
| Female                | 199 (45)   |
| Male                  | 242 (55)   |
| Age                   |            |
| 18–25                 | 51 (11.6)  |
| 26–35                 | 89 (20.2)  |
| 36–50                 | 212 (48.1) |
| 51–60                 | 78 (17.7)  |
| >60                   | 11 (2.5)   |
| Education             |            |
| Lower secondary       | 25 (5.7)   |
| Upper secondary       | 229 (51.9) |
| Bachelor's degree     | 13 (2.9)   |
| Master's degree       | 160 (36.3) |
| Other                 | 14 (3.2)   |

five-point Likert scale, ranging from total disagreement (1) to total agreement (5).

Considering the absence of well-established and validated scales in the existing literature for measuring employee-centric CSR initiatives, we formulated the questionnaire items to comprehensively capture all potential contributors. It is noteworthy that the identified employee-centric CSR initiatives possess a multidimensional nature, each targeting diverse facets of the work environment. Consequently, the boundaries of these initiatives are not clearly defined, requiring the inclusion of a multitude of items.

Specifically, we adapted items from the Workplace Employment Relations Study (WERS) and from Linz and Semykina (2012) to measure both financial and non-financial rewards, perks, and recognition from the management (van Wanrooy et al., 2014). Notably, rewards have been consistently associated with employee happiness (Griffin, 1997; Linz & Semykina, 2012; Park et al., 2016) and can serve as a measure for public recognition (Srivastava et al., 2001; Warr, 2007). Intangible rewards, such as appreciation from management, have been shown to predict happiness (Renee Baptiste, 2008) and align with the principles of “Social exchange theory,” where employees reciprocate support received from supervisors (Blau, 1986). Items assessing interpersonal relationships and networking among coworkers were drawn from the scales developed by Kramer (1996) and Stanton et al. (2002). Research has established a positive link between relationships with peers and happiness (Dutton & Ragins, 2007; Renee Baptiste, 2008), as these relationships may lead to productivity spillover and enhance employee engagement (Cornelissen, 2016; Gallup, 2017). Career development represents another critical aspect addressed by employee-centric CSR initiatives to target HAW. Indeed, providing opportunities for job enrichment, career growth, training, and self-realization has been demonstrated to exert a positive impact on employee happiness (Warr, 2002; Wilson

et al., 2004). In this context, we integrated items related to task identity, training opportunities, and career growth, drawing from the Job Diagnostic Survey (Hackman & Oldham, 1975) and the Job Descriptive Index (Smith et al., 1969). Employee-centric CSR initiatives that align with personal and organizational values may foster stronger emotional attachment to the organization (De Sousa & Porto, 2015; Fisher, 2010), consistent with the concept of affective organizational commitment introduced by Meyer and Allen (1991). The value-oriented set of initiatives was adapted from the Utrecht Work Engagement Scale (UWES) (Schaufeli et al., 2006) and Mowday et al. (1979). Lastly, a set of items sourced from Scott and Bruce (1994) was included to investigate CSR initiatives related to innovative tasks and work organization, as innovation and skills development may also play a pivotal role in promoting employee happiness (Paruzel et al., 2023). In line with the positive innovation concept posited by Brulé and Munier (2021), innovation can enhance happiness, which, in turn, fosters innovative behavior (Usai et al., 2020; Wang et al., 2017).

In the second section of the survey, we designed two multiple-choice questions to assess the workplace experience, drawing on previous studies investigating HAW (Espasandín-Bustelo et al., 2021; Fisher, 2010). The first question (MC1), expressed as “Choose the most appropriate statements to describe your experience at work,” allowed respondents to select up to three statements. We used this question to construct a binary variable for HAW, coding as “1” those choosing the statement “I am happy to work for this company” and “0” for all other responses.

The second multiple-choice question (MC2), designated “Which sentence better represents your emotions toward your workplace?,” was employed to validate our findings. In particular, we created a three-level scale for measuring HAW, utilizing the following coding scheme: “0” for responses including negative statements (e.g., “I see my job as a transitional situation, waiting for better working conditions”), “1” for positive statements (e.g., “I gladly go to work and I feel satisfied at the end of the day”), and “2” for the neutral statement (e.g., “I have an impartial evaluation of my work”). Table 2 provides a comprehensive overview of the survey's structure.

### 3.3 | Data analysis procedures

#### 3.3.1 | Nonlinear principal component analysis

Since the seminal work of Hotelling (1933), Principal Component Analysis has been widely applied to large datasets to reduce the number of variables into a smaller number of uncorrelated components. However, this technique assumes linear relationships between variables, requiring numeric level variables. Nonlinear or Categorical PCA (CATPCA) also incorporates nominal and ordinal variables, allowing the researcher to discover possible nonlinear relationships between variables (Linting et al., 2007). CATPCA handles all variables as categorical and optimal scaling is used to assign a numeric value to each category label in a way that maximizes the variance in the quantified variables. The scaling level does not necessarily correspond to the measurement level of a variable,

TABLE 2 Survey's structure.

| Set of variables  | Acronym | Measurement        | Literature   |
|---|---------|--------------------|--|
| Financial and non-financial rewards   | EQ      | Likert scale [1-5] | Blau (1986), Griffin (1997), Linz and Semykina (2012), Park et al. (2016), Renee Baptiste (2008), Srivastava et al. (2001), van Wanrooy et al. (2014), and Warr (2007) |
| Interpersonal relationships   | REL     | Likert scale [1-5] | Cornelissen (2016), Dutton and Ragins (2007), Gallup (2017), Kramer (1996), Renee Baptiste (2008), and Stanton et al. (2002)   |
| Career development and personal growth  | CAR     | Likert scale [1-5] | Hackman and Oldham (1975), Smith et al. (1969), Warr (2002), and Wilson et al. (2004)  |
| Shared value  | VAL     | Likert scale [1-5] | De Sousa and Porto (2015), Fisher (2010), Meyer and Allen (1991), Mowday et al. (1979), Schaufeli et al. (2006)  |
| Innovation  | INN     | Likert scale [1-5] | Brulé and Munier (2021), Paruzel et al. (2023), Scott and Bruce (1994), Usai et al. (2020), Wang et al. (2017)   |
| Multiple choice   |         |                    |  |
| Choose the three most appropriate statements to describe your experience at work. [MC1] |         |                    |  |
| Which sentence better represents your emotions toward your workplace? [MC2]             |         |                    |  |

and it is rather defined by the researcher based on the research question and interpretability (Linting & van der Kooij, 2012). In the following, we will provide the fundamental aspects of nonlinear PCA.

Let  $\mathbf{H}$  be the  $n \times m$  observed data matrix, where  $m$  is the number of ordinal variables measured on  $n$  individuals (objects). Let  $h_j$  be a categorical variable of the matrix  $\mathbf{H}$ , with  $j = 1, \dots, m$ , and  $\mathbf{G}$  a binary indicator matrix of order  $n \times k_j$ , where  $k_j$  represents the number of possible categories of variable  $j$ . Categorical variables require nonlinear (optimal) scaling, which assigns category quantifications to  $h_j$  through the nonlinear function  $q_j = \varphi_j(h_j)$ . In the following, we assume a weight of 1 for all the variables.  $\mathbf{Y}_j$  is the category quantification matrix ( $k_j \times p$ ) of variable  $j$ ,  $\mathbf{y}_j$  denotes the vector (of  $k_j$  order) of category quantifications, and  $\mathbf{q}_j$  is the associated transformed variable. Thus, the transformed variable  $\mathbf{q}_j$  can be denoted by  $\mathbf{G}_j \mathbf{y}_j$ . Let  $\mathbf{A}$  be the  $m \times p$  component loading matrix, where  $\mathbf{a}_j$  is the vector of coordinates (component loadings) to represent the  $j$ th variable. Let  $\mathbf{X}$  denote the  $n \times p$  object scores matrix, containing the coordinates to represent  $n$  objects in a  $p$ -dimensional space. CATPCA solution is derived by minimizing the least-square loss function  $\sigma(\mathbf{X}; \mathbf{Y}; \mathbf{A})$ , which ultimately minimizes the difference between object scores and original data. To obtain the solution, original data matrix  $\mathbf{H}$  is replaced by the  $n \times m$  matrix  $\mathbf{Q}$ , which contains the set of optimally transformed variables  $\mathbf{q}_j$ . Hence, the loss function can be derived as follows:

$$\sigma(\mathbf{X}; \mathbf{Y}; \mathbf{A}) = \frac{1}{m} \sum_{j=1}^m \text{tr} \left( \mathbf{X} - \mathbf{G}_j \mathbf{y}_j \mathbf{a}_j^T \right)^T \left( \mathbf{X} - \mathbf{G}_j \mathbf{y}_j \mathbf{a}_j^T \right), \quad (1)$$

where  $\text{tr}$  is the trace function and the product  $\mathbf{G}_j \mathbf{y}_j \mathbf{a}_j^T$  provides the coordinates to represent the  $j$ th variable in a  $p$ -dimensional space. The minimization of such loss function is performed by an Alternating Least Squares algorithm under normalization conditions and restrictions (Gifi, 1990). Imposing  $\mathbf{q}_j^T \mathbf{q}_j = n$  we derive that transformed variables are standard scores, and component loadings ( $\mathbf{a}_j$ ) constitute the Pearson correlation between principal components and transformed variables. Trivial solution, namely  $\mathbf{A} = \mathbf{0}$  and  $\mathbf{X} = \mathbf{0}$ , is avoided by the

restriction  $\mathbf{X}^T \mathbf{X} = n\mathbf{I}$ , where  $\mathbf{I}$  is the identity matrix. This condition implies the column of  $\mathbf{X}$  to be orthogonal z-scores for  $p > 1$ . Plus, to center object scores we require that  $\mathbf{1}^T \mathbf{X} = \mathbf{0}$ , where  $\mathbf{1}$  is a vector of ones (Linting et al., 2007). Finally, rank-one restriction is applied to multiple category quantifications to restrict each  $\mathbf{Y}_j$  to be of rank 1 (Gifi, 1990).

### 3.3.2 | Logistic regression

Logistic regression is a nonlinear specification designed for binary dependent variables. It models the probability of an event, represented by a dichotomous response variable  $Y$ , given a series of independent variables  $X_i$  ( $i = 1, \dots, k$ ) (Hair et al., 2014). The expected value of the dependent variable, corresponding to the probability that  $Y = 1$ , is conditional on regression coefficients and can be estimated using the cumulative logistic distribution function denoted by  $\Lambda(z) = [1 \div (1 + e^{-z})]$ . The logistic regression accounts for nonlinearity in the probabilities and can be formalized as follows:

$$P(Y = 1 | X_1, X_2, \dots, X_k) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k)}}. \quad (2)$$

When the predicted probability is greater than 0.50, the response variable takes the value 1, and it takes 0 otherwise. Now we can transform the probability into logit values by taking the logarithm of the odds. This transformation makes the response variable continuous as it can take values from negative to positive infinity. Let  $p$  be the probability of an event occurring and  $(1 - p)$  the probability of an event not occurring. The odds are the ratio of the probability of the two events  $[p \div (1 - p)]$ . Then, Equation (2) can be written in the logistic regression functional form:

$$\ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k. \quad (3)$$



The unknown parameters of Equation (3) are estimated using Maximum Likelihood Estimation (MLE), which chooses the values of the coefficients to maximize the likelihood function (Hair et al., 2014). The coefficient sign indicates the relationship's direction with the response variable.

## 4 | EMPIRICAL RESULTS

### 4.1 | Main findings

To address the first hypothesis (H1) on the identification of the employee-centric CSR initiatives, we employed CATPCA. As a preliminary analysis, we checked for the association between variables to prove they shared some common variance. The association between ordinal level variables was assessed by Kendall's Tau-b ( $\tau_b$ ) and Spearman's rank correlation coefficient ( $\rho$ ), two non-parametric measures (Chen & Popovich, 2002). These coefficients determine the direction and magnitude of the bivariate relationship between variables and vary from 0 to  $\pm 1$ , where 0 indicates no association and 1 means perfect correlation. Specifically, Spearman's rank correlation was used for correlation within groups and Kendall's Tau-b for correlation between groups. Rank correlation coefficients were subject to Fisher z-transformation to normalize their sampling distribution and back-converted to correlation coefficients after averaging them (Corey et al., 1998). The analysis of the rank correlation between variables belonging to the same system produced scores between 0.130 and 0.480, suggesting good homogeneity of item groups measuring single constructs (Clark & Watson, 1995). All the rank correlations are statistically significant at 5% level. Correlation between groups of variables was checked through Kendall's Tau-b, performed for pairs of variables between groups. The calculated correlations fall within the range of 0.260 to 0.359, indicating that correlations are low to moderate between distinct groups. This suggests that summarizing the information in the data requires the incorporation of more than one component. All the variables were scaled at the ordinal level, so that  $\varphi_j$  is a monotonic function and transformed categories in  $q_j$  respect the rank order of  $h_j$ . Transformation plots showed monotonic and non-decreasing curves, so ordinal treatment is appropriate. The whole analysis was run considering a weight = 1 for all the variables, and to maximize the variance captured across components while keeping the orthogonal constraint, Varimax rotation (with Kaiser normalization) was used.

| Eigenvalue |             |             |             |             |             |             |            |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Dimensions | $\lambda_1$ | $\lambda_2$ | $\lambda_3$ | $\lambda_4$ | $\lambda_5$ | $\lambda_6$ | % variance |
| 2          | 13.059      | 5.384       |             |             |             |             | 46.107     |
| 3          | 9.955       | 6.684       | 3.541       |             |             |             | 50.451     |
| 4          | 7.567       | 5.679       | 5.558       | 2.930       |             |             | 54.335     |
| 5          | 6.653       | 4.736       | 4.566       | 4.435       | 2.793       |             | 57.954     |
| 6          | 6.562       | 6.560       | 5.059       | 2.888       | 1.755       | 1.601       | 61.060     |

The results presented in Table 3 show that the total variance explained, as derived from CATPCA, ranges from 46.1% with two components to 61.06% with six latent factors. It is important to note that nonlinear PCA solutions are not nested, meaning that a solution with  $p$  dimensions differs from the one with  $p+1$  dimensions. The choice of the optimal number of components is based on variance accounted for (VAF), which should always be considered in the light of interpretability and compared across different dimensions (Linting et al., 2007). In view of this, we select the solution with five principal components as reported in Table 4. Overall, the five factors explain 58% of the observed variance. We then compare results assuming the least (i.e., nominal) and the most (i.e., numeric) restrictive analysis level. The difference between the variance in the nominal (46.12) and numeric (45.07) analysis is 1.05%, suggesting that when nonlinearity is assumed, the proportion of explained variance increases.

Cronbach's Alpha coefficients based on total eigenvalues confirm the good internal consistency between items, with values greater than 0.874. In Table 5, component loadings and VAF are reported, together with communalities indicating the variability captured by the extracted components for a single variable. All variables exhibit a VAF exceeding 0.25, indicating that a minimum of 25% of the variance in quantified variables is explained across the principal components, so we retained all of them in the analysis (Linting & van der Kooij, 2012). Loadings of the variables associated with each dimension are highlighted in bold. In terms of signs, all the variables selected for each dimension contribute in the same direction to the respective component, except for "REL3" and "REL4," which display an inverse contribution consistent with their representation of negative sentiments.

TABLE 4 Model summary of CATPCA.

| Dimension | Variance accounted for |                    |               |
|-----------|------------------------|--------------------|---------------|
|           | Cronbach's alpha       | Total (eigenvalue) | % of variance |
| 1         | 0.951                  | 6.653              | 16.632        |
| 2         | 0.939                  | 4.736              | 11.839        |
| 3         | 0.939                  | 4.566              | 11.415        |
| 4         | 0.937                  | 4.435              | 11.086        |
| 5         | 0.874                  | 2.793              | 6.981         |
| Total     | 0.981                  | 23.182             | 57.954        |

Note: Rotation Method: Varimax with Kaiser Normalization. Total Cronbach's Alpha is based on the total Eigenvalue.

TABLE 3 Variance accounted for comparison.



**TABLE 5** Component loadings and variance accounted for (VAF).

| Dimensions        |              |              |               |                 |              |               |
|-------------------|--------------|--------------|---------------|-----------------|--------------|---------------|
| Variables         | Envisioning  | Equity       | Empowerment   | Experimentation | Empathy      | Community     |
| CAR1              | <b>0.687</b> | 0.258        | 0.034         | -0.029          | 0.156        | 0.565         |
| CAR3              | <b>0.413</b> | 0.205        | 0.272         | 0.374           | 0.011        | 0.691         |
| CAR9              | <b>0.599</b> | 0.323        | 0.037         | 0.334           | 0.021        | 0.427         |
| CAR10             | <b>0.674</b> | 0.263        | 0.287         | 0.214           | 0.169        | 0.615         |
| EQ3               | <b>0.474</b> | 0.291        | -0.177        | 0.208           | 0.035        | 0.606         |
| EQ7               | <b>0.441</b> | 0.160        | 0.508         | 0.463           | 0.027        | 0.468         |
| EQ8               | <b>0.453</b> | 0.367        | 0.404         | 0.278           | 0.031        | 0.539         |
| REL6              | <b>0.647</b> | 0.209        | 0.308         | 0.273           | 0.172        | 0.659         |
| REL11             | <b>0.487</b> | 0.119        | 0.391         | 0.324           | 0.082        | 0.576         |
| VAL1              | <b>0.559</b> | 0.009        | 0.315         | 0.256           | 0.162        | 0.680         |
| VAL2              | <b>0.716</b> | 0.250        | 0.366         | 0.159           | 0.148        | 0.537         |
| VAL3              | <b>0.584</b> | 0.438        | 0.236         | -0.122          | 0.285        | 0.480         |
| VAL5              | <b>0.538</b> | 0.120        | 0.366         | 0.441           | 0.110        | 0.385         |
| VAL6              | <b>0.698</b> | 0.048        | 0.087         | 0.228           | 0.099        | 0.714         |
| VAL7              | <b>0.667</b> | 0.203        | 0.382         | 0.252           | 0.138        | 0.655         |
| INN3              | <b>0.489</b> | 0.194        | 0.182         | 0.498           | 0.110        | 0.456         |
| CAR7              | 0.213        | <b>0.613</b> | 0.235         | -0.136          | 0.210        | 0.693         |
| CAR8              | 0.325        | <b>0.493</b> | 0.427         | 0.357           | 0.031        | 0.581         |
| EQ1               | 0.101        | <b>0.570</b> | 0.350         | 0.282           | -0.007       | 0.620         |
| EQ2               | 0.196        | <b>0.608</b> | 0.207         | 0.144           | 0.093        | 0.573         |
| EQ4               | 0.128        | <b>0.568</b> | 0.305         | 0.531           | -0.004       | 0.560         |
| EQ9               | 0.308        | <b>0.517</b> | 0.174         | 0.243           | 0.411        | 0.304         |
| REL5              | 0.230        | <b>0.687</b> | 0.211         | 0.120           | 0.116        | 0.507         |
| REL7              | 0.287        | <b>0.645</b> | 0.044         | 0.300           | 0.209        | 0.597         |
| CAR2              | 0.317        | 0.160        | <b>0.633</b>  | 0.388           | 0.118        | 0.661         |
| CAR4              | 0.307        | 0.352        | <b>0.408</b>  | 0.480           | 0.020        | 0.634         |
| CAR5              | 0.272        | 0.398        | <b>0.444</b>  | 0.417           | 0.046        | 0.491         |
| EQ5               | 0.315        | 0.227        | <b>0.648</b>  | 0.290           | -0.009       | 0.750         |
| REL2              | 0.194        | 0.285        | <b>0.518</b>  | 0.045           | 0.413        | 0.746         |
| REL3              | 0.064        | -0.245       | <b>-0.477</b> | 0.091           | -0.061       | 0.516         |
| REL4              | -0.334       | -0.134       | <b>-0.608</b> | -0.078          | -0.037       | 0.504         |
| CAR6              | 0.230        | 0.062        | -0.058        | <b>0.613</b>    | 0.180        | 0.756         |
| EQ6               | 0.24         | 0.370        | -0.080        | <b>0.454</b>    | 0.221        | 0.685         |
| VAL4              | 0.139        | -0.036       | 0.319         | <b>0.558</b>    | 0.112        | 0.446         |
| INN1              | 0.259        | 0.399        | 0.349         | <b>0.470</b>    | 0.106        | 0.644         |
| INN2              | 0.118        | 0.178        | 0.047         | <b>0.596</b>    | 0.179        | 0.559         |
| REL1              | 0.239        | 0.260        | 0.410         | -0.032          | <b>0.528</b> | 0.715         |
| REL8              | 0.092        | 0.269        | -0.163        | 0.109           | <b>0.610</b> | 0.580         |
| REL9              | 0.083        | 0.111        | 0.204         | 0.146           | <b>0.817</b> | 0.435         |
| REL10             | 0.193        | -0.078       | 0.041         | 0.331           | <b>0.769</b> | 0.570         |
| VAF ( $\lambda$ ) | <b>6.653</b> | <b>4.736</b> | <b>4.566</b>  | <b>4.435</b>    | <b>2.793</b> | <b>23.182</b> |

Note: Boldface statistics represent loadings greater than 0.40 on each factor.

Results in Table 5 bring to light the diverse orientations of employee-centric CSR initiatives hypothesized in H1. Table 6 provides a detailed overview of the 5 Elements of employee-centric CSR

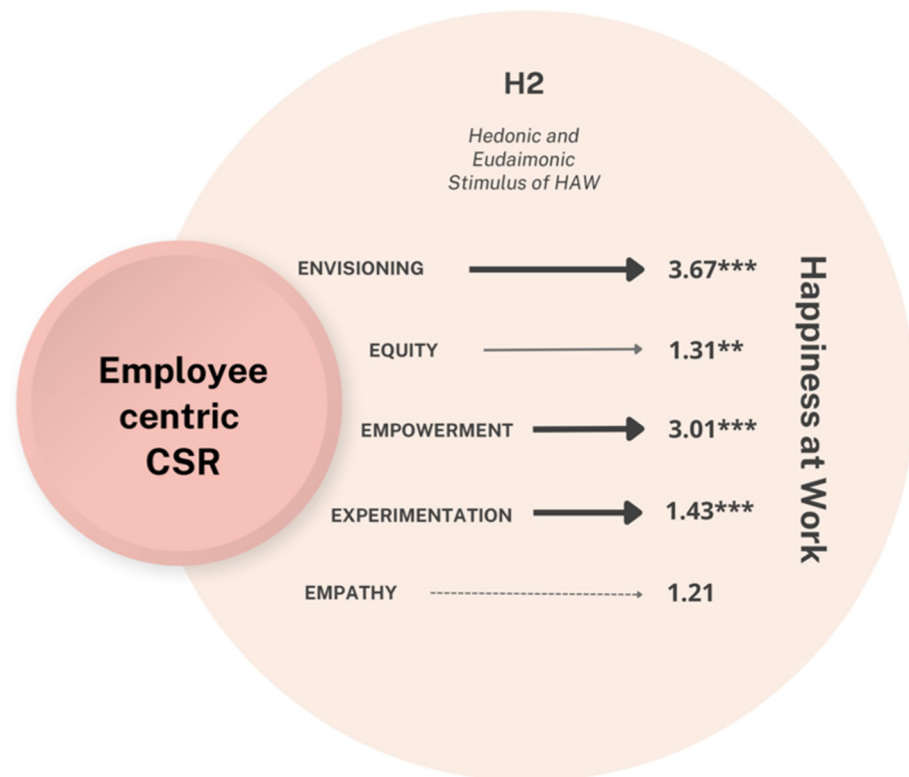
extracted. Cronbach's Alpha was checked again based on the variables selected for each factor, and the results suggest an overall good internal consistency ( $\alpha > 0.72$ ).

| PC | Labels          | N. of variables | Common traits   |
|----|-----------------|-----------------|---|
| 1  | Envisioning     | 16              | Sharing organization's values and vision, trust in management practices, self-realization through work/skills |
| 2  | Equity          | 8               | Financial and non-monetary rewards, status, and prestige recognition  |
| 3  | Empowerment     | 7               | Career advancement and promotion, task design, collective decision-making                                     |
| 4  | Experimentation | 5               | Innovative approach to work organization  |
| 5  | Empathy         | 4               | Interpersonal relationships and soft skills   |

**TABLE 6** The five E(lements) of employee-centric CSR.

|        |                 | B     | SE    | Wald   | df | Sig.  | Exp(B) |
|--------|-----------------|-------|-------|--------|----|-------|--------|
| Step 1 | Envisioning     | 1.301 | 0.171 | 57.721 | 1  | 0.000 | 3.673  |
|        | Equity          | 0.268 | 0.125 | 4.634  | 1  | 0.031 | 1.308  |
|        | Empowerment     | 1.103 | 0.149 | 54.795 | 1  | 0.000 | 3.014  |
|        | Experimentation | 0.354 | 0.126 | 7.933  | 1  | 0.005 | 1.425  |
|        | Empathy         | 0.191 | 0.121 | 2.491  | 1  | 0.114 | 1.211  |
|        | Constant        | 0.790 | 0.125 | 40.074 | 1  | 0.000 | 2.204  |

**TABLE 7** Estimation results for logistic regression.



**FIGURE 2** The 5 E(lements) of employee-centric CSR as stimulus for happiness at work (HAW). \*\*\*sig. <0.01, \*\*sig. <0.05, \*sig. <0.10.

The first component accounts for 16.63% of the variance and is related to the alignment between individual and organizational values, trust in management activities, and the personal and professional growth of employees. This component represents CSR initiatives aimed at crafting and sharing organizational values, which aid employees to “envision” their potential trajectories within the organization and in their professional capacities at large. The literature refers

to envisioning as a process through which community members collectively identify shared values, articulate their envisioned future, and devise activities to attain common goals (Costanza et al., 1996). The initiatives grouped within this dimension are predominantly value-driven, encompassing not only actions centered on organizational values but also those related to recognizing managerial practices, managerial competencies, and prospects for personal advancement

through professional development (e.g., CAR10: personal fulfillment through work), and learning opportunities (e.g., CAR3: training and learning opportunities; INN3: developing innovative skills). “Envisioning” profoundly underpins these initiatives by framing a vision that can be concretely translated into specific qualitative and quantitative goals and targets (Wiek & Binder, 2005). The second dimension “Equity” accounts for 11.84% of the variance and pertains to both financial and non-financial rewards, as well as status recognition. It also encompasses diverse CSR initiatives that foster equality among employees and equal treatment by managers (e.g., EQ1: equity between duties and wages). The third component, namely “Empowerment,” contributes to 11.42% of the variance and encompasses facets such as career advancement, job design, and participatory decision-making processes. This dimension aligns closely with the comprehensive definition of “employee empowerment” prevalent in the literature, which encompasses management tools and techniques including motivation, job enrichment, communication, trust, participative management, delegation, training, and feedback (Greasley et al., 2005; Pelit et al., 2011). Furthermore, the concept of empowerment harmonizes well with the CSR initiatives grouped within this dimension, as it signifies endowing the workforce with increased flexibility and engagement in decisions pertaining to work (e.g., CAR5: staff involvement in goal setting and decision-making processes).

The fourth component aggregates CSR initiatives that center on the “Experimentation” of innovative tasks (e.g., INN1: people are encouraged to tackle problems in an original and innovative way) and practices of work organization (e.g., CAR6: forms of work planning). This factor captures approximately 11% of the total observed variance. Lastly, the fifth dimension of employee-centric CSR, which accounts for 7% of the original variability, fosters “Empathy” among coworkers by encompassing all the initiatives related to employees’ social networking activities within the workplace.

Through this analytical procedure, we are able to address H1 and define the 5 *E(lements)* of employee-centric CSR as perceived by employees. We then proceed to evaluate the extent and manner in which they stimulate HAW, using the proxy variable for HAW outlined in Section 3.2, thereby addressing H2. Table 7 reports the estimated coefficients of the logistic regression where the explanatory variables in Equation (3) are: “Envisioning” ( $X_1$ ), “Equity” ( $X_2$ ), “Empowerment” ( $X_3$ ), “Experimentation” ( $X_4$ ), and “Empathy” ( $X_5$ ).

Our findings indicate that all the coefficients exhibit a positive correlation with the probability of being happy, albeit with varying degrees of impact. Specifically, the coefficients associated with “Envisioning,” “Empowerment,” and “Experimentation” demonstrate high levels of statistical significance (at the 0.01 level), indicating a substantial influence on HAW. Conversely, the coefficients for “Equity” and “Empathy” display relatively lower levels of significance, with the latter not being significant at all. Odds ratios (i.e., the last column of Table 7) are greater than one for all the drivers, reflecting the positive impact on the dependent variable. For example, “Envisioning” shows an odd ratio of 3.673, suggesting that this variable is almost four times as important in stimulating respondents’ happiness.

As for the model fit statistics, McFadden and Nagelkerke pseudo- $R^2$  indicate respectively that 27.8% and 41.6% of the variability in the dependent variable is explained by the logit model, suggesting an excellent fit (McFadden, 1979). Furthermore, the model correctly classifies 59.2% of non-happy and 91.7% of happy respondents, with an overall classification accuracy of 80.5%.

Figure 2 graphically presents the outcomes of our investigation into the effects of the five “Es” of employee-centric CSR initiatives as stimulus for HAW at the organizational level.

## 4.2 | Sample heterogeneity and results robustness

Further analyses were conducted to investigate how HAW varies across respondents by including a list of control variables collected in the survey. Table 7 illustrates the result of both the baseline logistic regression and the full model, controlling for gender, age, and education.

The inclusion of control variables confirms the main findings on the 5 “Es” of employee-centric CSR and further suggests that HAW varies significantly across gender, with males being, on average, 0.457 happier than females. Some heterogeneity can also be observed among different age groups: individuals aged over 60 years tend to report higher levels of happiness compared to younger individuals, potentially attributable to their senior positions. Furthermore, graduate respondents exhibit a statistically significant coefficient of  $-0.645$ , indicating that, on average, individuals with higher education levels tend to experience lower levels of happiness in comparison to those without a degree. Lastly, the full model increased McFadden’s pseudo- $R^2$  from 0.278 to 0.294.

**TABLE 8** Logistic regressions: baseline and controls.

| Models          | Coefficients (Standard Errors) |                       |
|-----------------|--------------------------------|-----------------------|
|                 | Baseline                       | Controls              |
| Constant        | 0.791*** (0.125)               | 1.687*** (0.480)      |
| Envisioning     | 1.300*** (0.171)               | 1.353*** (0.179)      |
| Equity          | 0.267** (0.125)                | 0.297** (0.128)       |
| Empowerment     | 1.102*** (0.149)               | 1.086*** (0.152)      |
| Experimentation | 0.353*** (0.126)               | 0.369*** (0.129)      |
| Empathy         | 0.192 (0.121)                  | 0.172 (0.124)         |
| Gender_1        |                                | $-0.457^*$ (0.269)    |
| Age_2           |                                | $-0.483$ (0.463)      |
| Age_3           |                                | $-0.466$ (0.433)      |
| Age_4           |                                | $-0.364$ (0.510)      |
| Age_5           |                                | 0.675 (1.114)         |
| Edu_1           |                                | $-0.645^{**}$ (0.273) |
| N               | 441                            | 441                   |
| $R^2$           | 0.278                          | 0.294                 |

Note: Gender: 0-male, 1-female; Age: 1-(18–25 years), 2-(26–35 years), 3-(36–50 years), 4-(51–60 years), 5-(>60 years); Edu: 0-non-university degree, 1-university degree. Standard Errors are in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

| Effect          | Model fitting criteria             | Likelihood ratio tests |    |       |
|-----------------|------------------------------------|------------------------|----|-------|
|                 | –2 log likelihood of reduced model | Chi-Square             | df | Sig.  |
| Intercept       | 772.105                            | 184.953                | 2  | 0.000 |
| Envisioning     | 674.212                            | 87.059                 | 2  | 0.000 |
| Equity          | 594.483                            | 7.330                  | 2  | 0.026 |
| Empowerment     | 664.581                            | 77.428                 | 2  | 0.000 |
| Experimentation | 596.796                            | 9.643                  | 2  | 0.008 |
| Empathy         | 589.821                            | 2.669                  | 2  | 0.263 |

TABLE 9 Likelihood Ratio Tests.

|      |                 | B      | S.E.  | Wald    | df | Sig.  | Exp(B) |
|------|-----------------|--------|-------|---------|----|-------|--------|
| 0.00 | Intercept       | –1.070 | 0.136 | 62.247  | 1  | 0.000 |        |
|      | Envisioning     | –1.248 | 0.175 | 50.869  | 1  | 0.000 | 0.287  |
|      | Equity          | –0.187 | 0.136 | 1.895   | 1  | 0.169 | 0.829  |
|      | Empowerment     | –1.073 | 0.154 | 48.461  | 1  | 0.000 | 0.342  |
|      | Experimentation | –0.317 | 0.135 | 5.533   | 1  | 0.019 | 0.729  |
|      | Empathy         | –0.173 | 0.128 | 1.821   | 1  | 0.177 | 0.841  |
| 2.00 | Intercept       | –2.244 | 0.220 | 103.660 | 1  | 0.000 |        |
|      | Envisioning     | –1.467 | 0.203 | 52.399  | 1  | 0.000 | 0.231  |
|      | Equity          | –0.491 | 0.177 | 7.728   | 1  | 0.005 | 0.612  |
|      | Empowerment     | –1.192 | 0.187 | 40.786  | 1  | 0.000 | 0.304  |
|      | Experimentation | –0.481 | 0.175 | 7.541   | 1  | 0.006 | 0.618  |
|      | Empathy         | –0.244 | 0.173 | 1.994   | 1  | 0.158 | 0.783  |

TABLE 10 Parameter estimates for multinomial logistic regression.

Note: Happiness: 0-non-happy, 1-happy, 2-impartial.

In Tables 7 and 8, we consider HAW as a binary variable. However, the subjective spirit embedded in the definition of happiness might suggest the presence of intermediate states. For this reason, we checked the robustness of our results through a multinomial logistic regression (Hill et al., 2018), modeling the outcome variable as a three-level gradient of happiness. In particular, we based our coding scheme on the multiple-choice question (MC2) “Which sentence better represents your emotions toward your workplace”, coding as “0” all the answers including negative statements, “1” the positive ones, and “2” all the impartial answers. The results of the multinomial model are presented in Tables 9 and 10.

The multinomial model suggests that, even when considering HAW as a multi-category feeling, the statistical significance related to the influence of the 5 “Es” does not change, underlying the robustness of our results across statistical methodologies.

## 5 | DISCUSSION AND CONCLUSIONS

### 5.1 | Main conclusions

The digital transformation of work and the looming environmental challenges are increasingly shaping how organizations do business and their social role. Notably, companies have started to reconsider the crucial role of human capital and its well-being, engaging in

CSR strategies to contribute positively to society (Chalutz Ben-Gal, 2019; Jang & Ardichvili, 2020). This relevance assumes even greater prominence in the post-pandemic era, where employees' perceptions of a supportive work environment have gained importance in relation to their overall performance and well-being (Newman et al., 2023). In this context, employee happiness (i.e., HAW), has gained considerable attention in organizational research because of its positive effects on employees and organizations (Diener & Biswas-Diener, 2008; Fisher, 2010; Ravina Ripoll et al., 2019; Wright & Cropanzano, 2004).

In the light of the results derived from this study, and in response to the research question posed, it can be conclusively affirmed that employee happiness is positively stimulated by the adoption of employee-centric CSR initiatives. Our results reveal intricate interactions among these initiatives, highlighting that certain facets of socially responsible actions undertaken by employees tend to be more effective in stimulating happiness, while others exhibit neutral effects, with none demonstrating a negative effect. Accordingly, our initial objective aimed to identify common directions among diverse employee-centric CSR practices. To address this goal, we explored the underlying latent dimensions within the original dataset, ultimately revealing five distinct and well-separated directions that represent conceptually distinct (*E*)lements of employee-centric CSR.

The first “E” stands for *Envisioning*, encompassing employee-centric CSR initiatives that align employee and company values, establish a

shared vision, promote employee self-development, and professional and responsible management practices. The second “E”, *Equity*, reflects initiatives based on monetary and non-monetary rewards, and status recognition. The third “E” is *Empowerment*, which includes shared career prospects, participatory decision-making processes, and CSR actions related to employees’ inclusiveness. The fourth “E”, *Experimentation*, captures practices that aim to promote innovative forms of work organization. Finally, *Empathy* refers to practices that include networking among coworkers.

As a second objective of the study, we measured the impact of employee-centric CSR actions on HAW through a binary regression model. The results indicate that “Envisioning,” “Empowerment,” and “Experimentation” exert the most significant influence, underscoring the importance of CSR initiatives that foster shared values, inclusivity, self-realization, career progression pathways, and innovative work arrangements as crucial factors contributing to employee happiness. Conversely, the impact of “Equity” and “Empathy” is comparatively lower, suggesting that rewards and workplace networking might not be the primary sources of positive emotions for employees. This observation may be partly attributed to the digital transformation of work, which has led to the emergence of virtual work environments that could potentially impede social interactions within the workplace (Cooper & Kurland, 2002).

## 5.2 | Contributions

Our study provides several contributions to the literature on CSR. Firstly, this study enhances our understanding of employee-centric CSR by incorporating the employees’ perspective, a unique approach in the CSR literature which primarily relies on managerial viewpoints (Onkila & Sarna, 2022). By doing so, it sheds light on different directions of CSR initiatives, thus filling a gap in the current CSR discourse. Secondly, the research framework investigates the concept of HAW, an emerging subject in both CSR literature and the broader field of management and business. The findings contribute to the identification of CSR initiatives fostering HAW, aligning with previous research on employee well-being within the context of CSR (Sorribes et al., 2021). Consequently, this study extends the

literature by providing empirical evidence that employee-centric CSR initiatives positively stimulates employee happiness, something that has been under investigated in the literature, which has mainly focused on the economic benefits of CSR. Thirdly, this research addresses a crucial gap in the literature by examining the connection between employee-centric CSR and its role as an antecedent to HAW. While previous studies have outlined the link between CSR and happiness, this study goes further by exploring the nuanced relationships between different categories of employee-centric CSR initiatives and employee happiness. In particular, it highlights the importance of translating employee perceptions into specific directions of CSR initiatives (the 5 *Elements*) that stimulate HAW. Thus, this study enriches our understanding of the influence of CSR on employee happiness, offering insights into which dimensions of socially responsible actions are most effective in fostering HAW and how they can be tailored to this end.

## 5.3 | Implications

From a managerial perspective the results underscore the managerial implications of shaping employee-centric CSR strategies to enhance employee happiness. A comprehensive understanding of the significance of the 5 *Elements* within each organization can guide the formulation of CSR initiatives. This involves crafting envisioning-oriented CSR strategies, empowering employees through targeted CSR activities, and fostering an environment inclined to experiment novel work organization approaches to stimulate HAW. For instance, the effectiveness of envisioning CSR initiatives in promoting HAW hinges upon the alignment of these initiatives with employees’ personal values. Allocating resources to CSR initiatives not only benefits employees and society at large but also serves as a strategic tool in human resources management, to increase employees’ motivation and attract and retain talented workers (Sorribes et al., 2021). This is even more pertinent when dealing with SMEs, as in our sample, which are subject to limited resources and are in needs of new tools to disseminate knowledge on employee-centric responsible practices and enhance their commitment to HAW.

**TABLE 11** The 5 *Elements* and CSR strategies.

| The 5 Es        | Common traits   | SDGs            | CSR strategies  |
|-----------------|---|-----------------|---|
| Envisioning     | Sharing organization’s values and vision, trust in management practices, self-realization through work/skills | 3.c, 12.6, 12.8 | Organizational culture, career paths, self-actualization      |
| Equity          | Financial and non-monetary rewards, status and prestige recognition, well-being, and professional growth      | 8.3, 8.5, 10.1  | Reward programs, capability development, retention strategies |
| Empowerment     | Career advancement and promotion, task design, collective decision-making                                     | 16.7            | Participatory decision-making, self-leadership                |
| Experimentation | Innovative solutions and work organization  | 8.2, 9.5        | New managerial frameworks, responsible business models        |
| Empathy         | Soft-skills and interpersonal relationships   | 8.3             | Develop a fair ethos at work and caring approach              |





In the wake of recent events, such as the COVID-19 pandemic, individuals have begun reevaluating the role of work in their lives, leading to the emergence of a novel phenomenon called “Great Resignation,” namely and unprecedented voluntary mass exit from the workforce (Fuller & Kerr, 2022). In this realm, organizations that prioritize the promotion of HAW are better positioned to contrast this phenomenon. Those actively engaging in initiatives that align with the envisioning, empowerment, and experimentation aspirations of their workforce are more likely to mitigate the impact of the Great Resignation. Additionally, the development of employee-centric CSR strategies embedding happiness-oriented objectives is consistent with the SDGs framework. In Table 11, we propose the connections with SDGs of the 5 *E(lements)* stimulating HAW.

As can be seen in Table 11, SDG 3 aims to promote good health and well-being worldwide, conditions currently being threatened by the global COVID-19 pandemic (Leal Filho et al., 2020; United Nations, 2015). SDG 8 seeks to promote economic growth through technological innovation, equal pay, and decent work for all. Lastly, SDG 16.7 seeks to ensure inclusive and participatory decision-making through a bottom-up approach (United Nations, 2015).

## 5.4 | Limitations

Although this study provides an innovative approach to employee-centric CSR and its influence on HAW, it is still prone to some limitations. The foremost is the use of self-reported measures which, however, remain crucial for the measurement of a strictly subjective state like happiness (Kashdan et al., 2008). A second limitation concerns the definition of happiness as a static feeling resulting from a measurement at a single point in time. Happiness is indeed a transient feeling, leading to stability issues over time (Fisher & Noble, 2004). Additionally, participants are from a single area in Northern Italy, working mainly in small and medium companies. Thus, we aim to extend results to other geographical areas and types of organizations. Future research could explore the influence of individual characteristics, job features, and organizational structures on employee happiness, adopting a multilevel perspective as suggested by Fisher (2010). By addressing these limitations and expanding the scope of investigation, further research can provide a more comprehensive understanding of the relationship between employee-centric CSR and HAW.

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## SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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