Corporate Social Responsibility and Employee Engagement in Jordan

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Abstract

Purpose: to investigate the impact of internal Corporate Social Responsibility (CSR) practices on Employees' Engagement. Specifically, it examines the impacts of five internal CSR practices namely, training and education, human rights, health and safety, work life balance and workplace diversity on the two dimensions of employees' engagement Job Engagement (JE) and Organisational Engagement (OE).

Design/methodology/approach: it utilizes a nonprobability sampling method in the forms of quota and convenience sampling. The proposed model was tested on a sample of 336 frontline employees working in the banking sector in Jordan.

Findings: the testing of several hypothetical relationships between internal CSR and employee engagement revealed that all the relationships were significant. Moreover, it shows that CSR practices are not highly adopted within the banking sector in Jordan. Only one dimension of internal CSR, namely work life balance as being less adopted compared with the other four dimensions of internal CSR. The impact of internal CSR practices on OE was greater as compared with that of JE. This implies that internal CSR practices could predict employees’ OE stronger than their JE.

Practical implications/originality/value: The study has made significant contributions to the body of knowledge at academic and practical levels by extending knowledge regarding the impact of CSR particularly internal CSR on employee attitude and behavior. Also through examining the impact of various dimensions of internal CSR on two dimensions of EE in a developing countries business environment, the banking sector in Jordan. Specifically, this study answers the call by many researchers for more studies to address the relationship between CSR activities and organizational performance in emerging economies.

Keywords: internal CSR, employees' engagement, Jordan, banking sector

1. Introduction

Corporate Social Responsibility (CSR) has become a very important issue for banking sector to address, especially when many scandals in the banking sector had been revealed since the beginning of the new millennium (e.g., Bank of Credit and Commerce International (BCCI), Clear stream Banking S.A.). These scandals have resulted in a slide in the level of trust that banks used to enjoy with the stakeholders. Henceforth, banks have begun to realize that a successful business is not only concerned with the economic aspects of organisational activity (i.e., profitability and growth) but also, in the “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams, at al., 2006:p1).

Furthermore, prior studies have shown evidence that the private sector is more developed in terms of community and environment based CSR activities (Observatory of European SMEs, 2002). However, Maignan and Ferrell (2001), Matten et al. (2003) confirm that most of the empirical studies tended to focus only on limited aspects of CSR (e.g., cause-related issues or philanthropy). As a result, less attention was paid to internal CSR aspects as noted by Cornelius et al. (2008) who submitted that the focus of attention among scholars on the area of CSR is largely the social impact of social enterprises on the communities they serve, plus external stakeholder responsibilities; there is less emphasis on internal social responsibility. Hence, initiating a study on internal CSR practices namely on training and education, human rights, health and safety, work life balance and workplace...
diversity would fill such a void. Such a study is timely as it comes in the midst of a growing scrutiny of ethical practices of companies in recent years.

Besides, very few empirical studies have been conducted, thus far, to investigate the impact of CSR on employees and their work attitudes (ALshbiel & AL-Awawdeh, 2011; Ali et al., 2010; Aguilera et al., 2007; Ali et al., 2010; Lee et al., 2009; Peterson, 2004; Turke, 2009; & VanBuren, 2005). Moreover, Lindgreen et al. (2009) mention that previous studies that examined the impact of CSR activities on stakeholders’ attitudes and behaviours towards an organisation were poorly developed. Without understanding the impact of CSR on the employee’s attitudes and behaviour, faulty conclusions regarding the utility or impact of CSR might accrue. Hence, further theoretical and empirical attention in the relationship between CSR and an employee’s attitude and behaviour in the banking sector is warranted. In addition, Saks (2006) and Robinson et al. (2004) argue that Employee Engagement (EE) studies in the academic literature are not sufficient. While several studies in developed western economies (Brown & Leigh 1996; Demerouti et al., 2001; Hakanen et al., 2006; Llorens et al., 2006; Maslach et al., 2001; Roberts et al., 2006; Saks, 2006) indicate positive relationships between EE and work outcomes; none of these studies investigated the impact of internal CSR practices on the two components of engagement (JE and OE). At the same time, scholars have not examined the relationship between internal CSR practices and EE in emerging economies, while local studies have yet to be conducted in Jordan.

Moreover, Rettab, et al. (2009) investigated the influence of CSR on organisational performance (i.e., financial, employee commitment) were exclusively carried out in developed economies especially in the western countries. Suwaidan, et al. (2004) confirmed that a few studies have attempted to examine and evaluate CSR in Jordan. Jahmani (1996) and Abu-Baker and Abdel-Karim (1998) stated that CSR in developing countries is still in its initial stage. ALshbiel and AL-Awawdeh (2011), Ali et al.(2009), Glavas and Piderit (2009), Aguilera et al. (2007) and Campbell (2006) pointed out that there is an imperative need for conducting researches in developing countries on the relationship between CSR activities and organisational performance particularly on employees’ attitude and behaviour.

The present paper, therefore, outlines a research that aims to firstly, to investigate level of adoption of internal CSR practices among the banking sector in Jordan. Secondly, to investigate the relationship between internal CSR, namely: training and education, human rights, health and safety, work life balance and workplace diversity on two dimensions of employees' engagement (JE and OE) within the banking sector in Jordan. Demonstrating the relationship between internal CSR practices and employee engagement will support the contention that a positive internal CSR practices may be beneficial to business organizations in general and banking sector in particular.

The present study is expected to contribute to the literature, and especially in the Jordanian context, where there is a desperate need for more research work to be conducted (Altarawneh, 2009). It also expected to contribute to the CSR literature by examining the impact of various dimensions of internal CSR on employees' engagement in a business environment such as the banking sector in a developing country like Jordan. Specifically, this study answered the call by for many previous studies such as ALshbiel and AL-Awawdeh (2011), Ali et al. (2010), Glavas and Piderit (2009), Aguilera et al. (2007), Campbell (2006), Suwaidan et al. (2004) for more studies to address the relationship between CSR activities and organisational performance particularly employees’ attitude and behaviour in emerging economies. Therefore, this study adds to the knowledge concerning the extent to which the banking sector, particularly in emerging economies participates in the adoption of internal CSR practices. Moreover, it extends the knowledge regarding the impact of internal CSR practices on employee engagement in the developing countries.

2. Previous Literature and Research Hypotheses

2.1 Emergence of Corporate Social Responsibility (CSR)

The early writings on CSR began with Bowen who published “Social Responsibility of the Businessman” in 1953. Subsequently many researchers during the 60s have attempted to formalize or, more accurately, state what CSR means. Davis (1960:p70) defines CSR as “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest”. Since the 1970s, there has been a marked increase in attention among scholars towards corporate social performance (CSP) as well as CSR (Carroll, 1979), involving scholars such as Sethi (1975), Votaw (1973), Bowman and Haire (1975), Fitch (1976), Abbott and Monsen (1979). The famous writer during this period was Carroll (1979) who proposed a four-part definition of Corporate Social Performance (CSP) inclusive of economic responsibilities, legal responsibilities ethical responsibilities, and discretionary responsibilities. Carroll (1979: p499) advocated that managers or the administrators of firms who have chosen CSP should take into account three definitive criteria. Basically, these
criteria form the definition for CSR which must take into account a clear description of how, why, where and in what way the stakeholders are related to social responsibility, and a list of the requirements and conditions that govern the CSR.

The definitions for CSR had a breakthrough during the 1980s, where “the focus on developing new or refined definitions of CSR gave way to research on CSR and a splintering of writings into alternative concepts and themes such as corporate social responsiveness, CSP, public policy, business ethics, and stakeholder theory/management” (Carroll 1999: p. 284).

There was a drop in the number of contributions to the literature of CSR in the early 90s (Carroll, 1999). However, interest in the CSR area was rekindled when Donna J. Wood revisited the CSP model. At that time Wood had combined a three-dimensional CSR (Carroll, 1999) with Wartick and Cochran’s (1984) model to form the CSP model. Subsequently Wood (1991) proposed three categories for the CSP framework. The principles of CSP which incorporate legitimacy, public responsibility and individual principle comprised the first category and it takes into account institutional principle, organisational principles, and managerial discretion. As for the second category, processes of corporate social responsiveness, environmental assessment, stakeholder management, and issue management are identified. Finally, the results of corporate behaviour, which is inclusive of social impacts, social programs, and social policies, became the core of CSP.

2.2 Definition of CSR

The definition of CSR does not come in the form of a single conclusive definition even though in theory and practice there were many detailed discussion with regard to the concept of CSR. In general, CSR refers to making business decision associated with ethical values, compliance with legal requirements, and respect for people, communities and environment. In this light, there is a tendency for CSR to be seen by consumers as the obligations that businessmen took in the course of running their business, forming policies, making decisions, or toeing those lines of action. In addition, all these business dealings must conform to the objectives and values of the target society at large (Bowen, 1953). In contrast, Frederick (1960) differentiated CSR as the social responsibility which molded public opinion in the regard of society’s economic and human resources and at tendency to consider the resources for a wider social ends and not merely limited to the interests of private persons and firms. Similarly, Friedman (1962) focused on the sole social responsibility of a business that uses its resources and participates in profits-oriented activities while being governed by set rules and engaging in open, just and free competition. That is both the means and the ends must be morally justified.

Jones (1980) argues that CSR is the perception that corporations have an obligation to groups in society other than stockholders and beyond that prescribed by law and union contract. Another definition is from Kotler and Lee (2005: p. 3), who defined CSR as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources”.

The World Business Council for Sustainable Development (WBCSD) (2002) defines CSR as “the commitment of the company to contribute to the sustained economic development by working with employees, their families, the local community, and the entire society in order to improve life quality”. Wood (1991: p. 693) has defined CSR as “a business organisation’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s societal relationship”.

Adding on to the definition from the social perspectives, Baker (2003) maintained that CSR concerns the way companies manage their business processes which positively affect society aligned to the business. Kok, et al.(2001: p. 287) defines CSR as “the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large, and improving welfare of society at large independently of direct gains of the company”. Similarly a World Bank (2002) described CSR as the businesses’ obligations to provide renewable economic development through cooperation with employees, their families, the local community and society in a manner that enhances their livelihood and consequently leads to beneficial business and development. However, for this study the definition from Turker (2009) is adopted. Turker (2009) defined CSR as corporate behaviours, which aim to affect stakeholders positively and go beyond its economic interest.

2.3 Previous Studies on Internal CSR and Employee Engagement

Many previous studies indicated that CSR plays an important role to enhance employee attitude and behaviour towards the organisation. For example, OC (ALshbiel & AL-Awawdeh, 2011; Al, et al., 2010; Rettab et al., 2009; Lee et al., 2009; Rego et al., 2009; Branco & Rodrigues, 2006; Lo et al., 2008; Kao et al., 2009; Earl, 2004;
Brammer et al., 2007; Maignan et al., 1999), employee loyalty (Branco & Rodrigues, 2006), job satisfaction (Lee et al., 2009; Earl, 2004), organisation attractiveness for Job seekers (Backhaus et al., 2002, Albinger & Freeman, 2000; Greening & Turban, 2000; Turban & Greening, 1997), and employee’s retention (Briggs & Verma, 2006; Peterson, 2004).

Glavas and Piderit (2009) and Lin (2009) have found that an increase in corporate citizenship will lead to an increase in the levels of engagement. Saks (2006) attests that the SET can provide a good theoretical ground to understand and study EE. Similarly, Blau (1964) has stated that individuals will contribute and exchange their attitude and behaviour with others, with expectations to benefit from what is received in return. Therefore, when the organisation supports its employees in various forms, for example; economic and socio-emotional, the employees will tend to react in the form of gratitude (Cropanzano & Mitchell, 2005).

Saks (2006) suggests that one way in which employees respond to their organisation’s support is through their levels of engagement. This is consistent with Kahn’s (1990) definition of engagement. She defines engagement as the obligation employees feel, as a result of their organisation's support, which becomes their impetus to enhance their performance Thus, one might expect that employees who perceive their organisations committed to social responsibility employee practices including health and safety, human rights, training and education, work life balance and workplace diversity, may reciprocate with greater engagement. This study hypothesizes that there is a positive relationship between internal CSR and EE. Based on the above discussion on previous related studies the following hypotheses were formed:

Hypothesis: There is a positive relationship between internal CSR and EE.
Ha: Work life balance will be positively related to JE.
Hb: Work life balance will be positively related to OE.
Hc: Training and education will be positively related to JE.
Hd: Training and education will be positively related to OE.
He: Health and safety will be positively related to JE.
Hz: Health and safety will be positively related to OE.
Hg: Human rights will be positively related to JE.
Hh: Human rights will be positively related to OE.
Hi: Work diversity will be positively related to JE.
Hj: Work diversity will be positively related to OE.

2.4 An Overview of the Banking Sector in Jordan

The Jordanian banking sector comprises the Central Bank of Jordan and the licensed banks which consist of all Jordanian banks (commercial and Islamic) and the foreign banks (non-Jordanian) that operate in Jordan. The number of licensed banks operating in Jordan rose from 21 banks in 2000 to 25 banks at the end of October 2010. Of the total, 16 banks are Jordanian (three of them are Islamic banks), and nine banks are foreign (six of them are Arab banks). This rise in the number of banks was the result of an increase in the number of foreign banks operating in Jordan from five banks in 2000 to eight banks as the Central Bank of Jordan granted licenses to three foreign banks to operate in Jordan in 2004. At the end of 2009, the licensed banks operated 619 branches inside the Kingdom. As such, the banking density index (number of people/total number of branches of banks operating in Jordan) stood at around 9661 persons per branch at the end of 2009 compared to 9865 persons per branch in 2008 and 10238 persons per branch in 2007. The licensed banks operated 66 offices inside the Kingdom and 23 offices outside the borders at the end of 2009 (Association of Banks in Jordan, 2010).

3. Methodology

3.1 Participants and Procedures

The population of this study consists of all frontline employees within the banking sector in Jordan. The country that the authors belong to and live in. However, time and place constrains were the main obstacles for not choosing other countries to be included in the survey. According to the information obtained from the human resources managements of these banks, the total number of frontline employees was 2393. 336 frontline employees were selected for the study. The frontline employees were selected from the banking sector in Jordan using non-probability sampling method namely quota and convenience sampling. The justification behind using the quota and convenience sampling method is due to the confidentiality policies in the banking sector. The
survey self-administered questionnaire was the main data collection method, which was personally administered and collected from 336 frontline employees within the banking sector in Jordan. The survey was distributed in each bank during working hours, and measures were taken to ensure that the 336 subjects for the study were not those who had participated earlier in the pilot study (pre-test). The pre-test conducted in one of twelve provinces in Jordan, namely, Ma’an province, whereas the main survey included samples from all provinces excluding Ma’an. Furthermore, the researchers used the drop-and-pick method of distributing and collecting the questionnaires where in each briefing, which took approximately twenty five minutes, the researchers inquired as to the length of time needed by each employee to complete the questionnaire in order not to let their responsibilities and engagements affect the subjective completion of the questionnaire.

3.2 Measures

3.2.1 General Information
The questionnaire included questions related to respondents profile (age, marital status, gender, organisational tenure, educational level). It also include under general information section another questions related to the bank's profile.

3.2.2 Internal CSR
Internal CSR were measured with 51 items covering the training and education, health and safety, work life balance, workplace diversity and human rights components. The internal CSR items have been adapted from previous studies as follows:

- **Training and Education**
The training and education scale used in this study consists of twelve items. The first two items from the scale were adapted from Tsui et al. (1997). Another seven items were adapted from Lee and Bruvold (2003). To ensure an adequate number of items for this scale, another three items were developed and included in the questionnaire based on the internal CSR literature. Five point Likert scale was used to measure training and education. The responses ranged from 1=strongly disagree to 5= strongly agree on statements such as ‘My bank trains employees on skills that prepare them for future jobs and career development’ and “My bank encourages and supports employee learning and development, and uses a blend of classroom, e-learning, coaching, job shadowing and mini training sessions in the branch”.

- **Health and Safety and Human Rights**
Health and safety and human rights were measured using Ali et al. (2010) instrument with their permission. The health and safety instrument consists of nine items. Each subject was asked to indicate the extent to which he/she agreed or disagreed based on Five point Likert scale ranged from 1=strongly disagree to 5= strongly agree on statements such as “My Bank provides employees with the latest health and safety standards (e.g., acceptable radiation levels and ergonomic keypads”) and “My Bank provides a comfortable working environment”. Human rights instrument consists of twelve items. Each subject was asked to indicate the extent to which he/she agreed with statements such as “My bank provides equal opportunities to all employees” and “My bank requires employees to work a reasonable number of working hours”.

- **Work Life Balance**
Work life balance scale consists of ten items. The first seven items from the scale were adapted from Smith and Gardner (2007). One item was adapted from Wong and KO (2009). To ensure an adequate number of items for this scale, the researchers developed two items which were included in the questionnaire and were based on the definition of internal CSR in this study. On a Five point Likert scale ranged from 1=strongly disagree to 5= strongly agree on statements such as “My bank provides paid maternity leave to all employees” and “My bank provides employees with flexible work schedules”.

- **Workplace Diversity**
Workplace diversity scale consists of eight items. The first four items were adapted from Magoshi and Chang (2009). To ensure an adequate number of items for this scale, the researcher has developed four items to be added to the questionnaire, which were based on internal CSR literature. A Five point Likert scale ranged from 1=strongly disagree to 5= strongly agree on statements such as “My bank offers training programs to help women employees to develop their leadership skills” and “My bank conducts diversity training programs with compulsory participation for all employees”.
3.2.3 Employee Engagement

The two dimensions of EE (JE and OE) were measured using Saks’ (2006) instrument with his permission. The JE scale consists of five items. Each subject was asked to indicate the extent to which he/she agreed with statements, such as ‘I really “throw” myself into my job’ and ‘sometimes I am so into my job that I lose track of time’. The OE scale consists of six items. Each subject was asked to indicate the extent to which he/she agreed with statements such as ‘Being a member of this organisation is very captivating’ and ‘Being a member of this organisation makes me come “alive.”

4. Results

4.1 Response Rate

Table 1 below displays the response to the survey for this study. There were 336 sets of questionnaires distributed to the frontline employees within the banking sector in Jordan, of which 300 were returned for a response rate of 89.6 percent. However, only 294 sets of questionnaire or 87.5 percent were properly completed and eventually collated for the study. Sekaran (2000) agrees with Roscoe (1975) that for most studies, a sample size between 30 and 500 would be sufficient.

Table 1. Distributions of questionnaires

<table>
<thead>
<tr>
<th>Items</th>
<th>NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires distributed</td>
<td>336</td>
</tr>
<tr>
<td>Total response</td>
<td>300</td>
</tr>
<tr>
<td>Unusable response</td>
<td>6</td>
</tr>
<tr>
<td>Usable response</td>
<td>294</td>
</tr>
<tr>
<td>Total response rate</td>
<td>89.6%</td>
</tr>
<tr>
<td>usable response rate</td>
<td>87.5%</td>
</tr>
</tbody>
</table>

4.2 Reliability Analysis

Table 2 provides the values of Cronbach’s alpha for all the variables. It appears from the table that the values of Cronbach’s alpha range between 0.74 and 0.90 (Nunnally, 1978). These values well exceed the minimum value of 0.70. Thus, it can be concluded that the measures have an acceptable level of reliability.

Table 2. Reliability of scales and cronbach alpha of study variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scales</th>
<th>Items Retained</th>
<th>Cronbach alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace diversity</td>
<td>WD</td>
<td>7</td>
<td>0.87</td>
</tr>
<tr>
<td>Human rights</td>
<td>HR</td>
<td>8</td>
<td>0.89</td>
</tr>
<tr>
<td>Health and safety</td>
<td>HS</td>
<td>8</td>
<td>0.83</td>
</tr>
<tr>
<td>Training and education</td>
<td>TE</td>
<td>7</td>
<td>0.84</td>
</tr>
<tr>
<td>Work life balance</td>
<td>WL</td>
<td>6</td>
<td>0.74</td>
</tr>
<tr>
<td>Job engagement</td>
<td>JE</td>
<td>5</td>
<td>0.89</td>
</tr>
<tr>
<td>Organisational engagement</td>
<td>OE</td>
<td>6</td>
<td>0.90</td>
</tr>
</tbody>
</table>

4.3 Respondent’s and Bank Profile

Tables 3 and 4 show the profile of the sample banks and the respondents. The respondents comprised of 294 frontline employees within the banking sector in Jordan. Of these, 74.5% worked in Jordanian conventional banks, 18.7% in Jordanian Islamic banks and 6.8% in foreign banks. Males within the banking sector in Jordan constitute 68.0% and females constitute 32.0% of the total employees. In addition, 19.0% were aged less than 25 years, 36.1% between 25–30 years, 30.3% between 31–40 years, 13.3% between 41–50 years, and 1.4% of the respondents were aged 51 or above. 47.6% had worked in their banks for five years or less, 20.1 percent between 6 and 10 years, a total of 53 were found to be college affiliated, 193 were holding a bachelor degree, indeed 10
employees were high diploma, and 26 employees were master degree holders or above.

Table 3. Profile of the sample banks

<table>
<thead>
<tr>
<th>Bank’s profile</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percent %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Type</td>
<td>Jordanian conventional banks</td>
<td>219</td>
<td>74.5</td>
</tr>
<tr>
<td></td>
<td>Jordanian Islamic banks</td>
<td>55</td>
<td>18.7</td>
</tr>
<tr>
<td></td>
<td>Foreign banks</td>
<td>20</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Table 4. Profile of the respondents

<table>
<thead>
<tr>
<th>Respondent’s profile</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percent %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Less than 25 years</td>
<td>56</td>
<td>19.0</td>
</tr>
<tr>
<td></td>
<td>25–30 years</td>
<td>106</td>
<td>36.1</td>
</tr>
<tr>
<td></td>
<td>31–40 years</td>
<td>89</td>
<td>30.3</td>
</tr>
<tr>
<td></td>
<td>41–50 years</td>
<td>39</td>
<td>13.3</td>
</tr>
<tr>
<td></td>
<td>More than 51 years</td>
<td>4</td>
<td>1.4</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Married</td>
<td>180</td>
<td>61.2</td>
</tr>
<tr>
<td></td>
<td>Single</td>
<td>114</td>
<td>38.8</td>
</tr>
<tr>
<td></td>
<td>Divorce</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>200</td>
<td>68.0</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>94</td>
<td>32.0</td>
</tr>
<tr>
<td></td>
<td>5 years or less</td>
<td>140</td>
<td>47.6</td>
</tr>
<tr>
<td></td>
<td>6–10 years</td>
<td>59</td>
<td>20.1</td>
</tr>
<tr>
<td>Organisational Tenure</td>
<td>11–15 years</td>
<td>35</td>
<td>11.9</td>
</tr>
<tr>
<td></td>
<td>16–20 years</td>
<td>47</td>
<td>16.0</td>
</tr>
<tr>
<td></td>
<td>More than 20 years</td>
<td>13</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>High school</td>
<td>12</td>
<td>4.1</td>
</tr>
<tr>
<td></td>
<td>College</td>
<td>53</td>
<td>18.0</td>
</tr>
<tr>
<td>Educational Level</td>
<td>Bachelor degree</td>
<td>193</td>
<td>65.6</td>
</tr>
<tr>
<td></td>
<td>High diploma</td>
<td>10</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>Master degree or higher</td>
<td>26</td>
<td>8.8</td>
</tr>
</tbody>
</table>

4.4 Correlation Analysis

Table 5 provides descriptive statistics and correlations for all study variables. Training and education was positively correlated to JE \((r = .539, p < 0.01)\) and OE \((r = .539, p < 0.01)\), supporting hypotheses Hc and Hd. Human rights was positively related to JE \((r = .446, p < 0.01)\) and OE \((r = .365, p = 0.01)\), supporting hypotheses Hg and Hh. Health and safety was positively correlated to JE \((r = .468, p < 0.01)\) and OE \((r = .531, p < 0.01)\), supporting hypotheses He and Hf. Work life balance was positively correlated to JE \((r = .311, p < 0.01)\) and OE \((r = .373, p < 0.01)\), supporting hypotheses Ha and Hb. Workplace diversity was positively correlated to JE \((r = .353, p < 0.01)\) and OE \((r = .388, p < 0.01)\), hence, supporting the hypotheses Hi and Hj. All correlations were at the moderate level and none of them is considered high \((0, 70 \text{ or above})\). Therefore, multicollinearity does not remain a dire problem in this study.
Table 5. Descriptive statistics and correlation between variables

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>Std. Dev</td>
</tr>
<tr>
<td>TE</td>
<td>3.5253</td>
</tr>
<tr>
<td>HR</td>
<td>3.6180</td>
</tr>
<tr>
<td>HS</td>
<td>3.4903</td>
</tr>
<tr>
<td>WL</td>
<td>2.8453</td>
</tr>
<tr>
<td>WD</td>
<td>3.1509</td>
</tr>
<tr>
<td>JE</td>
<td>3.9429</td>
</tr>
<tr>
<td>OE</td>
<td>3.5810</td>
</tr>
</tbody>
</table>

Note: ** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

TE (training and education), HR (human rights), HS (health and safety), WL (work life balance), WD (workplace diversity), JE (job engagement), OE (organisational engagement).

4.5 Multiple Regressions Analysis

Two-step regression analysis was performed for each dependent variable, entering the controls in the first step and the internal CSR dimensions in the second step. The first two-step regression was conducted to determine the relationship between internal CSR dimensions and JE. The results of the regression analyses for JE are provided in Table 6. The R square value indicated that 33.2% of variance in JE can be explained by the controls and the five internal CSR dimensions ($R^2 = 0.332; F=17.52; p<0.01$). The regression results in Table 6 also showed that training and education ($\beta = 0.126, p<.05$), human rights ($\beta = 0.147, p<.05$), health and safety ($\beta = 0.242, p<.01$), work life balance ($\beta = 0.134, p<.05$) and workplace diversity ($\beta = 0.142, p<.05$) are significant determinants for JE. Thus, hypotheses $H_c, H_i, H_e, H_g$ and $H_a$ are supported. Based on the beta values, health and safety ($\beta = 0.242$) seemed to have the strongest effect on JE, followed by human rights ($\beta = 0.147$), workplace diversity ($\beta = 0.142$) work life balance ($\beta = 0.134$) and training and education ($\beta = 0.126$).

Table 6. MRA: The relationship between internal CSR and JE

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</table>

Note: Con_bank (conventional bank) Islam_bank (Islamic bank), TE (training and education), HR (human rights), HS (health and safety), WL (work life balance), WD (workplace diversity), JE (job engagement). *p<0.05, **p<0.01.
The second regression analysis was conducted to determine the relationship between internal CSR dimensions and OE. The results of the regression analyses for OE are summarized in Table 7. Table 7 revealed that the five internal CSR dimensions and the control variables can collectively explain 40% of the variance found in OE ($R^2=0.420$; $F=25.128$; $p<0.01$). A closer look at the individual variables show that training and education ($\beta = 0.179$, $p<.01$), human rights ($\beta = 0.169$, $p<.01$), health and safety ($\beta = 0.252$, $p<.01$), work life balance ($\beta = 0.143$, $p<.01$) and workplace diversity ($\beta = 0.120$, $p<.05$) are significant determinants for OE. Thus, hypotheses Hd, Hf, Hh, Hb and Hj are supported. Among the variables, it can be seen that health and safety ($\beta = 0.252$) is the most important variable in determining an OE. This is followed by education ($\beta = 0.179$), human rights ($\beta = 0.169$), work life balance ($\beta = 0.143$) and workplace diversity ($\beta = .120$). Therefore, it can be concluded that main hypothesis is fully supported.

### Table 7. MRA: The relationship between internal CSR and OE

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</table>

Note: Con_bank (conventional bank) Islam_bank (Islamic bank), TE (training and education), HR (human rights), HS (health and safety), WL (work life balance), WD (workplace diversity), OE (organisational engagement), *p<0.05, ** p<0.01.

### 5. Discussion

#### 5.1 Level of Adoption of Internal CSR Practices

There has been a great deal of interest in CSR in recent years especially among academe researchers and practitioners. Although much has made about the impact of CSR on organisational performance, there is lake of studies that examine the impact of internal CSR on employee attitude and behavior. The purpose of this study was to test the impact of internal CSR dimensions on employee engagement based on social exchange theory. This study provides one of the first empirical tests of the relationship between internal CSR and employee engagement in developing countries.

The results of the distributive statistics of the internal CSR dimensions demonstrates that the banking sector in Jordan, on the average, adopts above average human rights (mean, 3.62), training and education (mean, 3.52), health and safety (mean, 3.49), workplace diversity (mean, 3.15) and low work life balance (mean, 2.85). These results generally reveal that internal CSR practices are not highly adopted within the banking sector in Jordan (mean, 3.33). These results are consistent with the study of Welford (2005) who found internal CSR practices were well-developed in European and North American companies as compared with Asian companies. Similarly, Visser et al. (2007) noted that many aspects of CSR are less well developed in Asian countries as compared with western countries. These aspects are the internal human resource and employment practices, policies on diversity, environmental initiatives and local community engagement that are commonly practiced by the organisations in
Asia countries. The results indicates only one dimension of internal CSR, namely work life balance as being less adopted compared with the other four dimensions of internal CSR, namely training and education, human rights, health and safety, and workplace diversity within the banking sector in Jordan. This may be due to some reasons, for example, banks in Jordan focus more on ethical voluntary actions and legal requirements (Elian 2005). Ethical voluntary actions include assisting sick people and making donations to schools, colleges, and poor students. Legal requirements include non-corrupt practices, environmental safety, labor standards compliances, and anti-monopolistic practices. In addition, the institutional legal framework in emerging economies has also not been well developed as yet (Retta, et al., 2009).

Comparing the internal CSR practices of different types of banks showed that foreign banks paid more attention to training and education programmes than conventional banks and Islamic banks. These findings are similar to Liang et al. (2006) who argued that to gain a competitive advantage, foreign banks should focus on the education and training of their staff so that they can select the best candidates to fill executive positions in their overseas branches.

5.2 Internal CSR and Employees’ Engagement

The second research question deals with the influence of the five internal CSR dimensions (training and education, human rights, health and safety, work life balance, and workplace diversity) on the two dimensions of employee engagement (JE and OE). The influence of internal CSR dimensions on JE and OE will be discussed separately. Overall, the results of this study highlight the fact that the impact of internal CSR practices on OE was greater as compared with that of JE. This implies that internal CSR practices could predict employees’ OE stronger than their JE.

5.3 Internal CSR and Job Engagement

This empirical study tested the relationships between internal CSR practices and JE. The result of this study indicates that the five dimensions of internal CSR, namely training and education, human rights, health and safety, work life balance, and work diversity are positively and significantly related to JE. Health and safety is the strongest predictor of frontline employees’ JE, followed by human rights, workplace diversity, work life balance, and training and education. The results imply that frontline employees who perceived their banks are performing good internal CSR practices (training and education, human rights, health and safety, work life balance, and work diversity) will be more likely to express higher level of JE. These findings are consistent with those of previous researches by Glavas and Piderit (2009) and Lin (2009) who found that employees were more engaged when they perceived their companies practiced good corporate citizenship.

With regard to human rights, the results of the statistical analyses reveal that human rights have a positive and significant relationship with JE. This result suggests that employees who perceived their banks as performing in an ethical manner, where bank procedures are trustworthy and nonbiased; then they will treat the banks with adjusted and respectful manners. Here, the employees may feel obliged to respond with a significant level of physical, cognitive, and emotional engagement, especially in their work.

This finding is supported by Lin (2009), who suggested that employees’ perceptions about their firm’s ethics and social responsiveness play a significant role in motivating employees to engage with their work. Hence, when employees perceive their firm conducts business in accordance with morality and ethics beyond the basic legal requirements, they are positively stimulated by the firm and their assigned work, leading to a positive relationship between ethical citizenship and work engagement (Lin, 2009). In contrast, according to Chughtai and Buckley (2007), if the employees perceived their employer are engaged in illegal behaviour and breaks the law, they may experience feelings of suspicion, anxiety, and insecurity. As a result employees will be more disengaged from their work.

The regression analysis also reveals that JE can be predicted by training and education. This result suggests that the higher the training and educational support, the higher will the JE be. The result is consistent with the findings in a study by Aggarwal et al. (2007), who investigated the impact of learning new skills on work engagement; they found a significant link between learning new skills and work engagement. A possible explanation for the significant relationship between training and education and JE could be explained by the fact that employees who perceived their bank as providing adequate training and learning opportunities would reciprocate accordingly; which in turn, may motivate employees in their ability to perform the job as expected. This may lead to a high JE. Conversely, if the bank provides inadequate training and learning opportunities, employees may feel that they cannot perform an excellent job, thus, this may lead to a lower JE.
The statistically significant positive relationship observed between health and safety and JE suggests that employees working in a comfortable working environment that also fulfils health and safety standards may feel quite happy and satisfied to work in their banks. This may in turn affect their well-being. Thus, employees who reported a high level of well-being are probably immersed in their work, feeling happy performing the work, and experience high JE. Boyd (1997) asserted that poor health and poor well-being experienced by employees at their workplaces will result in different consequences, amongst which are lowered productivity of poorer quality decisions by decision makers, and a higher rate of absenteeism among employees in the workplace. Another possible reason could be that the employees expect a healthier and safer working bank environment. Thus, when banks fulfill their expectations, employees may feel appreciated or motivated, and they may reciprocate with a high JE. Saks (2006) concluded that employees whose jobs are characterized by high job characteristics would more likely respond with greater JE. These results are supported by the research of Bakker and Demerouti (2007) and Schaufeli and Bakker (2004). They concluded that general working conditions such as heavy workload and poor physical environment have a significantly negative effect on work engagement.

The result of the statistical analysis also indicates that work life balance has a positive and significant relationship with JE, and this is consistent with the hypothesized expectations. This means that employees tend to reciprocate with a higher JE when they work for a bank that shows concern in the form of discretionary efforts, such as providing childcare facilities during working hours, sporting facilities, a cafeteria, and encouraging them to become members of the social club. This is consistent with the suggestion that employees’ perceived obligations are influenced more by an employer’s discretionary actions that would result in stronger psychological contact rather than treatment dictated by outside influences (Eisenberger et al., 1997). The results of this study also support the premises of SET interpretations that when employees receive economic and socio-emotional resources from their organisation, they feel obliged to respond with significant levels of engagement (Saks, 2006). Another possible explanation is that employees who have abilities to balance between work and life responsibilities are likely to be happier and enjoy being a member of the concerned bank. This feeling may encourage the employees to throw themselves into their job. The result of this hypothesis is in agreement with that of Lee et al. (2003) who reported that employees perform better and become more engaged in their work, pursuant to the organisation supporting their need for work life balance.

The results further show that workplace diversity has a significant relationship with JE. The finding suggests that greater workplace diversity could make the employees more engaged in the jobs. This positive relationship is possibly attributed to the respect accorded to the unique needs of diverse groups (both male and female) and the recognition given to individual differences within those groups by bank employers. Though these respect and recognition by employers fall within their legal obligations, they somehow make employees more engaged in their jobs. A review of the literature provides support for this finding where research by Lin (2009) and Hardy and Barkham (1994) found a positive relationship between perceived legal citizenship and work engagement.

5.4 Internal CSR and Organisational Engagement OE

The interesting finding of this study is the significant direct effect of internal CSR practices on OE. Health and safety was the strongest predictor of bank employees’ OE, followed by training and education, human rights, work life balance and workplace diversity respectively. This means that good internal CSR practices such as these may improve the level of employees’ OE.

In relation to the influence of human rights, the results of this research reveal that human rights have a significant association with OE. This result is similar to that of Saks (2006) who stated that higher perception of procedural justice by employees would more likely be reciprocated with greater OE. These findings suggest that employees who perceive fairness in the workplace may experience feelings of appreciation, respect and recognition, which in turn, may positively affect their OE to their banks. Conversely, Dicke et al. (2007) argue that employees who do not see things as fair in the workplace are more likely to withdraw and display negative behaviours, such as low OE.

As expected, the results also show that training and education together has a positive and significant relationship with OE. Thus, the finding suggests that if an employee perceived their banks value and care for them when training programmes are provided to improve their skills and when banks support continuing education of employees, this perception will bring a sense of exhilaration being a member of this bank. These findings also confirm previous findings of Saks (2006) and Eisenberger et al. (1986) that perceptions of organisational support have a positive and significant relationship with OE.

Moreover, the results of this study reveal that work life balance has positive and significant effects on OE. This may be due to the fact that employees in Jordan's banking sector believe their banks are providing them with
several initiatives exceeding legal requirements to achieve the balance between life and work, leading to their reporting of high OE. This finding is similar to that of Devi (2009) who pointed out that an organisation that helps their employees work in a way which best supports them in balancing their work and home environments are more likely to have engaged employees. The Sirota Survey Intelligence (2007) indicated that there is an impact on employees’ attitudes when they perceive the presence of a strong commitment by their employers to CSR. This will raise EE to 86% while a negative perception could lower EE to 37%.

The findings of this research have also shown a positive association between health and safety and OE. This means that high health and safety working environment may lead to a high OE. A probable explanation is that employees who perceive workplace conditions as positive and challenging would reciprocate with positive work attitudes. In contrast, employees who perceive workplace conditions as negative and distressing would reciprocate with negative work attitudes (Haar, 2006). Thus, employees in the Jordan banking sector who perceived their banks as taking great efforts to make working environment safer and healthier may feel obliged to reciprocate with a greater OE.

Finally, the findings of this study indicate that workplace diversity has a positive and significant effect on OE. This result suggests that the higher the workplace diversity, the higher will be the OE. Employees will similarly feel more organizationally engaged when they perceive that their banks respect the unique needs of diverse groups and accord recognition to individual differences.

6. Conclusion, Implications, and Future Research

Many significant conclusions can be made. First, internal CSR practices are not highly adopted within the banking sector in Jordan, only one dimension of internal CSR, namely work life balance as being less adopted compared with the other four dimensions of internal CSR. Second, the results of this study highlight the fact that the impact of internal CSR practices on OE was greater as compared with that of JE. This implies that internal CSR practices could predict employees’ OE stronger than their JE.

The study attempts to find out the extent of adoption of internal CSR practices in the banking sector in Jordan, as well as the relationship between internal CSR and EE. The results show that the proposal framework has been substantially validated. All research questions have been answered. The results have shown the significant effects of internal CSR practices on JE, OE. Overall, it can be concluded that banks with a higher level of internal CSR practices will lead to a higher level of EE. The findings of this study have also provided further information for banking managers regarding the impact of internal CSR practices on employees’ engagement.

The contributions of this study are: first, it focuses on the concept of internal CSR and determined the fundamental components related to it. Hence, this study adds to the knowledge in the area of CSR particularly internal CSR literature and provide base for future researches about this concept. Second, this study contributes to the body of literature concerning the influence of internal CSR practices on employees’ engagement and commitment in the population of frontline employees within the banking sector in Jordan. Third, it provides further empirical evidence and validates the social exchange theory (Blau, 1964) in the employer-employee relationship, by investigating the relationship between internal CSR and EE. Thus, this study extends knowledge regarding the impact of CSR particularly internal CSR on employee attitude and behavior. Finally, it examines the impact of various dimensions of internal CSR on two dimensions of EE in a developing countries business environment, the banking sector in Jordan. Specifically, this study answers the call by ALshbiel and AL-Awawdeh (2011); Ali et al. (2010); Aguilera et al. (2007); Campbell (2006) and Suwaidan et al. (2004) for more studies to address the relationship between CSR activities and organisational performance in emerging economies. Therefore, this study adds to the knowledge concerning the extent to which the banking sector particularly in emerging economies adoption internal CSR practices and extends knowledge regarding the impacts of internal CSR practices on EE in developing countries.

Like many other researches study this study although it makes several contributions to CSR literature, it has some limitations. First, the generalization of the results, as the sample was selected based on a nonprobability sampling method, quota, and convenience sampling, the sample may not be totally representative of the population. Second, the study has excluded individuals outside the banking sector and also outside the boundaries of Jordan. Hence, the generalizability of the results is restricted. Future research could be conducted to address the limitations outlined above. First, this study only concentrated on frontline employees within the banking sector in Jordan. Future research could extend the investigation to different sectors and countries to obtain a wider generalization of the study. In-depth interviews with employees would be helpful, especially because internal CSR practices may vary according to sectors and countries. Future studies can also be tailored to investigate the effects of internal CSR and EE, using multiple respondents in a given organisation. This may
shed greater understanding and knowledge on how internal CSR practices affect employee’s attitude and behaviour. Future research could also reexamine the conceptual model used in this study with a larger sample size so that the outcomes can be generalized to a larger population. For the purpose of causality, it would be interesting to replicate this study in a longitudinal design, so that it could be determined if internal CSR practices and EE are conditions and relationships that are likely to be sustained. Another future direction is to investigate other factors that might influence the level of EE towards banks, such as trust and perceived organisational support. In addition, future studies may examine the effects of social ideology as a moderating variable in the relationship between internal CSR practices and employee engagement. Moreover, future research could also investigate the effects of both internal and external CSR practices on employees’ attitude and behaviour such as employee engagement.

References


