

## **The Impact of Internal Corporate Social Responsibility (ICSR) on Employee Engagement (EE) Within the National Commercial Banks in Saudi Arabia**

<sup>1</sup>University of Jeddah , Collage of Business at Khulais  
Department of Human Resources Management, Jeddah , Saudi Arabia  
Aisha Mirghani Shibeika

doi.org/10.51505/IJEBMR.2024.81108      URL: <https://doi.org/10.51505/IJEBMR.2024.81108>

Received: Sep 28, 2024

Accepted: Oct 04, 2024

Online Published: Nov 12, 2024

### **Abstract**

This study attempts to investigate the relationship between Internal corporate social responsibility ICSR practices and Employees Engagement (EE) based on stakeholder theory (ST). Specifically, we studied some dimensions of ICSR. Eight dimensions were taken of ICSR practices and their impact on (EE): (namely: training and career development, health and safety, employee rights, employee well-being, leave entitlement, social work environment, diversity at workplace and support for people with disabilities). The proposed model was tested on a sample of 375 employees working in national commercial banks in Saudi Arabia. Exploratory factor analysis, reliability assessment, and regression were applied to analyze the data. The results of this study indicate that ICSR positively influenced (EE). Specifically, there is a statistically significant positive relationship between (training and career development, health and safety, social work environment, employee rights, employee well-being and diversity at the workplace) and (EE). The results also showed that there were no statistically significant positive relationships between (leave entitlement and support for the disabled) and (EE). The Study is economic legal, and ethical responses benefit employees directly while discretionary responsibility benefits them indirectly.

**Keywords:** Internal corporate social responsibility (ICSR), Employees Engagement(EE), National Commercial Banks in Saudi Arabia.

### **1. Introduction:**

Corporate Social Responsibility (CSR) has recently been recognized as an indicator of business performance and an opportunity for sustainable development in business and the wider environment. However, we have witnessed significant change in (CSR) implementation and management to adapt to the new and rapidly changing global business environment. Among with this progress, the idea that companies should change from discretionary (CSR) activities to some strategically chosen (CSR) activities, for example, internal (CSR), has received more attention from both researchers and practitioners. (De Roecket al.,2012).

Corporate Social Responsibility (CSR) has become a very important issue for the banking sector to address, especially when several scandals have been revealed in the banking sector since the beginning of the new millennium (eg. Bank of Credit and Commerce International (BCCI).

These scandals have led to a decline in the level of trust that banks used to have with various stakeholders. Henceforth, banks began to realize that successful businesses are concerned not only with the economic aspects of organizational activity (i.e. profitability and growth) but also, in "actions that appear to promote some social good, beyond the interests of the company and what the law requires" (McWilliams et al., 2006).

One of the challenges that employees today are most aware of is the increasing commitment companies have towards society. This means that they now view corporate social responsibility as one of the most important issues for employers to consider. If awareness of the issue grows, it may lead to impacts on employee attitudes and behaviors. Among other factors, satisfaction can be influenced by different aspects of the job, an issue we would like to investigate in the current paper.

There are direct and indirect relationships of (CSR) with employees. However, we find that different types of corporate social responsibility practices affect employee behavior and performance at work. Therefore, studies Pajo, K., & Lee, L.(2010), investigated the impact of (CSR) as a single construct. Another study by (De Roecket al.,2012) also looked at the impact of (CSR) as a whole on employees.

However, this study examined internal (CSR) practices focusing on (training and career development, health and safety, employee rights, employee well-being, leave entitlement, social work environment, diversity at workplace and support for people with disabilities) and what their impact is on employee engagement. It should be useful for practitioners to understand which element of internal (CSR) has a greater impact on the behavior and perceptions of employees in their workplace. All of this helps senior managers to practically apply internal (CSR) practices and develop (CSR) strategies in more detail.

Therefore, this paper outlines are search aimed at investigating the relationship between internal CSR, taking into account some aspects that can have a direct impact: (training and career development, health and safety, social work environment, employee rights, employee well-being, diversity at the workplace, leave entitlement and support for the disabled) and employee engagement (EE) in the National Commercial Banks in Saudi Arabia.

Clarifying the relationship between internal (CSR) practices will support the claim that positive internal (CSR) practices may be beneficial to business organizations in general and the banking sector in particular.

### *1.1 Literature Review and Previous Studies:*

Previous studies have focused mostly on the relationship between (CSR) and the customer, but currently there are more and more scholars who have focused their research on the study of the influence of (CSR) on the internal related person of the enterprise, namely, the employee. Therefore, this research aims to study the influence of (CSR) perceptions of the EE. It is widely recognized that managers must satisfy a variety of stakeholders who can influence firm

outcomes. According to the stakeholder view, it is beneficial for the firm to engage certain activities of (CSR) that stakeholders perceive to be important, because otherwise these groups might withdraw their support for the firm. Consequently, a number of managers have understood the importance of socially responsible initiatives as representing opportunities for more efficient management of their human resources.

CSR has certainly brought about many improvements to the business world, especially in various practices related to the environment and also issues pertaining to discrimination and abuse in the work place. The fundamental reason why corporate social responsibility is so important is that it has to do with the well-being of all individuals at Hangzhou University as it has gained experience within the company itself, specifically in the field of human resource (Fuentes-García et al., 2008). In addition, it involves social responsibility practices for employees especially in the area of their safety, health and well-being, training, participation in business, equal opportunities and work-family relationship. (Vives, 2006).

In Europe, the European Commission (2001) issued a Green Paper on Strengthening the European CSR Framework. The Green Paper sought to encourage companies to adopt a “triple bottom line” approach and pay attention to social and environmental issues in addition to economic goals. It also highlights the embodiment of corporate social responsibility in the form of responsible and non-discriminatory practices as well as information transparency in the company with lifelong training for employees.

Research on the topic of (CSR) and employee engagement is relatively new, but there are some studies that demonstrate a positive relationship between CSR and EE. Glavas and Pederet (2009) found that the effect on employee engagement resulting from positive employee perceptions of CSR was enhanced by the importance of (CSR) to the employee. Caligiuri et al. (2013) also found a positive relationship between (CSR) and employee engagement; Furthermore, the authors found a three-way interaction between project importance, social support, and resource availability related to employee engagement. Glavas (2012) suggested that the main reason for the positive relationship between (CSR) and EE is that employees find greater meaning and value alignment at work. Specifically, (CSR) allows companies to go beyond formal value statements that tend to be words on paper to actually living those values out in the field.

Reference Greening et al. (2000) explained that current and potential employee seek positive consideration from good corporate social responsibility. Moreover, a good CSR image creates positive attitudes toward job satisfaction for middle- and lower-level employees by raising positive reactions from their family, friends, and social groups (Riordan, et. al 1997). There have been many studies that have shown the positive relationship between internal CSR and work engagement (Viswesvaran, and Deniz 2005). But we cannot ignore the study Bellifemine et al. (2013) which highlighted that internal stakeholders (employees) were the most prominent stakeholders which should be fully understood because previous studies focused more on external (CSR) which investigated consumer engagement with the organization.

Research and studies on the topic of internal (CSR) and (EE) are relatively recent, but there are some studies that prove a positive relationship between corporate social responsibility and employee engagement. Glavas and Pederet (2009) found that the effect on EE resulting from positive employee perceptions of CSR was enhanced by the importance of CSR to the employee. Caligiuri et al. (2013) also found a positive relationship between (CSR) and (EE); moreover, the authors found a three-way interaction of project meaningfulness, social support, and availability of resources on EE. Furthermore, CSR can also be a path to finding greater meaning at work – in a review of the literature on meaning, Russo et al. (2010) proposed (CSR) as a direction through which employees can find true meaning in doing their work because they feel that they are contributing to the common good.

Moreover, Grant et al. (2008) found that contributing to achieving the public good makes the employee feel satisfied with himself first, thus improving his self-concept, which leads to a greater degree of organizational identity toward the organization.

Employees are considered as a primary stakeholder group and as noted by Greenberg, (2002). They are identified as relatively highly salient stakeholders to whom the firm owes a perfect duty, which means that they have high power and legitimacy to influence the firm. Thus, we can say, paraphrasing McWilliams and Siegel, (2001) that "employees are another source of stakeholder demand for (CSR). For example, they tend to support progressive labor relations policies, safety, financial security, and workplace amenities, such as childcare. Workers are searching for signals that managers are responding to causes they support." According to Tuzzolino and Armandi, (1981), satisfying employees' expectations will lead to improved job attitudes and increased productivity, which is good for the company, but it has to be pointed out that this effect is mediated through employees' well-being.

Internal (CSR) refers to actions taken by companies to meet employee expectations, achieve and improve organizational justice in relation to employees (e.g. improve employee happiness, health satisfaction), and ensure work safety and employee growth and development. (Brammer S., Millington 2007). By providing welfare services for employees, internal (CSR) is closely related to psychological and physiological wellbeing, and the core idea of CSR is to benefit employees instead of pursuing corporate interest (Turker D. 2009)

Work engagement refers to employees' perception, emotion, and behavior at work (Breevaart, 2015) It is an emotional and psychological expression of strength and dedication to work (Baker, 2011). In many studies, employee engagement has been considered an effective indicator to reflect the quality of employees' work (such as job performance and job satisfaction at work) and also has an impact on employees' career development. Organizational pride has been defined as "the extent to which individuals experience pleasure and self-esteem arising from their organizational membership." (Jones D.A. 2010)

Employee engagement is a constant and ongoing conflict between employees within companies as it affects employees' commitment to the job role in addition to its impact on employee

behavior (Farouk, and Valette-Florence, 2014). Moreover, Packer and Leiter's (2011) study showed that work engagement is satisfaction. The mind, which is divided into absorption, dedication and activity to achieve the goal positively. However, the impact of internal CSR on the routine behavior and attitudes of employees regarding their work engagement has not been measured directly by the researcher or very little empirical research has been found that investigated EE through internal CSR (Carroll, 1979). According to the study of Collier and Esteban (2007) it was explained that organizational behavior theorists proposed the influence of internal CSR on the perceptions of internal stakeholders (employees) regarding their behavior and attitudes at work.

In parallel, there is a counter trend emerging in part of the workforce where employees are increasingly engaged at work due to corporate social responsibility (CSR). For example, at Walmart, a company that has been widely criticized for its working conditions, CSR has become the main source of employee engagement (Glavas, 2012).

In summary, existing research on (CSR) indicates that there is a statistically significant relationship between (CSR) and (EE). However, in my review of the literature, I did not find any studies that explored the mediators of the relationship between (CSR) and (EE). For example, we know that employees can become more engaged and committed due to corporate social responsibility, but we do not understand what the mechanisms, reasons and factors for their engagement and commitment are.

### *1.2 Research Question:*

Based on the previous studies, this study raises the following question:

\*What is the relationship between internal (CSR) and (EE) of employees within National Commercial Banks in Saudi Arabia?

### *1.3 Research Hypotheses:*

**H1: There is a statistically significant positive relationship between internal corporate social responsibility (ICSR) and Employee Engagement (EE) :**

**H1.1:** There is a statistically significant positive relationship between training and career development and **EE**.

**H1.2:** There is a statistically significant positive relationship between vacation entitlement and **EE**.

**H1.3:** There is a statistically significant positive relationship between employees' rights and **EE**.

**H1.4:** There is a statistically significant positive relationship between health and safety and **EE**.

**H1.5:** There is a statistically significant positive relationship between work social environment and **EE**.

**H1.6:** There is a statistically significant positive relationship between employees' welfare and **EE**.

**H1.7:** There is a statistically significant positive relationship between workplace diversity and **EE**.

**H1.8:** There is a statistically significant positive relationship between disabled support and **EE**

**2- Research Methodology:***2-1 Participants and Procedures:*

Primary data was collected through questionnaires administered to a sample of National Commercial Banks employees selected according to the probability sampling techniques. The researcher also used a disproportionate stratified random sample because some classes are overrepresented and some are underrepresented (for example, the total number of employees in a Al Rajhi Bank has 9 thousand employees and the total number of employees in the National Commercial Bank is 6 thousand and employees. The sample size decision should be guided by a consideration of the resource constraints such as limited money, limited time, and availability of qualified personnel for data collection (Sekaran and Bougie, 2010). Sample Size

The distribution of questionnaires to all selected bank employees within the Jeddah region (400 questionnaires) was managed by the researcher where respondents were asked to return the completed questionnaires to the researcher after one week through the bank. This may have made some employees a bit reserved in their responses. However, 380 questionnaires were collected, of which (375 questionnaires) were completed and suitable for analysis.

*2-2 Respondents' Profile:*

**Table (1)** below shows the personal information of the respondents. Participants included **375 employees** of local commercial banks in the Saudi Arabia. As expected, males in the banking sector in Saudi Arabia constitute **52.5%** and females **47.5%**. This may be due to the fact that the traditional ideology of Arab customs, traditions, and customs still dominates women's lives and isolates them from activities outside the family (Manasra, 1993). In addition, **8.0%** were aged less than **20** years, **32.3%** between **20–30** years, **36.8%** between **30–40** years, **27.2%** between **40–50** years, and **2.9%** of respondents were aged **50–60** years. More than half of the respondents, **68.5%** were married, **27.2%** were single and **4.3%** were other. Of the study subjects, **10.4 %** had worked in their bank for a year or less, **25.1%** between **1** and **4** years, **32%** between **4** and **7** years, **23.7%** between **7** and **10** years and the organizational tenures of **8.8%** of the sample were **10** years and above. A total of **9** employees were educated to high School diploma level or less, **236** subjects were university-graduates and **130** employees were postgraduates.

**Table No (1) Respondents' Profile**

Categories	Frequency	Percent%
<b>Employees' Experience :</b>		
Less than one year	39	10.4%
1 year and less than 4 years	94	25.1%
4 years and less than 7 years	120	32%
7 years and less than 10 years	89	23.7%
10 years and more	33	8.8%
<b>Employees' Age :</b>		
Less than 21 years	3	8%
21 to 30 years	121	32.3%
31 to 40 years	138	36.8%



41 to 50 years	102	27.2%
51 to 60 years	11	2.9%
<b>Employees' Gender :</b>		
Male	197	52.5%
Female	178	47.5%
<b>Employees' Marital Status :</b>		
Single	102	27.2%
Married	257	68.5%
Other	16	4.3%
<b>Employees' Educational Level :</b>		
High Secondary School	0	0%
High School Diploma	9	2.4%
University Education	236	62.9%
Post Graduate Education	130	34.7%

Source: Prepared By the Researcher for this Study

#### 2-3 Reliability Analysis of the Instrument:

This study uses the most common test of interrater consistency reliability, Cronbach's alpha, which is typically used for items with multi-point measurement. As shown in **Table (2)**, all resulting scales are sufficiently reliable, with an overall alpha of **0.91%** for all items, which is quite satisfactory and meets reliability requirements.

As **Table (2)** indicates, the Cronbach's Alpha shows that the selected sets of questions relate to each other strongly as reflected in the high values of alphas. Consequently, all these sets will be subjected to factor analysis.

Table No (2) Scale Reliability Test of the Questionnaires

Variables	Items	Alpha Cronbach %
Training and Career Development	7	89%
Employees' Rights	8	81%
Health and Safety	6	82%
Social Work Environment	7	77%
Workplace Diversity	7	84%
Employee Engagement	8	86%
<b>Total Reliability of the Model</b>	<b>43</b>	<b>91%</b>

Source: Prepared by the Researcher for this Study

#### 2-4 Exploratory Factor Analysis:

The purpose of factor analysis is to achieve data reduction or retain the nature and character of the original items, and to delete those items which had lower factor loadings and cross loading (Hair et al.,2006).

The original questionnaire had five items measuring the independent variable (internal corporate social responsibility), seven questions for training and career development, eight questions for

employees' rights, six questions for health and safety, seven questions for social work environment and seven questions for workplace diversity.

The factor analysis results indicate that the measure of Kaiser-Meyer-Olkin(KMO) was **.896** which exceeded the cutoff point of **.50**. Bartlett's test of Sphericity is a chi-square test of determinant of the correlation matrix and assume the variables are non linear. For this study ( $\chi^2 = 7577.909$ ,  $df=595$ ,  $sig.= .000$ ) indicates that the sample used in this study for factor analysis is adequate. In other words, there is sufficient number of significant intercorrelation for factor analysis. **Table (3)** shows result of KMO and Bartlett's Test of the **internal CSR**.

Table No (3) KMO and Bartlett's Test of the Internal Corporate Social Responsibility

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.896
Bartlett's Test of Sphericity	Approx. Chi-Square	7577.909
	Df	595
	Sig.	.000

Source: Prepared By the Researcher for this Study

The results of the factor analysis show eight factor loadings. Factor one has a high loading on training and career development with factors loadings between **.78** and **.61**. Thus the original name for this factor is retained. Whereas, the variable of employees' right is divided into two factors, thus the original name for factor three is retained "employees' rights", with factors loadings **Q15= .83**, **Q16=.67**, **Q14=.64**. However **Q13** and **Q14** formed on factor two with factors loadings of **.75** **.65**, accordingly, this factor is renamed as vacation entitlement. **Q10** and **Q11** were eliminated because their coefficients were less than **0.50**.

Health and safety questions **Q17**, **Q18**, **Q19**, and **Q20**, form factor four with factors loadings between **.73** and **.63**. Thus the original name for this factor "health and safety" is retained. While **Q21** and **Q22** were eliminated because the values of their coefficient were less than **0.50**.

The variable of social work environment is divided into two factors. Thus the original name for factor five is retained "social work environment", with factors loadings **Q27= .78**, **Q29=.76**, **Q29 =.66** and **Q28=.65**. The **Q25**, **Q24** and **Q26** form factor six with factors loadings **.78**, **.72** and **.64** respectively. This factor is renamed as "employees' welfare".

Finally, variable **5**, workplace diversity is divided into two factors, factor seven and factor eight. Thus, the original name for factor seven is retained as "workplace diversity", and form with factors loadings **Q30=.78**, **Q31=.69**, **Q32=.58** and **Q36=.51**. The **Q34**, **Q35** and **Q33** form factor eight with factors loadings **.89**, **.88** and **.87**, respectively, this factor is renamed as "disabled support".



Table No (4) Principal Component Analysis of the Independent Variable (Varimax Rotation)

	Variables and Questions	Factor Loading							
		F1	F2	F3	F4	F5	F6	F7	F8
	<b>Training and Career Development</b>								
Q1	Your bank allows employees time to learn new skills that prepare them for future jobs.	.78							
Q2	Your bank provides support when employees decide to enroll in ongoing training.	.78							
Q3	Your bank trains employees on skills that prepare them for future jobs and career development.	.72							
Q5	Your bank provides a systematic programs that regularly assesses employees skills and interest.	.69							
Q6	Your bank is fully supportive of career–management programs for all employees	.63							
Q7	Your bank provides career consulting and planning assistance to employees.	.62							
Q4	Your bank to ensure complete confidentiality for employees to consult their supervisors	.61							
	<b>Vacation Entitlement :</b>								
Q13	your bank is keen to provide paid leave for all employees.		.75						
Q12	I have freedom to use annual leave, when I wish.		.65						
	<b>Employees' Rights :</b>								
Q15	Your bank avoids monitoring employees via electronic means (Surveillance, cameras fingerprint at entry and exit... etc ).			.83					
Q16	Your bank avoids firing employees without cause.			.67					
Q14	Your bank requires employees to work a reasonable number of working hours.			.64					
	<b>Health and Safety :</b>								
Q18	Your bank provides a comfortable healthy and safety				.73				

	working environment.								
<b>Q19</b>	Your bank provides professional consulting services that support employees well-being.				.66				
<b>Q20</b>	Bank encourages employees to take preventive measures to maintain the health and safety				.63				
<b>Q17</b>	your bank provides electronic devices conform to the specifications and standards of safety and security (e.g. acceptable radiation levels and ergonomic keypads...etc )				.63				
	<b>Social Work Environment</b>								
<b>Q27</b>	Your bank provides employees with child care facilities during working hours (e.g. Kindergartens ).					.78			
<b>Q29</b>	Your bank is keen to provide special facilities for staff to spend a period of rest during work.					.76			
<b>Q23</b>	Your bank offers employees the opportunity to obtain membership of social clubs.					.66			
<b>Q28</b>	Your bank is keen on the participation of its employees in the decision-making process concerning the implementation of programs and social activities.					.65			
	<b>Employees' Welfare</b>								
<b>Q25</b>	Your bank supports employees (female) to fill the jobs and administrative positions						.78		
<b>Q24</b>	Your bank conducts diversity training programs with compulsory participation for all employees.						.72		
<b>Q26</b>	Your bank does not mind recruiting disabilities people.						.64		
	<b>Workplace Diversity :</b>								
<b>Q30</b>	Your bank treats all jobs applicants fairly irrespective of an individuals' race , sex and religion.							.78	
<b>Q31</b>	Your bank conducts diversity							.69	

	training programs with compulsory participation for all employees.								
<b>Q32</b>	Your bank supports employees (female) to fill the jobs and administrative positions							.58	
<b>Q36</b>	Your bank ensures employees diversity in teams of gender (male and female) in the workplace.							.51	
	<b>Disabled Support :</b>								
<b>Q34</b>	Bank hold's workshops to achieve adjustment among healthy employees and colleagues with disabilities.								.89
<b>Q35</b>	Bank offers special programs that provide Consulting and practical experience for employees with disabilities.								.88
<b>Q33</b>	Your bank does not mind recruiting disabilities people.								.87
	<b>Dropped:-</b>								
	<b>Employees' Rights:</b>								
<b>Q9</b>	Your bank provides equal opportunities for all employees (e.g. training , scholarship , qualifying.....etc )								
<b>Q10</b>	Your bank pays proportionate salary to the effort that expended at works .								
<b>Q11</b>	Your bank provides fair compensation for all employees.								
	<b>Health and Safety :</b>								
<b>Q21</b>	Your bank provides health and safety training and workshops for all employees.								
<b>Q22</b>	Your bank provides medical insurance for all employees.								
	Extraction Sums of Squared Loadings (Variance%)	<b>31.98</b>	<b>8.19</b>	<b>6.59</b>	<b>5.63</b>	<b>3.76</b>	<b>3.66</b>	<b>3.40</b>	<b>3.11</b>
	Extraction Sums of Squared Loadings (Cumulative %)	<b>31.98</b>	<b>40.17</b>	<b>46.77</b>	<b>52.40</b>	<b>56.17</b>	<b>59.83</b>	<b>63.24</b>	<b>66.36</b>
	Rotation Sums of Squared Loadings (Variance%)	<b>13.36</b>	<b>10.79</b>	<b>8.25</b>	<b>7.85</b>	<b>7.28</b>	<b>6.58</b>	<b>6.50</b>	<b>5.73</b>
	Rotation Sums of Squared Loadings (Cumulative %)	<b>13.36</b>	<b>24.16</b>	<b>32.41</b>	<b>40.26</b>	<b>47.54</b>	<b>54.13</b>	<b>60.63</b>	<b>66.36</b>
	Cronbach Alpha %	<b>89%</b>	<b>67%</b>	<b>74%</b>	<b>82%</b>	<b>80%</b>	<b>73%</b>	<b>76%</b>	<b>77%</b>

Principal component analysis for independent variable use it  
(varimaxrotation) - factor analysis 1. Values below .5 suppressed  
Source: Prepared By the Researcher from Analysis of the Questionnaire (SPSS Output)

The results show that the loading values of most of the items exceed the cut-off level (**0.5**), which means that the eight variables are valid and their factor loadings are greater than **0.5** and explain **66.36%** of the variances. In addition, the results confirm the existence of eight factors with values greater than **1.0**.

As a result, the questions that load highly on factor one; are related to “training and career development”. Therefore, we may label this factor “training and career development”, while the questions that load highly on factor two, seem related to “vacation entitlement”, therefore we might label this factor vacation entitlement. The three questions that highly load on factor three; all are related to employees’ rights. Therefore, we may label this factor “employees’ rights”.

The questions that load highly on factor four are related to health and safety, and therefore we may label this factor is “health and safety”. Four questions that load highly on factor five, all are related to “social work environment”, and therefore we may label this factor “social work environment”.

The questions that load highly on factor six are related to employee’s welfare; therefore, we can label this factor “employees welfare”. The four questions that load highly on factor seven, all are related to workplace diversity; therefore, we may label this factor “workplace diversity”.

Finally, the questions that load highly on factor eight, are related to disabled support; therefore, we can label this factor “disabled support”.

From **Table (4)** above these eight factors cumulatively capture about **66.36%** of the variance in the data. Before rotation, factor one account for **31.98%** considerably, more variance than the remaining seven (**compared to, 8.19%, 6.59%, 5.63%, 3.76%, 3.66%,, 3.40% and 3.11% respectively**). However, after extraction it represents only **13.36** of variance (**compared to, 10.79%, 8.25%, 7.85%, 7.28%, 6.58%, 6.50% and 5.73% respectively**).

From the result of the factor analysis, the **ICSR** variables had been changed to eight variables instead of five variables, and these variables are; (training and career development, vacation entitlement, employees’ rights, health and safety, social work environment, employees’ welfare, workplace diversity and disabled support).

**Consequently, the new and changed hypotheses are:**

**H1: There is a statistically significant positive relationship between internal corporate social responsibility (ICSR) and Employee Engagement (EE):**

**H1.1: There is a statistically significant positive relationship between training and career development and EE.**

**H1.2:** There is a statistically significant positive relationship between vacation entitlement and **EE**.

**H1.3:** There is a statistically significant positive relationship between employees' rights and **EE**.

**H1.4:** There is a statistically significant positive relationship between health and safety and **EE**.

**H1.5:** There is a statistically significant positive relationship between work social environment and **EE**.

**H1.6:** There is a statistically significant positive relationship between employees' welfare and **EE**.

**H1.7:** There is a statistically significant positive relationship between workplace diversity and **EE**.

**H1.8:** There is a statistically significant positive relationship between disabled support and **EE**

*2-5 Correlation Analysis among all Variables in the Model:*

**Table (5)** below also illustrates the significant and positive relationship between **internal CSR** components (namely; training and career development, vacation entitlement, employees' rights, health and safety, social work environment, employees' welfare, workplace diversity and disabled support) and **EE**. Therefore, multicollinearity is not a serious problem in this study.

Table No (5) Inter-Correlations among all Variables in the Model (N=375)

	<b>TCD</b>	<b>VE</b>	<b>ER</b>	<b>HS</b>	<b>SWE</b>	<b>EW</b>	<b>WPD</b>	<b>DS</b>	<b>EE</b>
<b>TCD</b>	1	.438(**)	.455(**)	.591(**)	.350(**)	.361(**)	.476(**)	.393(**)	.539(**)
		.000	.000	.000	.000	.000	.000	.000	.000
<b>VE</b>	.438(**)	1	.441(**)	.479(**)	.433(**)	.200(**)	.363(**)	.288(**)	.387(**)
	.000		.000	.000	.000	.000	.000	.000	.000
<b>ER</b>	.455(**)	.441(**)	1	.484(**)	.421(**)	.212(**)	.266(**)	.239(**)	.427(**)
	.000	.000		.000	.000	.000	.000	.000	.000
<b>HS</b>	.591(**)	.479(**)	.484(**)	1	.433(**)	.300(**)	.411(**)	.340(**)	.491(**)
	.000	.000	.000		.000	.000	.000	.000	.000
<b>SWE</b>	.350(**)	.433(**)	.421(**)	.433(**)	1	.297(**)	.317(**)	.231(**)	.380(**)
	.000	.000	.000	.000		.000	.000	.000	.000
<b>EW</b>	.361(**)	.200(**)	.212(**)	.300(**)	.297(**)	1	.449(**)	.222(**)	.384(**)
	.000	.000	.000	.000	.000		.000	.000	.000

<b>WPD</b>	.476(**)	.363(**)	.266(**)	.411(**)	.317(**)	.449(**)	1	.432(**)	.456(**)
	.000	.000	.000	.000	.000	.000		.000	.000
<b>DS</b>	.393(**)	.288(**)	.239(**)	.340(**)	.231(**)	.222(**)	.432(**)	1	.249(**)
	.000	.000	.000	.000	.000	.000	.000		.000
<b>EE</b>	.539(**)	.387(**)	.427(**)	.491(**)	.380(**)	.384(**)	.456(**)	.249(**)	1
	.000	.000	.000	.000	.000	.000	.000	.000	

\*\* . Correlation is significant at the 1% level (2-tailed).

Source: Analysis Prepared By the Researcher for this Study

#### 2-6 Hypotheses Testing of Internal Corporate Social Responsibility (ICSR) Components with Employees Engagement (EE) :

Multiple linear regression equation is used with (EE) as dependent variable. Then the equation tests the influence of independent variables (namely; training and career development, vacation entitlement, employees' rights, health and safety, social work environment, employees' welfare, workplace diversity and disabled support) on (EE).

Table (6) below shows the results of the regression equation testing the influence of internal (CSR) components (namely; training and career development, vacation entitlement, employees' rights, health and safety, social work environment, employees' welfare, workplace diversity and disabled support) on EE. Obviously, from Table (6), internal (CSR) components cumulatively contributed 64.7% of the variance. Clearly, the eight drivers of internal (CSR) are positively correlated with EE(41.8%EE). The adjusted R<sup>2</sup> in the model is (40.5%) which is the coefficients of determination adjusted for the number of independent variables and the sample size to account for diminishing returns where after the first few variables, additional independent variables do not make much contribution.

Table (6)  
Regression Analysis of Internal Corporate Social Responsibility and Employee Engagement

Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Change Statistics				
					R Square	F	df1	df2	Sig. F
1	.647	.418	.405	.51156	68.85	32.88	8	366	.00*
<b>a. Predictors: (Constant), Training and Career Development, Vacation Entitlement, Employees' Rights, Health and Safety, Social Work Environment, Employees' Welfare, Workplace Diversity and Disabled Support.</b>									
<b>b. Dependent Variable: Employee Engagement</b>									
*significant at 1% level									

Source: Prepared By the Researcher for this Study.



**Table (6)** above shows an **F** value of (32.88) at ( $p=0.00$ ) level of significance. This result accepts the hypothesis that **internal CSR** components have a statistically significant positive direct effect on **EE**.

Moreover, the regression coefficients in **Table (7)** below indicates that among these independent variables, training and career development was the most important in explaining the variance in **EE**  $\{(\beta=.243) (t= 4.423, \text{ and } P\text{-value}=0.00)\}$ , followed by workplace diversity  $\{(\beta=.174) (t= 3.39, \text{ and } P\text{-value}=0.00)\}$  and employees' rights  $\{(\beta=.13) (t= 2.78, \text{ and } P\text{-value}=0.00)\}$ . Finally, health and safety and employees' welfare have the beta coefficient & t-value  $\{(\beta=.13) (t= 2.45, \text{ and } P\text{-value}=0.01)\}$  and  $\{(\beta=.13) (t= 2.82, \text{ and } P\text{-value}=0.00)\}$  respectively. However, social work environment is marginally significant  $(\beta=.07) (t= 1.63, \text{ and } P\text{-value}=0.10)$  at level **10%**.

Table (7)  
Coefficients of Internal Corporate Social Responsibility Drivers on Employee Engagement

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.85	.20		4.15	.00*
	Training and Career Development	.21	.04	.24	4.42	.00*
	Vacation Entitlement	.03	.03	.05	1.01	.31
	Employees' Rights	.12	.04	.13	2.78	.00*
	Health and Safety	.12	.05	.13	2.45	.01**
	Social Work Environment	.08	.05	.07	1.63	.10***
	Employees' Welfare	.10	.03	.13	2.82	.00*
	Workplace Diversity	.15	.04	.17	3.39	.00*
	Disabled Support	-.04	.03	-.061	-1.340	.181
<b>Dependent Variable: Employees Engagement</b> *significant at 1% level **significant at 5% level ***significant at 10% level						

Source: Prepared By the Researcher for this Study

The T statistics test in Table (7) above shows a statically significant positive relationship between internal CSR components (namely; training and career development, employees' rights, health and safety, employees' welfare, workplace diversity and social work environment) and EE, The hypotheses relating to these factors were accepted, but vacation entitlement and disabled support were rejected because it shows no significant impact on EE. Thus, we can summarize the results of hypotheses testing as follows:

Table (8)

Hypotheses Testing of Internal Corporate Social Responsibility and Employee Engagement

No.	Statement of Hypotheses Result	Results
H2.1	There is a statistically significant positive relation between training and career development and <b>EE</b> .	Accepted
H2.2	There is a statistically significant positive relation between vacation entitlement and <b>EE</b> .	Rejected
H2.3	There is a statistically significant positive relation between employees' rights and <b>EE</b> .	Accepted
H2.4	There is a statistically significant positive relation between health and safety and <b>EE</b> .	Accepted
H2.5	There is a statistically significant positive relation between social work environment and <b>EE</b> .	Accepted
H2.6	There is a statistically significant positive relation between employees' welfare and <b>EE</b> .	Accepted
H2.7	There is a statistically significant positive relation between workplace diversity and <b>EE</b> .	Accepted
H2.8	There is a statistically significant positive relation between disabled support and <b>EE</b> .	Rejected

Source: Compiled by the Researcher for the purpose of this study

### 3- Research Findings:

Numerous studies have proven that there has been a great deal of interest in internal **CSR** in recent years. The results of this study showed that there are six dimensions of internal **CSR** practice (training and career development, employee rights, health and safety, social work environment, employee welfare, and diversity at the workplace) that are significantly and positively related to performance efficiency and the extent of (**EE**) with each other. Which appears positively in how they perform their work.

More specifically, findings of this study indicate a significant positive relationship between training and career development and **EE** (**B=.24, sig=.00**). This finding is similar to Wagner, (2000), who suggested that companies utilizing employee development programs are experiencing higher employee satisfaction and lower turnover rates.

Moreover, the findings of the study indicate that there is a significant positive relationship between (employees' right, health and safety and employees' welfare) and **EE**(**B=.137, sig=.006, B=.134, sig=.015 and B=.13o, sig=.005 respectively**). These findings are consistent with those of previous research by Glavas and Pedret (2009) and Lin (2009) who found that employees were more committed when they perceived their companies to practice good corporate citizenship (e.g., employee rights, health and safety, employee rights and care). This leads to the conclusion that the availability of internal **CSR** components in commercial banks in the Saudi Arabia leads to **EE** and job loyalty.

### 4- Theoretical Contributions:

The theoretical contributions of this research are as follows. Firstly, we built a new research framework by dividing employees' internal **CSR** components of responsibility and their impact on (**EE**) according to different **CSR** stakeholders. This responded to the recent call for macro**CSR**

researchers (Longo, 2005). We then used this framework to explore the different influence mechanisms of employees' perceptions of CSR on employee work engagement.

Secondly, we developed a new theoretical explanation mechanism to study the relationship between employees' perceptions of CSR and their work engagement. The main studies on the relationship between employee perceptions of CSR and employee work engagement are based on social identity theory, but we expand on previous studies (Farouk et al. 2014) in our work by combining social identity theory and social exchange theory.

### **5-Implications:**

This study attempts to find out the extent of adoption of internal CSR practices in the banking sector in Saudi Arabia, as well as the relationship between internal CSR and EE.

The results of this study indicate that economic responsibility, legal responsibility, and moral responsibility will benefit employees directly, while discretionary responsibility will benefit employees indirectly. All dimensions of ICSR benefit organizations. As a result, management must take into account all cultural, social and legal aspects of the ICSR because of their impact on employee participation, which has a direct and positive impact on job performance.

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 knowledge in the area of CSR particularly internal CSR literature and provides base for future research on this concept. This study contributes to the body of literature concerning the influence of internal CSR practices on employees' EE in the population of employees within the banking sector in Saudi Arabia. It's also provides further empirical evidence and validates the stakeholder theory McWilliams and Siegel (2001), 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. Fourth, it examines the impact of various dimensions of internal CSR on EE in a business environment, the banking sector in Saudi Arabia. Specifically, this study answers the call by AL shbiel 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 EE in emerging economies.

All banks and companies must ensure that each organization is committed to implementing internal CSR. Moreover, according to the CSR literature, researchers have studied that those companies have a higher return on equity and satisfaction of their employees, who have implemented internal and external CSR.

Finally, the results of this study imply that economic responsibility, legal responsibility and ethical responsibility are expected to be beneficial to employees directly, while discretionary responsibility may benefit employees indirectly. Each CSR dimension brings about advantage to the organization.

## **6- Conclusions:**

This study is among the few that have demonstrated the impact of internal CSR on employee engagement (EE). Concluding remarks regarding this study are that internal CSR is the core issue in all national commercial banks in Saudi Arabia. It was also found that internal CSR has a significant positive impact on (EE).

This study chooses employees within the national commercial banks in Saudi Arabia. Future studies may extend the investigation of the various sectors (health, educational and industrial sector) and countries to obtain more general findings. Moreover, in-depth interviews with employees will be helpful, especially because internal CSR practices may vary according to sector and country.

Proper implementation of ICSR practices improves the social status of employees inside and outside the banking sector. This procedure leads to an increase in employee engagement (EE), and in return, banks achieve high profits, which is the goal that they seek to achieve within a short period of time.

## **7- Future Research:**

Future research work may also investigate the effects of internal **CSR** on performance efficiency using multiple respondents at different levels in the organization. This may help in understanding how internal **CSR** practices influence employee attitude, behavior and performance at work. This study also dealt with national commercial banks only in the Saudi Arabia, so other future studies must include all banks of various types with a large sample size. This means that future research may revisit the conceptual model used in this study with a larger sample size so that the findings can be generalized to a larger population.

## **8- References:**

- Ali, I., Rehman, K. U., Ali, S. L., Yousaf, J., & Zia, M. (2010). Corporate social responsibility influences, employee commitment and organizational performance. *African Journal of Business Management*.
- ALshbiel, S. O., & AL Awawdeh, W. M. (2011). Internal social responsibility and its impact on job commitment: empirical study on Jordanian cement manufacturing Co. *International Journal of Business and Management*, 6, 12. <http://dx.doi.org/10.5539/ijbm.v6n12p94>.
- Bakker, A. B., Albrecht, S. L., & Leiter, M. P. (2011). "Key questions regarding work engagement". *European Journal of Work and Organizational Psychology*, Vol. 20, No. 1), 4-28
- Breevaart K., Bakker A.B., Demerouti E., Derks D. ((2015) Who takes the lead? A multi-source diary study on leadership, work engagement, and job performance. *J. Organ. Behav.* 2016;37:309–325. doi: 10.1002/job.2041.
- Bellifemine, Fabio Luigi, Giovanni Caire, and Dominic Greenwood. Developing multi-agent systems with JADE. Vol. 7. John Wiley & Sons, 2007

- Brammer S., Millington A., Rayton B. The contribution of corporate social responsibility to organizational commitment. *Int. J. Hum. Resour. Manag.* 2007.
- Caligiuri, P., Mencin, A., and Jiang, K. (2013). Win-win-win: the influence of company-sponsored volunteerism programs on employees, NGOs, and business units. *Pers. Psychol.* 66, 825–860. doi: 10.1111/peps.12019
- Carmeli, A., Gilat, G., & Waldman, D. A. (2007). "Role of perceived organizational performance in organizational identification, adjustment and job performance". *Journal of Management Studies*, 44, 972–992
- Carroll, A.B. (1979), "A three-dimensional conceptual model of corporate performance", *Academy of Management Review*, Vol. 4 No. 4, pp. 497-505
- Collier, J., & Esteban, R. (2007). "Corporate social responsibility and employee commitment". *Business Ethics: A European Review*, Vol. 16, No. 1, pp. 19-33
- Caligiuri, P., Mencin, A., and Jiang, K. (2013). Win-win-win: the influence of company-sponsored volunteerism programs on employees, NGOs, and business units. *Pers. Psychol.* 66, 825–860. doi: 10.1111/peps.12019
- De Roeck, Kenneth, and Nathalie Delobbe. "Do environmental CSR initiatives serve organizations' legitimacy in the oil industry? Exploring employees' reactions through organizational identification theory." *Journal of Business Ethics* 110.4 (2012): 397-412
- European Commission, (2001). Promoting a European Framework for Corporate Social Responsibility, Green Paper. European Commission, Directorate-General for Employment and Social Affairs: Luxembourg. [http://ec.europa.eu/education/lifelong-learningpolicy/doc/mobility/com329\\_en.pdf](http://ec.europa.eu/education/lifelong-learningpolicy/doc/mobility/com329_en.pdf)
- Farooq, O., Payaud, M., Merunka, D., & Valette-Florence, P. 2014. "The impact of corporate social responsibility on organizational commitment: Exploring multiple mediation mechanisms". *Journal of Business Ethics*, 125:563-580.
- Glavas, A., & Piderit, S. K. (2009). How does doing good matter? Effects of corporate citizenship on employees. *Journal of Corporate Citizenship*, vol 4 pp 385-403
- Glavas, A. (2012). Employee engagement and sustainability: a model for implementing meaningfulness at and in work. *J. Corporate Citizensh.* 46, 13–29. doi: 10.9774/GLEAF.4700.2012.su.00003
- Greenberg, J. (2002). Who stole the money, and when? Individual and situational determinants of employee theft. *Organizational Behavior and Human Decision Processes*, 89(1): 985-1003.
- Greening, Daniel W., and Daniel B. Turban. "Corporate social performance as a competitive advantage in attracting a quality workforce." *Business & Society* 39.3 (2000): 254-280.
- Grant, A. M., Dutton, J. E., and Rosso, B. D. (2008). Giving commitment: employee support programs and the prosocial sensemaking process. *Acad. Manag. J.* 51, 898–918. doi: 10.5465/AMJ.2008.34789652

- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate Data Analysis* (6th ed.). Upper Saddle River, NJ: Pearson Prentice Hall.
- Ho, M. H., (2007). *A Study of the Correlation between Job Satisfaction and Organizational Commitment from Employee's Corporate Social Responsibility View Point and Personality* (Unpublished Master Thesis). National Cheng Kung University, Tainan, Taiwan.
- Jones D.A. Does serving the community also serve the company? Using organizational identification and social exchange theories to understand employee responses to a volunteerism programme. *J. Occup. Organ. Psychol.* 2010;**83**:857–878. doi: 10.1348/096317909X477495
- Kim, H. R., Lee, M., Lee, H. T., & Kim, N. M. (2010). "Corporate social responsibility and employee–company identification". *Journal of Business Ethics*, 95, 557–569.
- Lee, Y. K., Kim, Y. S., Lee, K. H., & Li, D. X. (2012). "The impact of CSR on relationship quality and relationship outcomes: A perspective of service employees". *International Journal of Hospitality Management*, 31(3), 745-756.
- Lin, C. P. (2009). Modelling corporate citizenship, organisational trust, and work engagement based on attachment theory. *Journal of Business Ethics* vol.1 No1 , pp.79-95.
- Longo M., Mura M., Bonoli A. Corporate social responsibility and corporate performance: The case of Italian SMEs. *Corp. Gov. Int. J. Bus. Soc.* 2005;**5**:28–42. doi: 10.1108/14720700510616578
- McWilliams , A, & Siegel ,D. (2001). "Corporate Social Responsibility " A Theory of the Firms Perspective *Academic of Management Journal* 26 (1): 117- 127.
- McWilliams, A., Siegel. D. S., & Wright, P. M. (2006). Corporate social responsibility: strategic implications. *Journal of Management Studies* vol.26 No.1 ,p.p. 117-27 .
- Rothmann, S. & Coetzer, E.( 2002). ‘The relationship between personality dimensions and job satisfaction’, *Business Dynamics* vol.14 No2 , p.p. 213-26.
- Rosso, B. D., Dekas, K. H., and Wrzesniewski, A. (2010). On the meaning of work: a theoretical integration and review. *Res. Organ. Behav.* 30, 91–127. doi: 10.1016/j.riob.2010.09.001
- Pajo, K., & Lee, L. (2010). "Corporate-sponsored volunteering: A work design perspective". *Journal of Business Ethics*, Vol. 99, NO. 3, pp. 467-482
- Riordan, Christine M., Robert D. Gatewood, and Jodi Barnes Bill. "Corporate image: Employee reactions and implications for managing corporate social performance." *Journal of Business Ethics* 16.4 (1997): 401-412.
- Saari, L. M. & Judge, T. A. (2004). Employee Attitudes And Job Satisfaction. *Human Resource Management*, 43, 395-407 .
- Sekaran Uma & Bougie, Roger (2010). " Research Methods for Business A skill Building Approach " Fifth Addition .



- Spector, P. E. **(1997)**. Job satisfaction: Application, assessment, causes, and consequences. Thousand Oaks, CA: Sage.
- Trevino, L. K. **(2004)**. Managing Business Ethics: Straight Talk about How To Do It Right (3rd ed.). New York: John Wiley & Sons, Inc.
- Turker D. How corporate social responsibility influences organizational commitment. J. Bus. Ethics. 2009:189–204.*
- Valentine, S. & Fleischman, G.**(2008)**. Ethics programs, perceived corporate social responsibility and job satisfaction, Journal of Business Ethics, 77: 159-172
- Vives, A. **(2006)**. Social and Environmental Responsibility in Small and Medium Enterprises in Latin America. The Journal of Corporate Citizenship.
- Viswesvaran, Chockalingam, and Deniz S. Ones. "Examining the construct of organizational justice: A meta-analytic evaluation of relations with work attitudes and behaviors." Journal of Business Ethics 38.3 (2002): 193-203
- Wagner, S. **(2000)**. Retention: Finders, keepers. Training & Development, 54 (8), 64.