

THE INFLUENCE OF INTERNAL CORPORATE SOCIAL RESPONSIBILITY ON EMPLOYEE COMMITMENT IN THE BANKING SECTOR: A SURVEY OF COMMERCIAL BANKS IN KISII TOWN, KENYA

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ABSTRACT

The study examined influence of internal Corporate Social Responsibility (CSR) elements; Training, Safety, Work-life balance and Workplace diversity on Employee commitment (EC). Banks have realized that successful businesses are concerned with economic aspects of organizational activity and actions that further social good. Study objectives were:- investigate degree of association between Training and “EC”; examine relationship between Safety and “EC”; find out relationship between Workplace Diversity and “EC”; examine association between Work-Life balance and “EC” and; assess overall relationship between Internal CSR and “EC”. Cross-sectional survey design was adopted to assess and describe correlations. Findings reported all internal CSR elements being positively correlated with “EC”. Regression model accounted for 34.00 % variation in “EC”; workplace diversity was the strongest predictor. Future research should investigate influence of Internal CSR on “EC” using multiple of respondents; a replication of this study using a longitudinal design for purposes of causality and also address the study limitations.

Key words: Internal CSR (Work place diversity; Work life balance; Training; Safety) and Employee commitment.

1.1 BACKGROUND OF THE STUDY

The banking sector now plays a key role in improving the societies' social-economic welfare through monitoring borrowers, managing financial risks and organizing the payment system (Greenbaum et al., 2007). The banking sector seems to be the most responsive to the impact of Corporate Social Responsibility, (CSR); it is subject to a more diverse and complex stakeholders than most other sectors of the economy (Achuma, 2008); it needs to be socially responsible to build good reputation, which could result in attraction of high quality employees. Mamic (2004) and Smith (1994) argued that employees prefer and want to work for corporations that are regarded as ethical and responsible. An employee will be proud to identify himself with an organization that has favorable reputation. In view of internal CSR practices in organizations; employees have begun to re-evaluate their commitment and relationship with organizations.

1.2 STATEMENT OF THE PROBLEM

Without understanding the impact of CSR on employees' attitude and behavior, faulty conclusions are made regarding the utility or impact of CSR. CSR activities may help to establish a bond between the organization and its employees. Maigan *et al.* (2001) and Matten *et al.* (2003) stated that "most of the empirical studies tend to focus only on limited aspects of CSR such as cause-related issues or philanthropy. Therefore it is not surprising that the concept of internal CSR is rather vague among researchers".

The problem is that less attention has been paid to internal CSR aspects as noted by Cornelius *et al.* (2008) "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 stakeholders responsibilities: there is less emphasis on internal CSR". A key task for managers is to incorporate CSR into job products that are tailored to the often diverse needs of employees. Bhattacharya *et al.* (2008) argued that "few managers are clear about how to identify and understand the needs of different employee segments and subsequently configure their CSR efforts to address the unique needs of each segment". Therefore it is necessary to better understand the relationship between employee commitment and Internal CSR.

1.3 OBJECTIVES OF THE STUDY

1. Determine the degree of association between Training and Employee Commitment of the banking sector employees
2. Examine the extent of relationship between Safety and Employee Commitment of the banking sector employees.
3. Find out the extent of relationship between Work place Diversity and Employee Commitment of the banking sector employees.
4. Examine the intensity of association between Work life balance and Employee Commitment of the banking sector employees.
5. Assess the overall relationship between Internal CSR (Training, Safety, Work place Diversity and Work Life balance) and Employee Commitment of banking sector employees.

The conceptual framework detailing relationship between independent variables and dependent variable is shown in figure 1.3.

1.4 RESEARCH HYPOTHESIS

The study broadly hypothesized that Internal CSR influences Employee commitment. It is this assumption that the study sought to validate. The null and alternative hypotheses were stated as follows:-

H₀: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$. All coefficients of Internal CSR have no influence on Employee commitment (EC).

H₁: At least one of the coefficients of Internal CSR is none-zero.

To test the significance of the individual correlation coefficients, (that is $\beta_1, \beta_2, \beta_3, \beta_4$); Z- statistic was adopted.

The proposed multiple regression model was:-

$$Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \varepsilon$$

Where:-

Y represented the dependent variable, Employee Commitment; x_1, x_2, x_3 & x_4 represented the independent variables of Internal CSR, that is, Training (T), Safety (S), Work place Diversity, (WD) and Work Life balance respectively (WL); while, $b_1, b_2, b_3,$ and b_4 represented the regression coefficients of independent variables $x_1, x_2, x_3,$ & x_4 respectively; ε represented the error term while b_0 represented the Y-intercept.

To test the overall significance of the regression model, F- statistic was adopted.

1.5 RESEARCH METHODOLOGY

1.5.1 RESEARCH DESIGN; SAMPLE SIZE DETERMINATION AND SAMPLING PROCEDURE

The nature of this study was to validate the conceptual model and proposed hypothesis. A quantitative cross-sectional survey research design was adopted to assess and describe a potential correlation between internal CSR and Employee commitment. According to Sekaran (2000) “quantitative method is a method of measurement where frequencies, means and standard deviations become necessary for descriptive studies”. Creswell (2002) “argued that quantitative method is an appropriate method for measuring attitudes. The main advantage of this method is that it allows measurement of perceptions, reactions, and attitudes of a large sample through the use of a set of questions”. This facilitates comparison and statistical aggregation of data (Sekaran, 2000). In addition, quantitative analysis helps to increase objectivity in interpreting data; measures of validity and reliability and can be used to analyze large volumes of data that in turn can be succinctly presented in a way which is readily communicable to others.

The study picked on a large sample of forty-five (45) frontline employees. A sample of five (5) employees per bank was selected. A sample is large when $n \geq 30$. It then assumes that random sampling distribution of a statistic is approximately normal and values of the same items are very close to the values of population items. For such a large sample, estimation was done using standardized normal distribution (i.e. the Z-statistic). This study adopted non-probability sampling procedure. In this procedure, the researcher after considering all the units of the population makes a judgment selection of some units to form his sample. The researcher picked five (5) frontline employees per bank on whom the structured questionnaire was administered.

1.5.2 DATA ANALYSIS

In this study, a five (5) point Likert scale was used to indicate the level of response to all items as follows:- 5. Strongly agree, 4. Agree, 3. Neither agrees nor disagree, 2. Disagree and, 1. Strongly disagree. This is consistent with Strachota (2006) who used a likert scale in a study titled “the use of research to measure student satisfaction in online courses” and later subjected the study findings to a multiple linear regression analysis. Descriptive and inferential statistics were employed in data analysis. The mean values of all variables were categorized into three levels that are low, moderate and high levels of response. A correlation matrix was constructed to show correlation coefficients which gave a general picture of relationships among study variables.

Multiple linear regression analysis (MRA) was done to show the relationship between independent variables and dependent variable. According to Hair *et al.* (2006), MRA is a statistical technique used to analyze the

relationship between a single dependent variable and several independent variables. In addition, MRA is the most commonly used tool to reveal possible interactions among the independent and dependent variable. To evaluate how good the regression model was, multiple coefficient of determination, R^2 was computed to give a measure of the proportion of the variation in Employee Commitment that was explained by the independent variables combined (Training, Safety, Work place Diversity and Work Life balance). F-test was done to answer the question “is there a linear regression relationship between the dependent variable Y and the explanatory independent variables x_1 , x_2 , x_3 and x_4 suggested by the regression equation under consideration?” To carry out the F-test, ANOVA was adopted.

The Z-statistic was adopted to test the hypothesis for every independent variable in relation to dependent variable at 95% confidence level. The hypothesis tests conducted were: - (i) $H_0 : \beta_1 = 0$ & $H_1 : \beta_1 \neq 0$; (ii) $H_0 : \beta_2 = 0$ & $H_1 : \beta_2 \neq 0$ (iii) $H_0 : \beta_3 = 0$ & $H_1 : \beta_3 \neq 0$ (iv) $H_0 : \beta_4 = 0$ & $H_1 : \beta_4 \neq 0$. The test statistic for each hypothesis test was the slope estimates, b_1 , b_2 , b_3 and b_4 each divided by the respective standard error of the estimate.

1.6 RESULTS AND DISCUSSION

1.6.1 PROFILE OF SAMPLED BANKS AND RESPONSE RATE

There were 90 sets of questionnaires distributed to the respondents, of which 58 were returned for a response rate of 64.44%. However, only 45 sets of questionnaires or 77.59% were usable for analysis. These details are as reflected in tables 1.6 (a).

Out of 45 respondents for the study; 60% were aged between 25-30 years while 28.89% were aged between 31-40 years. The male respondents were 62.22% and the females 37.78%. As regards marital status; 31.11% were single but in no relationship, 60.00% married while 8.89% were single and in no relationship. Of the study subjects, 82.22% had worked in their banks for 5 years or less; 13.33% had worked for 6-10 years and 4.44% had worked for 11-15 years. Further study results showed that of the respondents 2.22% had master's degree, 57.78% were undergraduates, 2.22% were pursuing PHD, 4.44% had completed high school, and 20.00% were pursuing master's degree while 13.33% were diploma holders. The demographics of respondents in the sampled banks is shown in table 1.6 (b).

1.6.2 MEANS AND STANDARD DEVIATION OF STUDY VARIABLES

The 5-point Likert scale was used to show the level of response to all items (1= strongly disagree to 5= strongly agree). Means of all variables were categorized into three levels namely; low, moderate and high level of responses. Means of less than 2.00 was categorized “low”; mean values of between 2.00 and less than 3.50 was categorized as “moderate”; while mean values of 3.50 or higher was categorized as “high” level of responses. Table 1.6 (c) shows the descriptive statistics of the study variables. The scale used for the study variables was 1 to 5 (with 3 as the middle point). Table 1.6 (c) shows that the banking sector focused the most on training (mean=3.93, STD deviation=0.889), followed by safety (mean = 3.62, STD deviation = 0.960), workplace diversity (mean = 3.47, STD deviation = 0.944) and work life balance (mean = 3.40, STD deviation = 0.780); Employee commitment (mean 3.13, STD deviation = 0.694). This meant that on average, the front-line Employees had “moderate” commitment and that, the banking sector had “high” adoption of Internal CSR practices with (mean = 3.61, STD deviation = 0.893).

1.6.3 CORRELATION ANALYSIS

Inter-correlations give a general picture of relationships among the study variables. From table 1.6 (d), it was shown that correlation coefficients among internal CSR dimensions ranged between $r = 0.301$ (training and work-life balance) to $r = 0.751$ (safety and work place diversity); while the correlation between Internal CSR

and Employee commitment ranged between $r = 0.346$ (training and Employee commitment) to $r = 0.597$ (workplace diversity and Employee commitment). All the four dimensions of internal CSR had positive and significant correlation with Employee commitment. The correlations of three variables; namely safety, work place diversity and work life balance with Employee commitment were significant at both 0.01 and 0.05 levels of significance; while the correlation between training and Employee commitment was only significant at 0.05 level of significance. The degree of correlation was highest for work place diversity ($r = 0.597$), followed by safety ($r = 0.486$), followed by work-life balance ($r = 0.445$) and lastly training ($r = 0.346$). The inter-correlations among the study variables are reported in table 1.6 (d).

1.6.4 TRAINING AND EMPLOYEE COMMITMENT

The findings of the study indicated that training had a significant correlation with Employee commitment ($r = 0.346$) at 0.05 level of significance and that this was not significant at 0.01 level of significance. This finding can possibly be explained by considering the nature of the sample taken for this study. The majority of the employees sampled were between the ages of 25 to 30 years (60.00%), with organizational tenure of 5 years or less (82.22%). This implied that only a few organizational investments had been made by such cadre of employees and therefore they could easily resign probably because of their high demand having recently graduated, if it is presumed that they possess better skills, in the market. Kacmar *et al.* (1999) suggested that over a period of time, certain costs do accumulate, making it more difficult for the person to disengage from a consistent line of activity, namely, maintaining membership in the organization. In other words, working in the organization for a long time increases an individual's investments; hence, the increased costs of leaving can lead to higher levels of continuance commitment.

In today's competitive labor market, demand for skilled workers far exceeds supply. That's where training comes in. Not only does training arm employees with needed professional or technical skills, but it also shows that companies are investing in them and interested in bringing them into the company's future. This helps keep workers motivated and involved. Most successful and productive employees are those who have received extensive training. They are the cream of the crop, often having the strongest stake in the company's future. Businesses today must do everything possible to stay competitive and maintain a highly skilled, motivated staff. Despite today's very competitive job market, employees often have little hesitation when it comes to searching for a new job if they become unhappy with their current employer. In order to keep employees satisfied, boost morale, and remain competitive, employers need to be aware of the need for further training and education of personnel. An unsuccessful company is one that does not keep up with trends in business, that is reluctant to change, and that has an unmotivated staff with stagnant skills.

1.6.5 SAFETY AND EMPLOYEE COMMITMENT

The findings of this study indicated the importance of maintaining a safe working environment for predicting employee's commitment ($r = 0.486$); the correlation was significant at both 0.05 and 0.01 levels of significance. A possible explanation for the positive correlation of safety with Employee commitment is that employees who perceive and feel the work environment to be adequate, safe and even healthy will then feel valued and can work more satisfied. The feeling that they are valued possibly leads to developing positive attitude toward various job components, which ultimately results in higher affective commitment. Sutherland *et al.* (1990) argued that organizations need to invest resources in ensuring that the work environment is pleasant to and manageable by employees. By ensuring that equipments are functioning correctly and that there is adequate work space; employees will feel more secure and settled in their surroundings and will become more committed to the organization.

1.6.6 WORK PLACE DIVERSITY AND EMPLOYEE COMMITMENT

The study findings showed that work place diversity had positive and significant correlation with Employee commitment ($r= 0.597$, significant at both 0.01 and 0.05 levels of significance). Managing diversity well means recognizing and respecting the value of human differences and creating an environment where all the abilities and experiences of employees - diverse as they are - can be used to their fullest. Workplace structures and conditions should enable all employees to contribute their potential at work while taking into account personal commitments and interests outside of work. Decisions affecting employees should consider the individual needs at work while taking into account personal commitments and interests outside of work. Decisions affecting employees should take into account their individual needs, and all communication should recognize diverse work force and use inclusive language. Decisions affecting employees should be based on facts and be free of discrimination.

With the increasing richness of diversity in the world and in the workforce, companies need to expand their outlook and use creative strategies to be successful. Employees can provide this resource. Frequently, diversity is viewed in a limited fashion, primarily addressing issues of race, ethnic or gender differences, and linked to the laws providing protected status to certain groups. However, diversity actually encompasses most characteristics that individuals possess that affect the way they think and do things (Longo., et al. 2005).

In order to maximize the utilization of its human capital, organizations must go beyond merely creating a more diverse workplace. Once there, the value of having diverse employees must be recognized. Now is the time to move beyond viewing diversity as merely the numerical representation of certain groups. It is time for a systematic application of diversity concepts to the business of the organization. Diversity should be seen as something more than a moral imperative or a business necessity - it should be seen as a business opportunity. Aligning diversity with the mission and business of the organization increases employee satisfaction and retention; improves competitiveness and productivity; and adds value to the customer.

Any diversity strategy must contain well-defined measures to assess effectiveness and to evaluate whether outcomes support organizational objectives and targets. Such measures must be straight forward and unambiguous so that all employees and leaders clearly understand what is expected. Organizations must be prepared to reward individuals or groups that meet the stated goals and objectives, as well as to penalize those who fail to do so.

1.6.7 WORK LIFE BALANCE AND EMPLOYEE COMMITMENT

The results of this study showed that work life balance had a positive correlation with Employee commitment ($r = 0.445$, significant at both 0.01 and 0.05 levels of significance). Thus correlation analysis revealed that higher levels of work life balance initiatives are more likely to display higher levels of affective commitment. The results of this study concur with Eisenberger *et al.* (2002) who found a significant relationship between work life balance and Employee commitment. A probable explanation is that employees who perceived that their banks were providing several initiatives which went beyond legal requirements such as special leave to take care of dependants, flexible work schedules, maternity leave and child care facilities, would help them to balance between home and work responsibilities, could lead to high affective commitment.

It may also be argued that employees were more willing to go beyond the call of duty for organization that offered support which enabled them to balance their work and family responsibilities, assisted them through difficult time, provided them with benefits they could not afford, and helped their children to do things they would otherwise not have been able to do (Bolino et al., 2003).

1.6.8 MULTIPLE LINEAR REGRESSION ANALYSIS

Correlation analysis showed the relationship between study variables but did not give an indication of the strength of relationship, nor its influence. Due to this, multiple regression analysis was done to show the relationship between the four independent variables and the single dependent variable and therefore answered objective five (5) of the study. A multiple regression model arising from this analysis was proposed. To ensure that the regression analysis was valid, this study relied on the five assumptions of multiple linear regression analysis namely; linearity, heteroscedasticity, normality, multicollinearity and outliers (Hair et al., 2006).

Adjusted R square was found to equal 0.340 and standard error of estimate = 0.564; table 1.6 (e). It was shown that, the four independent variables explained 34.00% of the variance of Employee commitment. Further from the ANOVA; table 1.6 (f), it was shown that the F-calculated was 6.666. Results from table 1.6 (g) showed that the three CSR variables of safety, work-place diversity and work-life balance had positive association with Employee commitment in the overall multiple regression model (safety $\beta_2 = 0.082$, work-place diversity $\beta_3 = 0.376$, work-life balance $\beta_4 = 0.174$); while training had a negative ($\beta_1 = -0.107$) association with Employee commitment; the constant was shown to be 1.360. Therefore the regression model of the form: $Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \epsilon$ was found to be as follows:-

$$Y = 1.36 - 0.107X_1 + 0.082X_2 + 0.376X_3 + 0.174X_4 + \epsilon$$

The table value of F (4, 40) degrees of freedom at significance levels of 0.05 and 0.01 was 2.61 and 3.83 respectively. In both cases of significance levels, it was noted that the F-calculated of 6.666 was greater than the F-critical of 2.61 at 95% level of confidence and also greater than F-critical of 3.83 at 99% level of confidence.

The Null hypothesis which stated that, “all coefficients of Internal CSR have no influence on Employee commitment” was therefore rejected and the alternative hypothesis which stated that “at least one of the coefficients of Internal CSR was none-zero” was not rejected at both 0.05 and 0.01 levels of significance. It was therefore concluded that, “there was evidence of a linear multiple regression relationship between Employee commitment and at least one of the explanatory variables of Internal CSR, that is X_1 (training), X_2 (safety), X_3 (work place diversity) and X_4 (work life balance)”. The model was therefore found to be “significant”.

1.6.9 Hypothesis testing: - Significance of individual regression parameters, Z tests

The study sought to test the hypothesis that:-

$H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$. All coefficients of Internal CSR had no influence on Employee commitment (EC).

H_1 : At least one of the coefficients of Internal CSR was none-zero.

Results of multiple linear regression analysis (F-test) had shown that there was evidence of a relationship between the dependent variable, Employee commitment and at least one of the independent variables of Internal CSR (training, safety, work place diversity and work life balance). It was concluded that a linear relationship existed. To test the significance of the individual correlation coefficients, (that is $\beta_1, \beta_2, \beta_3, \beta_4$); Z- statistic was adopted. The separate Z-tests were to determine which of the slope parameters of training (X_1), safety (X_2), work place diversity (X_3) and work life balance (X_4) were different from zero and therefore showed which variables had or had no explanatory powers.

The four hypotheses tests done revealed the following findings at 95% level of confidence:- First, the null and alternative hypothesis regarding training was $H_0: \beta_1 = 0$ and $H_1: \beta_1 \neq 0$; the Z calculated of -0.782 was found less than the Z critical of 1.96, there was therefore failure to reject the null hypothesis; Second, the null and alternative hypothesis regarding safety was $H_0: \beta_2 = 0$ and $H_1: \beta_2 \neq 0$; the Z calculated of 0.592 was found less than the Z critical of 1.96, there was therefore failure to reject the null hypothesis; Third, the null and alternative hypothesis regarding work place diversity was $H_0: \beta_3 = 0$ and $H_1: \beta_3 \neq 0$; the Z calculated of 2.388 was found

greater than the Z critical of 1.96, the null hypothesis was therefore rejected; Fourth, the null and alternative hypothesis regarding work life balance was $H_0: \beta_4 = 0$ and $H_1: \beta_4 \neq 0$; the Z calculated of 1.397 was found less than the Z critical of 1.96, there was therefore failure to reject the null hypothesis.

The null hypothesis of work-place diversity with respect to Employee commitment was rejected; it was concluded that “there was statistical evidence that the slope of Employee commitment with respect to work place diversity, the population parameter β_3 , was not zero at 95% level of confidence; there was therefore a significant relationship between Employee commitment and work place diversity. There was failure to reject the null hypotheses of Employee commitment with respect to training, safety and work life balance; it was therefore concluded that “there was no statistical evidence that the slope of Employee commitment with respect to training, safety and work life balance; the population parameters β_1 , β_2 , and β_4 were not zero at 95% level of confidence. Therefore the slope parameters β_1 , β_2 and β_4 had no explanatory powers regarding the variation in Employee commitment. Work place diversity was shown to have explanatory power with respect to variations in Employee commitment. Work-place diversity also had the highest correlation ($r = 0.597$) with Employee commitment. Table 1.6 (h) summarizes the significance of individual regression parameters at 0.05 level of significance while table 1.6 (i) shows the confidence intervals.

1.7 OVERALL RELATIONSHIP BETWEEN INTERNAL CSR AND EMPLOYEE COMMITMENT

The fifth objective of the study was to assess the overall relationship between Internal CSR (Training, Safety, Work place Diversity and Work Life balance) and Employee Commitment of banking sector employees. To achieve this objective, F-tests were done and ANOVA computed. Further Z-tests were done to determine which of the individual regression parameter were not equal to zero. This study had broadly hypothesized that Internal CSR influences Employee commitment. It is this assumption that the study sought to validate. The outcome of F-tests indicated an F-calculated of 6.666 which was greater than F-critical of 2.61 at 95% level of confidence and also greater than F-critical of 3.83 at 99% level of confidence.

Therefore the Null hypothesis which stated that, “all coefficients of Internal CSR have no influence on Employee commitment” was rejected and the alternative hypothesis which stated that “at least one of the coefficients of Internal CSR is none-zero” was not rejected. It was therefore concluded that, “there was evidence of a linear multiple regression relationship between Employee commitment and at least one of the explanatory variables of Internal CSR, that is either X_1 (training), or X_2 (safety), or X_3 (work place diversity) or X_4 (work life balance)”.

The proposed multiple regression model of the form “ $Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \epsilon$ ” was found to be:-
“ $Y = 1.36 - 0.107x_1 + 0.082x_2 + 0.376x_3 + 0.174x_4 + \epsilon$ ” and it was therefore concluded that the model was significant.

The multiple coefficient of determination was shown to be, $\text{adj. } R^2 = 0.340$. Therefore 34.00 % of the variation in Employee commitment was explained by the combination of the independent variables of Internal CSR, namely, training, safety, work place diversity and work life balance in the multiple regression model.

In the overall multiple linear regression model, the study findings reported that safety did not have a significant relationship with Employee commitment ($\beta_2 = 0.082$, Z calculated = 0.592). When safety was dropped from the regression model; the remaining three variables (training, work place diversity and work life balance) accounted for 35.00% variation in Employee commitment. Unexpectedly, safety was found not to have a significant influence on Employee commitment. This finding is somewhat counter-intuitive as the study would expect good safety working conditions to lead to high continuance commitment. This insignificant finding can be attributed

to the fact that employees perceive the costs associated with leaving the bank such as the loss of private medical insurance, comfortable working environment and professional counseling, might not be considered as high level of cost because the other banks could offer them. Therefore, they would not develop a sense of continuance commitment to the bank.

When the overall multiple regression model was considered, the study found that work place diversity had a significant influence on Employee commitment ($\beta_3=0.376$, Z calculated = 2.388). The significant influence of work place diversity on Employee commitment may mean that employees perceive their banks as respecting diversity in the work place such as gender and disabilities. Therefore employees might have developed a higher normative commitment towards their bank. The findings of a study by Kossek *et al.* (2000) lends support to this study by suggesting that when a company utilizes diversity management, it delivers the message to employees that the company is dedicated to fulfilling the diverse needs and interests of employees, which in turn, may lead to high employees' commitment. Hence, when a bank succeeds in managing workplace diversity to customize its relation with its employees by making them feel that the level of interaction is personal and holds consideration for each employee's status; it will create a sense in the work force that the bank cares, appreciates and respects them. As a result, employees will feel more valued and more contented in their work, and repay the bank with high affective commitment.

When considering the overall multiple linear regression model, it was found that work life balance did not significantly influence Employee commitment ($\beta_4=0.174$, Z calculated = 1.397). As regards the overall insignificance of work life balance in the overall regression model; the plausible explanation is that the banking sector employees in this study may have rationalized away their inability to leave the job by increasing their affective commitment to their bank as well as the job. Mathieu *et al.* (1990) argued that continuance commitment is considered a form of calculative commitment. Namasivayam *et al.* (2007) further suggested that individuals' calculative commitment to an organization may be subsumed under affective commitment when labor market conditions do not permit such 'calculations' to be made. The study findings report that, when work life balance is dropped from the overall multiple regression model, the remaining three variables accounted for 32.50% variation in Employee commitment.

It was noted that the regression coefficient of training (X_1) was -0.107 against an expected positive relationship. This was thought to be due to the nature of sample in the study. Such comprised of 71.11% being 30 years of age and below while 82.22% had worked for the banks for 5 years or less. Such cadre of staff being fresh from college did not consider training as important in influencing their commitment. Such employees were still settling down and may have viewed further training to destabilize them; moreover 57.78% were undergraduate degree holders and may be thought not to have clearly visualized if they needed further training or not and in which fields of discipline.

1.8 SUMMARY, CONCLUSION AND RECOMMENDATIONS

1.8.1 SUMMARY

In this study Internal CSR was represented by four independent variables, namely: training, safety, work-life balance and work place diversity. The study was to explore the influence Internal CSR had on the dependent variable: - Employee commitment. The study findings showed that the four elements of Internal CSR, namely; training, safety, work place diversity and work life balance correlated positively with Employee commitment.

These Internal CSR practices are categorized under the high-order needs of esteem and self actualization (Draft, 2003). The attainment of these needs can strongly affect the level of Employee commitment. The findings are consistent with Vakola *et al.* (2005) who found that; Employees come to work with some needs, skills and expectations. They look forward to work in an environment where they can use their abilities and satisfy their needs and if an organization provides these opportunities to its Employees, the level of Employee commitment can increase as well.

This study adopted the adjusted (or corrected) multiple coefficient of determination; Adj.R², in reporting variation in Employee commitment explained by the combination of internal CSR variables in the multiple regression model. Adj. R² is the R² corrected for degrees of freedom. This measure does not always increase as new variables are entered into the regression equation; as is the case with R²; when the adj.R² does not increase as a new variable is entered into the regression equation, it may be worthwhile to include the variable in the equation. Since the fit of the regression model increases as we increase the number of independent variables, R² cannot decrease and approaches 1.00 or 100% explained variation in dependent variable; this can be very deceptive in the model- while appearing to fit the data very well- would produce poor predictions.

If Employees feel that their bank is treating them fairly through employment policies such as recruitment and promotion, non-discrimination and privacy; this may result in employees having faith in the bank. This faith strongly affects employee identification and involvement with the bank, as well as enjoyment in being members of the bank. Peterson (2004) reported that organizational performance in the ethical domain may have the greatest impact on Employee commitment because employees assume that if their organization is ethical, it will also treat them in an ethical manner. Conversely, organizations that are not perceived as ethical might also be viewed as unlikely to treat their employees ethically resulting in a low level of Employee commitment.

These results coincide with studies conducted by Peterson (2004), Brammer *et al.* (2007) and Al-bdour *et al.* (2010). In their studies, they found that employees who perceived that they were treated fairly by their organization tended to develop and maintain communal relationships with the company. It may be deduced that Internal CSR can be an attraction tool at recruitment phase; Banks should include work-life balance, safety, training and work-place diversity statements in their value statements outlining the core values to help reinforce Internal CSR as a key value of the organization. As the way employees work is governed by the values and norms which exist in their workplace, the culture of an organization is often a fundamental barrier to implementing a state of Internal CSR because its role in supporting and promoting the essential behaviors is under-estimated by management. Banks which fail to change their culture to one that is more conducive to successful CSR initiatives will be unable to successfully implement approaches to overcoming key barriers and will continue to remain at serious risk of negatively impacting their business.

In overall, it was noted that whereas the goodness of fit at 34.00% appeared weak to the extent that the proposed multiple linear regression model could not be used for prediction purposes; the interest of the current research was only to understand the relationship between the independent (Internal CSR) and the independent variable (Employee commitment) and not to produce a model for future predictions. However whereas a weak model may have validity problems in future predictions, reliability does not feature as a problem; moreover a regression relationship between the dependent variable and some independent variable does not imply causality.

1.8.2 CONCLUSION

The study findings indicated that when banks perform in an ethical manner, such that the bank procedures are perceived as fair, trustworthy and non-biased; and also if the banks treat the employees with dignity and respect, the employees may feel obliged to repay the bank with high levels of commitment. The study findings of testing

the significance of individual regression parameters (Z-tests) reported that work-place diversity had explanatory powers in predicting Employee commitment and that; training, safety and work-life balance were not significant individually in predicting Employee commitment. Further it was demonstrable that when work-place diversity was dropped from the overall regression model; safety and work-life balance turned significant in predicting Employee commitment but training remained not significant. It may therefore be concluded that work-place diversity, work-life balance and safety elements of Internal CSR are stronger predictors of Employee commitment in the banking sector.

However, because the study sample constituted a majority of those below 30 years of age (71.11%) who were considered to be fresh from college and therefore perceived training as not significant in influencing their commitment; training as a variable in the overall multiple regression model was retained and the model

“ $Y = 1.36 - 0.107x_1 + 0.082x_2 + 0.376x_3 + 0.174x_4 + \epsilon$ ” adopted in prediction of Employee commitment of the banking sector Employees.

1.8.3 RECOMMENDATIONS

The findings of the current study provided a wealth of noteworthy considerations for the banking sector. The study findings showed that Internal CSR practices influences Employee engagement; this would suggest that bank managers should pay more attention to Internal CSR practices that are most desired by employees and these are most likely to create a sense of obligation that will result in high levels of commitment. For example, the findings indicate that when a bank provides elements of work place diversity, it will send a message that the bank cares about employees. Consequently the employees will reciprocate by being engaged and committed to the bank.

Banks should champion Internal CSR by infusing these attributes (safety, training, work life balance and work place diversity) into all organizational processes and ensure that they are integrated into the core values of the organization. Successful banks should recognize these elements as an important goal, and position the responsibility for their attainability not merely with human resource departments, but with top-level and senior executives. Bank visions, missions and strategic direction incorporating Internal CSR elements need to be conveyed to all employees clearly, concisely and repeatedly to enhance awareness, promote open dialogue, and remove barriers. Effective communication needs to be multidimensional within and across departments. Communication channels to effectively spread Internal CSR messages include: policy statements, newsletters, meetings, speeches, training programs, web sites, and intranets.

Middle and line managers play an important role in the success of Internal CSR policies. They are in direct contact with employees and generally decide whether employees can use or cannot use available policies. Managerial discretion in the application of policies require that managers be properly educated about the importance of Internal CSR. Managers are more likely to be convinced of the need to implement policies when they understand why the policies have been introduced, and how they are expected to improve organizational performance. It is important for a bank to communicate its commitment to Internal CSR at all points of interactions with future and existing employees. Communicating the bank's commitment starts at the recruitment phase.

1.8.4 SUGGESTIONS FOR FURTHER RESEARCH

Future research may be done to address the limitations of the current study. Although this research made contributions to CSR knowledge in banking sector, it had several limitations as follows:

1 Design and the self-selected sample of employees who participated. Because the study was based on cross-sectional design where data is collected at one point time, the relationship between internal CSR and Employee Commitment could be interpreted only as associations rather than causal relationship.

2 Generalization of results. Because the sample was limited to frontline employees within the banking sector, the results had restricted generalizability to individuals outside of the banking sector and even other than for front-line employees.

3 The use of frontline employees alone to measure internal CSR practices might have affected the validity of the responses. Frontline employees might not be fully aware of all the internal CSR initiatives within their banks and might have given inaccurate responses because their responses might not have been representative of the whole bank.

4 Operationalization of internal CSR. Great efforts were taken to make sure that the operationalization of internal CSR covered the most important components. However, many other practices not considered in this study, might have had significant effects on Employee Commitment; for instance quality of management, adoption to change and innovation, organizational structure and management style, job security, Government policy, influence of trade unions, political stability, macroeconomic conditions, social status among others.

Future researchers may want to note that; this study chose frontline employees within the banking sector. Other studies may need to extend the investigations to a multiple of respondents at various levels of organization other than only front-line employees, other sectors, and other regions of Kenya and even to other countries to obtain the generality of the study findings. Further, in-depth interviews with employees would be helpful, especially because Internal CSR practices may vary according to sector, region and country. For purposes of causality, it would be interesting to replicate this study in a longitudinal design, so that it could be determined if the relationship between Internal CSR practices and Employee commitment can be sustained.

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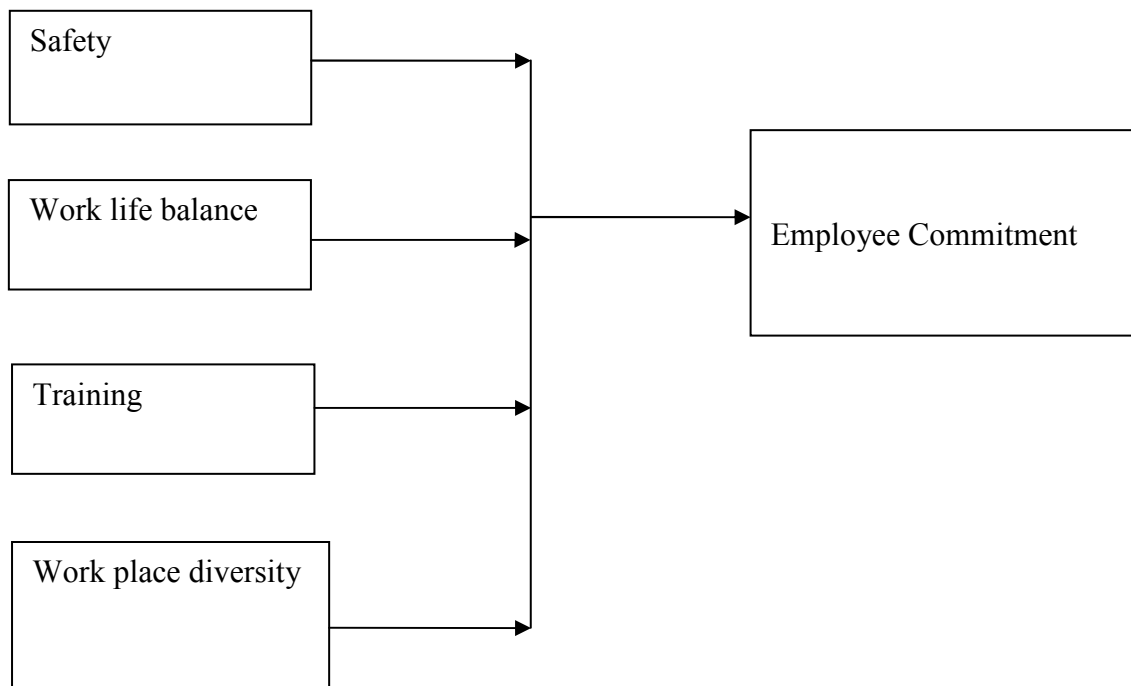
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1.3 Conceptual Framework



Independent variables, (Internal CSR)

Dependent variables, Employee commitment (EC)

Figure 1.3: Conceptual framework.

Table 1.6 (a):- Profile of the sampled banks and response

Bank	distributed	returned	Not returned	rejected	accepted
NBK	10	9	1	4	5
KCB	10	5	5	0	5
BARCLAYS	10	6	4	1	5
CO-OP BANK	10	7	3	2	5
CFC STANBIC	10	5	5	0	5
BANK OF AFRICA	10	6	4	1	5
K-REP BANK	10	6	4	1	5
ECO BANK	10	5	5	0	5
EQUITY BANK	10	9	1	4	5
Totals	90	58	32	13	45
Percentage	100.00	64.44	35.56	22.41	77.59

Table 1.6 (b):- demographics of respondents.

	BANKS	BO	EC	K-	CF	EQT	NB	KC	CO	BAR	TOTAL	%
		A	B	RE	C	Y	K	B	-OP	C	S	
FACTOR	CRETERIA	Fre.	Fre.	Fre.	Fre.	Fre.	Fre.	Fre.	Fre.	Fre.	Fre.	Fre.
1 Age bracket	Less than 25 yrs	0	0	0	0	2	0	0	2	1	5	11.11
	25-30 yrs	2	3	4	1	3	5	4	3	2	27	60.00
	31-40 yrs	3	2	1	4	0	0	1	0	2	13	28.89
	41-50 yrs	0	0	0	0	0	0	0	0	0	0	0.00
	More than 51 yrs	0	0	0	0	0	0	0	0	0	0	0.00
	totals	5	5	5	5	5	5	5	5	5	5	45
2 Marital status	Single but in relationship	1	1	1	1	2	4	2	1	1	14	31.11
	married	4	3	4	4	2	1	3	3	3	27	60.00
	estranged	0	0	0	0	0	0	0	0	0	0	0.00
	divorced	0	0	0	0	0	0	0	0	0	0	0.00
	Single and in no relationship	0	1	0	0	1	0	0	1	1	4	8.89
totals	5	5	5	5	5	5	5	5	5	5	45	100.00
3 Gender	Male	4	3	1	3	2	3	4	4	4	28	62.22
	female	1	2	4	2	3	2	1	1	1	17	37.78
	totals	5	5	5	5	5	5	5	5	5	45	100.00
4 Duration in current bank	5 yrs or less	4	4	4	4	5	5	3	5	3	37	82.22
	6-10 yrs	1	0	1	1	0	0	1	0	2	6	13.33
	11-15 yrs	0	1	0	0	0	0	1	0	0	2	4.44
	16-20 yrs	0	0	0	0	0	0	0	0	0	0	0.00
	More than 20 yrs	0	0	0	0	0	0	0	0	0	0	0.00
	totals	5	5	5	5	5	5	5	5	5	5	45
5 Education level	PHD holder	0	0	0	0	0	0	0	0	0	0	0.00
	Pursuing post doctorate	0	0	0	0	0	0	0	0	0	0	0.00
	Pursuing a diploma	0	0	0	0	0	0	0	0	0	0	0.00
	Masters holder	0	0	0	0	0	0	1	0	0	1	2.22
	Post doctorate holder	0	0	0	0	0	0	0	0	0	0	0.00
	In high school	0	0	0	0	0	0	0	0	0	0	0.00
	Undergraduate degree holder	3	2	2	4	3	2	1	5	4	26	57.78
	Pursuing	0	0	0	0	0	0	1	0	0	1	2.22

PHD												
Completed high school	0	0	0	0	2	0	0	0	0	2	4.44	
Pursuing masters	1	3	1	0	0	2	1	0	1	9	20.00	
Diploma holder	1	0	2	1	0	1	1	0	0	6	13.33	
totals	5	5	5	5	5	5	5	5	5	45	100.00	

Table 1.6 (c) Descriptive statistics of the study variables.

		training	safety	work place diversity	work life balance	Employee commitment
N	Valid	45	45	45	45	45
Mean		3.93	3.62	3.47	3.40	3.13
Std. Deviation		.889	.960	.944	.780	.694

Table 1.6 (d):- inter-correlations among the study variables

Correlations

		training	safety	work place diversity	work life balance	Employee commitment
Training	Pearson Correlation	1	.635(**)	.688(**)	.301(*)	.346(*)
	Sig. (2-tailed)		.000	.000	.044	.020
	N	45	45	45	45	45
Safety	Pearson Correlation	.635(**)	1	.751(**)	.388(**)	.486(**)
	Sig. (2-tailed)	.000		.000	.008	.001
	N	45	45	45	45	45
work place diversity	Pearson Correlation	.688(**)	.751(**)	1	.481(**)	.597(**)
	Sig. (2-tailed)	.000	.000		.001	.000
	N	45	45	45	45	45
work life balance	Pearson Correlation	.301(*)	.388(**)	.481(**)	1	.445(**)
	Sig. (2-tailed)	.044	.008	.001		.002
	N	45	45	45	45	45
Employee commitment	Pearson Correlation	.346(*)	.486(**)	.597(**)	.445(**)	1
	Sig. (2-tailed)	.020	.001	.000	.002	
	N	45	45	45	45	45

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

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

Table 1.6 (e):- model summary of MRA results**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632(a)	.400	.340	.564

a Predictors: (Constant), work life balance, training , safety, work place diversity

Table 1.6 (f):- the ANOVA of MRA results**ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.480	4	2.120	6.666	.000(a)
	Residual	12.720	40	.318		
	Total	21.200	44			

a Predictors: (Constant), work life balance, training , safety, work place diversity

b Dependent Variable: Employee commitment

Table 1.6 (g):- Regression coefficients of study variables**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	z	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.360	.476		2.859	.007
	training	-.107	.136	-.136	-.782	.439
	safety	.082	.139	.114	.592	.557
	work place diversity	.376	.157	.511	2.388	.022
	work life balance	.174	.125	.196	1.397	.170

a Dependent Variable: Employee commitment

Table 1.6 (h):- significance of individual regression parameters at 0.05 level of significance (2-tailed).

Parameter	Hypothesis	Z-critical for two tailed test	Std erro r	Beta	Z- calcul ated	Observati on	Decisio n
β_1 (Training)	1. $H_0: \beta_1 = 0$ $H_1: \beta_1 \neq 0$	± 1.96	0.13 6	$b_1 = -0.107$	-0.782	Zcal crt	<Z Fail to reject H_0
$\beta_2 =$ Safety	2. $H_0: \beta_2 = 0$ $H_1: \beta_2 \neq 0$	± 1.96	0.13 9	$b_2 = 0.082$	0.592	Zcal Zcrt	< Fail to reject H_0
$\beta_3 =$ Work place diversity	3. $H_0: \beta_3 = 0$ $H_1: \beta_3 \neq 0$	± 1.96	0.15 7	$b_3 = 0.376$	2.388	Zcal Zcrt	> Reject H_0
$\beta_4 =$ Work life balance	4. $H_0: \beta_4 = 0$ $H_1: \beta_4 \neq 0$	± 1.96	0.12 5	$b_4 = 0.174$	1.397	Zcal Zcrt	< Fail to reject H_0

Table 1.6 (i):- confidence intervals

	Beta	Interval computation	Result	Confidence interval
constant	$b_0 = 1.360$	$1.360 \pm (1.96 * 0.476)$	1.360 ± 0.933	(0.427 to 2.293)
training	$b_1 = -0.107$	$-0.107 \pm (1.96 * 0.136)$	-0.107 ± 0.267	(-0.374 to 0.16)
Safety	$b_2 = 0.082$	$0.082 \pm (1.96 * 0.139)$	0.082 ± 0.272	(-0.19 to 0.354)
Work place diversity	$b_3 = 0.376$	$0.376 \pm (1.96 * 0.157)$	0.376 ± 0.308	(0.068 to 0.684)
Work life balance	$b_4 = 0.174$	$0.174 \pm (1.96 * 0.125)$	0.174 ± 0.245	(-0.071 to 0.419)