

**THE RELATIONSHIP BETWEEN INTERNAL
CORPORATE SOCIAL RESPONSIBILITIES,
ORGANISATIONAL COMMITMENT,
AND EMPLOYEE ENGAGEMENT
WITHIN THE BANKING
SECTOR IN JORDAN**

BY

ALI ABBAAS SULEIMAN ALBDOUR

**Thesis submitted in fulfilment of requirements
For the degree of
Doctor of Philosophy**

AUGUST 2011

DEDICATION

This Thesis is dedicated to:

**My Beloved Father, Mother, Brothers, Sisters, Nephews, Nieces and to My
Country (Jordan)**

I love you very much.

ACKNOWLEDGMENTS

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

{قُلْ إِنَّ صَلَاتِي وَنُسُكِي وَمَحْيَايَ وَمَمَاتِي لِلَّهِ رَبِّ الْعَالَمِينَ، لَا شَرِيكَ لَهُ وَبِذَلِكَ أُمِرْتُ وَأَنَا أَوَّلُ الْمُسْلِمِينَ}

All praise and thanks to Allah (الحمد لله) who endowed me with will, strength, and perseverance to complete this thesis.

I wish to begin by thanking my supervisors, Dr. Elisha Nasruddin and Mr. Soh Keng Lin, thank you for the wisdom, understanding, and compassion that you have imparted to help me complete my thesis. You have offered guidance, support, and unwavering patience throughout this process. Therefore, I will forever be indebted to you. Dr. Elisha, I would like to thank you for your patience and unlimited support; **Jazakallahu Khairan Kathir** (جزاك الله خيرا كثيرا). To Mr. Soh Keng Lin, I would like to say a big thank for your inexhaustible energy in assisting me with the process and the review of my work (**May God Bless You**).

Special thanks to the dean of the School of Management, Dato' Assoc. Prof. Dr Ishak Ismail for his consideration and support. My sincere appreciation to the deputy dean, Assoc. Prof. Dr. Zamri Ahmad for his support and guidance. My thanks also go to the lecturers in the school of management and Graduate School of Business, especially Prof. Fauziah Md Taib, Prof. Zainal Ahmad, Assoc. Prof. T. Ramayah, Assoc. Prof. Dr Suhaiza Hanim, Assoc. Prof. Dr Krishnaswamy Jayaraman, Dr. Hossein Motaghi, Dr. Anees Janee, and Dr. Siti Rohaida Zainal, for their time, efforts, and suggestions. Special thanks to Dr. Reevany Bustami. I would like to extend my sincere thanks to the School of Management and its staff for their kind assistance throughout my study. Sincere gratitude is expressed to my examiners

for the proposal and findings defences, Dr. Noor Hazlina Ahmad and Assoc. Prof. Dr. Azlan Amran. Their constructive feedbacks have helped me remedy the shortcomings in the study.

I would also like to deeply thank my academic colleagues at the School of Management, USM, including Fereidouni, Elham, Yudi, Ling Suan, Simon, Theresa, Jasmine, Jason, Yuni, Reyenda, Syafrizal, Teo Poh Chuin, Davoud, Hadiyan, Intan and many others, whose name are not mentioned here, for your kind assistance over the past three and half years. Many thanks to all of you!

I am also grateful to my special friends Dr. Ahmad Shabatat, Dr. Hussein AL Bazzar, Dr. Kebaili Boumediene, Dr. Methaq Amiry, Dr. Osamah Aldalalah, Dr. Tarig Eltayeb, Dr. Saher Al-Sabbah, Dr. Naser Alzaidiyeen, Dr. Ramzi Alrousan, Dr. Muawya Al Dala'en Alaa Rabei, Hamza Almawali, Jihad Altawil, Juwdat Rafayah, Mohammad Badarneh, Mohammad Habahba, Mohammad Al-Majali, Mohammad Khreisat, , Najib Al-gonaid, Dr. Siddig Balal, Sulaiman Nasser, Towfik Alnahdi, Iman Khalid, Mokaram Al-Ali, Abubakar Abdelrehman, Khaled Al-hmaden and Muath Asmar. I would like to thank Dr. Mahmoud Hasanat for his camaraderie.

I am eternally thankful for the love and support I have received from my ever-patient and supportive family (brothers, sisters, nephews and nieces). Last but not least, I would like to express my deep and abiding love for my Father and Mother who supported me throughout this long and arduous process. I simply could not have done this without them.

علي عباس البدور - Ali Abbaas Al-Bdour

TABLE OF CONTENTS

	Page
DEDICATION.....	i
ACKNOWLEDGMENTS.....	ii
TABLE OF CONTENTS.....	iv
LIST OF TABLES.....	xi
LIST OF FIGURES.....	xiii
LIST OF ABBREVIATIONS.....	xiv
ABSTRAK.....	xv
ABSTRACT.....	xvii
CHAPTER 1: OVERVIEW	
1.1 Introduction.....	1
1.2 Background of the Study.....	1
1.3 Problem Statement.....	6
1.4 Research Questions.....	9
1.5 Research Objectives.....	10
1.6 The Scope of the Study.....	11
1.7 Significance of the Study.....	11
1.8 Definition of Terms.....	16
1.9 Organisation of the thesis.....	19
1.10 Summary of the Chapter.....	19
CHAPTER 2: LIERATURE REVIEW	
2.1 Introduction.....	21

2.2 Banking Sector in Jordan	22
2.2.1 The Central Bank of Jordan	23
2.2.1.1 The Objectives and Functions of the CBJ	23
2.2.2 Jordanian Banking Sector Personnel Statistics	24
2.3 Corporate Social Responsibility	27
2.3.1 History of CSR	27
2.3.2 The Definition of CSR.....	30
2.3.3 CSR Practices	32
2.3.3.1 Corporate Philanthropy	32
2.3.3.2 Corporate Volunteerism.....	33
2.3.3.3 Environmental Protection.....	35
2.3.3.4 CSR at Workplace (Internal CSR)	36
2.3.3.4.1 Work-Life Balance	47
2.3.3.4.2 Human Rights.....	48
2.3.3.4.2.1 Labour Rights in Jordan	50
2.3.3.4.3 Training and Education	51
2.3.3.4.4 Health and Safety	52
2.3.3.4.5 Workplace Diversity	53
2.3.4 Links between Internal CSR and HR Practices	54
2.3.5 Banking Sector and CSR	60
2.4 Theories	62
2.4.1 Stakeholder Theory	62
2.4.2 Social Identity Theory	64
2.4.3 Social Exchange Theory	65
2.5 Organisational Commitment (OC).....	68

2.5.1 History of Organisational Commitment	68
2.5.2 Definitions of Organisational Commitment	70
2.5.3 The Three Components of Organisational Commitment	71
2.6 Employee Engagement	73
2.6.1 Definitions of Engagement.....	73
2.6.2 Employee Engagement Models	79
2.7 Corporate Social Responsibility and Organisational Commitment	80
2.8 Employee Engagement and Organisational Commitment	84
2.9 Summary of the Chapter	87

CHAPTER 3: METHODOLOGY

3.1 Introduction	88
3.2 Conceptual Framework and Hypotheses Development.....	88
3.2.1 Conceptual Framework.....	88
3.2.2 The Research Hypotheses	89
3.2.2.1 Internal CSR and Organisational Commitment.....	90
3.2.2.1.1 Training and Education and Organisational Commitment	90
3.2.2.1.2 Health and Safety and Organisational Commitment	92
3.2.2.1.3 Human Rights and Organisational Commitment.....	93
3.2.2.1.4 Workplace Diversity and Organisational Commitment.....	93
3.2.2.1.5 Work Life Balance and Organisational Commitment.....	95
3.2.2.2 Internal CSR and Employee Engagement.....	96
3.2.2.3 Employee Engagement and Organisational Commitment	97
3.2.2.4 Mediating Role of Employee Engagement	99
3.3 Research Design	102

3.4 Population and Sampling	105
3.4.1 The Population of the Study	105
3.4.2 The Sample of the Study	106
3.4.2.1 Procedures in Selecting the Quota Sample.....	106
3.5 Unit of Analysis	107
3.6 Questionnaire Design.....	108
3.7 Variable and Measurement	109
3.7.1 Internal CSR.....	110
3.7.1.1 Training and Education.....	110
3.7.1.2 Health and Safety and Human Rights	110
3.7.1.3 Work Life Balance	114
3.7.1.4 Workplace Diversity	114
3.7.2 Organisational Commitment	114
3.7.3 Employee Engagement	115
3.8 Forward and Back Translation	115
3.9 Expert Judgment and Items Construction.....	116
3.10 Pilot Study.....	117
3.11 Data Collection.....	118
3.12 Data Analysis.....	120
3.12.1 Reliability Analysis.....	120
3.12.2 Correlation	120
3.12.3 Descriptive Analysis.....	120
3.12.4 Multiple Regressions Analysis	121
3.12.5 Hierarchical Regression Analysis.....	122
3.13 Summary of the Chapter.....	123

CHAPTER 4: FINDINGS

4.1 Introduction	124
4.2 Response Rate.....	124
4.3 Respondent's and Bank's Profile.....	125
4.4 Goodness of Measures.....	126
4.4.1 Factor Analysis	126
4.4.1.1 Factor Analysis of Internal CSR(IV).....	127
4.4.1.2 Factor Analysis of Organisational Commitment (DV)	131
4.4.1.3 Factor Analysis of Employee Engagement (MV).....	132
4.4.2 Reliability Analysis	133
4.5 Descriptive Analysis	134
4.5.1 Means and Standard Deviations of Study Variables	134
4.5.1.1 Internal CSR.....	135
4.5.1.2 Organisational Commitment	136
4.5.1.3 Employee Engagement	139
4.6 Correlation Analysis.....	140
4.7 Multiple Regression Analysis.....	142
4.7.1 Hypotheses 1: The Relationship between Internal CSR and OC.....	143
4.7.2 Hypotheses 2: The Relationship between Internal CSR and EE	146
4.7.3 Hypotheses 3: The Relationship between EE and OC.	149
4.7.4 Hypotheses 4: The Relationship between Internal CSR, EE and OC.....	152
4.7.4.1 The Mediation of JE on the Relationship between Internal CSR and AC.....	153
4.7.4.2 The Mediation of JE on the Relationship between Internal CSR and CC.....	156
4.7.4.3 The mediation of JE on the Relationship between Internal CSR and NC	157
4.7.4.4 The Mediation of OE on the Relationship between Internal CSR and AC.....	160

4.7.4.5 The Mediation of OE on the Relationship between Internal CSR and CC	162
4.7.4.6 The Mediation of OE on the Relationship between Internal CSR and NC.....	163
4.8 A Revised Framework on the Relationship between Internal CSR, Employee Engagement and Organisational Commitment	166

CHAPTER 5: DISCUSSION

5.1 Introduction	170
5.2 Recapitulation of Findings	170
5.3 Discussion	173
5.3.1 Level of Adoption of Internal CSR Practices within the Banking Sector in Jordan	173
5.3.2 Internal CSR and Organisational Commitment	174
5.3.2.1 Internal CSR and Affective Commitment.....	175
5.3.2.2 Internal CSR and Continuance Commitment	179
5.3.2.3 Internal CSR and Normative Commitment.....	184
5.3.3 Internal CSR and Employee Engagement	187
5.3.3.1 Internal CSR and Job Engagement	187
5.3.3.2 Internal CSR and Organisational Engagement	191
5.3.4 Employee Engagement and Organisational Commitment.....	193
5.3.4.1 Employee Engagement and Affective Commitment.....	193
5.3.4.2 Employee Engagement and Continuance Commitment.....	194
5.3.4.3 Employee Engagement and Normative Commitment	195
5.3.5 The Mediating Role of Employee Engagement on the Relationship between Internal CSR and Organisational Commitment.....	196
5.3.5.1 The Mediating Role of Job Engagement	196
5.3.5.2 The Mediating Role of Organisational Engagement	199

5.4 Major Results of the Study	201
5.5 Summary of the Chapter	203
CHAPTER 6: IMPLICATIONS, LIMITATIONS, AND CONCLUSION	
6.1 Introduction	204
6.2 Implications of the Study	204
6.2.1 Theoretical Implications.....	204
6.2.2 Practical Implications	207
6.3 Limitations of the Study.....	209
6.4 Recommendations for Future Research.....	211
6.5 Conclusion.....	212
REFERENCES	213
Appendix A- Questionnaire.....	238
Appendix B- Data Analysis	247

LIST OF TABLES

	Page
Table 2.1: Number of Jordanian and Foreign Banks Operating In Jordan	23
Table 2.2: Distribution of Bank Employees by Gender (2004 – 2009)	25
Table 2.3: Distribution of Bank Employees by Education Level (2004 – 2009)	25
Table 2.4: Distribution of Bank Employees by Social Status (2004 -2009).....	26
Table 2.5: Appointments and Resignations (2004 – 2009).....	26
Table 2.6: Internal CSR Dimensions	47
Table 2.7: Internal CSR and HR Commonality and Variation	58
Table 3.1: The Distribution of Frontline Employees within Banking Sector in Jordan.....	105
Table 3.2: Quota Sample.	107
Table 3.3: The Questionnaire Design.	109
Table 3.4: Health and Safety and Human Rights Themes and Its Source	113
Table 3.5: Reliability Test of Pilot Study	118
Table 4.1: Distributions of Questionnaires	124
Table 4.2: Profile of the Sample Banks.	125
Table 4.5: Internal CSR (IV): Factor and Item loadings.....	129
Table 4.6: Organisational Commitment (DV): Factor and Items Loading.	131
Table 4.7: Employee Engagement (MV): Factor and Items Loading.....	133
Table 4.8: Reliability of Scales and Cronbach Alpha of Study Variables.	134
Table 4.9: Descriptive Statistics of Internal CSR.....	135
Table 4.10: One-Way ANOVA on Internal CSR by Bank Type.....	136
Table 4.11: Descriptive Statistics of OC.	137

Table 4.12: One-Way ANOVA on OC by Bank Type, Age, Organisational Tenure and Education Level.	138
Table 4.13: T-test on OC by Marital Status and Gender.	139
Table 4.14: Descriptive Statistics of EE.	139
Table 4.15: T-test on EE by Marital Status and Gender.	140
Table 4.16: One-Way ANOVA on EE by Bank Type, Age, Organisational Tenure and Education Level.	140
Table 4.17: Descriptive Statistics and Correlation between Variables.	142
Table 4.18: MRA: The Relationship between Internal CSR and AC.	144
Table 4.19: MRA: The Relationship between Internal CSR and CC.	145
Table 4.20: MRA: The Relationship between Internal CSR and NC.	146
Table 4.21: MRA: The Relationship between Internal CSR and JE.	148
Table 4.22: MRA: The Relationship between Internal CSR and OE.	149
Table 4.23: MRA: The Relationship between EE and AC.	150
Table 4.26: JE as a Mediating on the Relationship between Internal CSR and AC.	155
Table 4.27: JE as a Mediating on the Relationship between Internal CSR and NC.	159
Table 4.28: OE as a Mediating on the Relationship between Internal CSR and AC.	161
Table 4.29: OE as a Mediating on the Relationship between Internal CSR and NC.	165
Table 4.30: Summary of the Hypotheses.	167

LIST OF FIGURES

	Page
Figure 2.1: Scheme of Frameworks of Links between CSR and HRM.....	56
Figure 3.1: The Proposed Conceptual Framework.	89
Figure 3.2: The Research Design of the Study.....	104
Figure 4.1: Effects of Internal CSR on OC.....	143
Figure 4.2: Effects of Internal CSR on EE.....	147
Figure 4.3: Effects of EE on OC.	149
Figure 4.4: The Mediation Model.....	153
Figure 4.5 The Mediation of JE on The Relationship between Internal CSR and AC.....	153
Figure 4.6: The Mediation of JE on the Relationship between Internal CSR and CC.....	156
Figure 4.7: The Mediation of JE on the Relationship between Internal CSR and NC.	157
Figure 4.8 The Mediation of OEon The Relationship Internal CSR and AC.	160
Figure 4.9: The Mediation of OEon the Relationship Internal CSR and CC.....	162
Figure 4.10: The Mediation of OE on the Relationship Internal CSR and NC.	163
Figure 4.11: The Revised Framework.....	166

LIST OF ABBREVIATIONS

CSR	Corporate Social Responsibility
EE	Employee Engagement
OC	Organisational Commitment
JE	Job Engagement
OE	Organisational Engagement
AC	Affective Commitment
CC	Continuance Commitment
NC	Normative Commitment
TE	Training and Education
HS	Health and Safety
HR	Human Rights
WL	Work Life Balance
WD	Workplace Diversity
SET	Social Exchange Theory
MRA	Multiple Regressions Analysis
JI	Job Involvement
OCB	Organisational Citizen Behaviour
JS	Job Satisfaction

PERHUBUNGAN ANTARA TANGGUNGJAWAB SOSIAL KORPORAT DALAMAN, KOMITMEN ORGANISASI, DAN KETERLIBATAN PEKERJA DALAM SEKTOR PERBANKAN DI JORDAN

ABSTRAK

Kajian keratan rentas ini menyelidik tentang perhubungan bersaling antara (CSR) tanggungjawab sosial korporat dalaman dan keterlibatan dan komitmen pekerja dalam sebuah model yang berlandaskan teori pertukaran sosial. Khususnya, kajian ini meneliti peranan pengantaraan dua dimensi keterlibatan pekerja (keterlibatan pekerjaan dan keterlibatan organisasi) dalam perhubungan antara lima dimensi CSR dalaman; iaitu, kesihatan dan keselamatan, hak asasi manusia, latihan dan pendidikan, imbangan hidup kerja, dan kepelbagaian tempat kerja; dan tiga dimensi komitmen organisasi (komitmen afektif, komitmen kesinambungan, dan komitmen normatif). Kajian ini menggunakan kaedah pensampelan bukan kebarangkalian dalam bentuk pensampelan kuota dan pensampelan mudah. Soal selidik telah dikendalikan secara peribadi dan dikumpulkan daripada 336 pekerja-pekerja baris hadapan dalam sektor perbankan di Jordan.

Analisis faktor telah mengesahkan kesesuaian pengagregatan item-item dalam soal selidik bagi setiap pemboleh ubah dan nilai-nilai alfa Cronbach menunjukkan bahawa kesemua ukuran yang digunakan boleh dipercayai. Kaedah regresi berganda dan regresi berhierarki telah digunakan untuk menguji hipotesis kajian. Analisis statistik telah menunjukkan bahawa sektor perbankan di Jordan telah menggunakan amalan CSR dalaman pada kadar yang sederhana. Ujian ke atas beberapa perhubungan yang hipotetikal antara CSR dalaman dan komitmen organisasi, dan hubungan hipotetikal antara keterlibatan pekerja dengan komitmen organisasi dalam

sektor perbankan di Jordan menampakkan perbagai keputusan, dengan sesetengah hipotesis diuji signifikan manakala yang lainnya tidak. Bagaimanapun, kesemua perhubungan antara CSR dalaman dengan keterlibatan pekerja ternyata signifikan. Beberapa hipotesis tentang peranan pengantaraan keterlibatan pekerja antara CSR dalaman dan komitmen organisasi menghasilkan keputusan yang berbeza-beza.

Dari segi teori, kajian ini menambah kepada teori pertukaran sosial dengan meneliti peranan pengantaraan keterlibatan pekerja ke atas perhubungan antara CSR dalaman dan komitmen organisasi dalam sektor perbankan di Jordan. Kajian ke atas peranan pengantaraan keterlibatan pekerja, dengan itu, telah membantu menjelaskan bagaimana proses amalan CSR dalaman mempengaruhi komitmen pekerja. Keputusan kajian ini juga telah memperoleh bukti yang menyokong konstruksi berbeza keterlibatan pekerjaan dan organisasi yang telah dibangunkan oleh Saks (2006).

Dari perspektif praktikal, keputusan daripada kajian ini menunjukkan bahawa amalan CSR dalaman mempunyai kaitan signifikan dengan keterlibatan dan komitmen pekerja. Keputusan ini menyarankan supaya pengurus-pengurus bank di Jordan memberi perhatian yang lebih kepada amalan CSR dalaman. Hasilnya kelak, pekerja-pekerja akan menimbal balas dengan menjadi lebih terlibat dan komited dengan pihak bank. Selain itu, keterlibatan pekerja mengantarai perhubungan antara CSR dalaman dan komitmen afektif dan normatif, sama ada secara separa mahupun sepenuhnya. Oleh itu, pengurus-pengurus bank terpaksa menambah baik lagi tahap keterlibatan pekerja bagi mempertingkatkan tahap komitmen afektif dan normatif.

**THE RELATIONSHIP BETWEEN INTERNAL CORPORATE
SOCIAL RESPONSIBILITY, ORGANISATIONAL COMMITMENT,
AND EMPLOYEE ENGAGEMENT WITHIN
THE BANKING SECTOR IN JORDAN**

ABSTRACT

This cross-sectional study investigated the reciprocal relationship between internal CSR and employees' engagement and commitment within a model which draws on the social exchange theory. Specifically, this study examined the mediating role of the two dimensions of employee engagement (job engagement and organisational engagement) in the relationship between the five dimensions of internal CSR; namely health and safety, human rights, training and education, work life balance and workplace diversity, and the three dimensions of organisational commitment (affective commitment, continuance commitment, and normative commitment). This study utilized a nonprobability sampling method in the forms of quota and convenience sampling. The questionnaires were personally administered and collected from 336 frontline employees working within the banking sector in Jordan.

Factor analysis has confirmed the appropriateness of the aggregation of the questionnaire items in each variable and the values of Cronbach alpha indicated that all the measures are reliable. The multiple and hierarchical regression method was used to test the research hypotheses. Statistical analysis has shown that the banking sector in Jordan adopted internal CSR practices at a moderate extent. The testing of several hypothetical relationships between internal CSR and organisational commitment, and the hypothetical relationships between employee engagement and organisational commitment within the banking sector in Jordan bear varying results

where some hypotheses tested significant while others did not. However, all the relationships between internal CSR and employee engagement were significant. Several hypotheses for the mediating roles of employee engagement between internal CSR and organisational commitment yielded varying results.

Theoretically, this study adds to the social exchange theory by examining the mediating role of employee engagement on the relationship between internal CSR and organisational commitment within the banking sector in Jordan. The examination of the mediating role of employee engagement had therefore, helped to explain the process by which internal CSR practices influence employee commitment. The results of the present study also provided empirical evidence to support the distinct constructs of job and organisation engagements developed by Saks (2006).

From a practical perspective, the results from the current study indicated that internal CSR practices were significantly related to employees' engagement and commitment. This would suggest that bank managers in Jordan should pay more attention to internal CSR practices. Consequently, employees would reciprocate by being more engaged and committed to the bank. Furthermore, employee engagement partially and fully mediates the relationships between internal CSR, and affective and normative commitment. Therefore, bank managers would have to improve the level of employee engagement in order to enhance the level of affective and normative commitment.

CHAPTER 1

OVERVIEW

1.1 Introduction

Corporate Social Responsibility (CSR) has become a very important issue for the banking sector to address, especially when many scandals in the banking sector had been revealed since the beginning of the new millennium (e.g., Bank of Credit and Commerce International (BCCI), Clearstream Banking S.A.). These scandals have resulted in a slide in the level of trust that banks used to enjoy with the stakeholders.

Henceforth, banks have begun to realize that a successful business is not only concerned with the economic aspects of organisational activity (i.e., profitability and growth) but also in the “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams, Siegel, & Wright, 2006, p. 1). This chapter presents a broad overview of the current study. More precisely, the following topics are covered in this chapter: background of study, problem statement, research objectives, research questions, scope of the research, significance of the study, definitions of the terms, study variables, organisation of the remainder of the study, and a summary of the chapter.

1.2 Background of the Study

The focus of the current research is in the banking sector and its internal CSR practices in one of the Middle East countries, namely the Hashemite Kingdom of Jordan (Jordan), which acts as a key player within the region’s political and

economical scope due to its location in the centre of the region (Naser, 1998a). Jordan shares its land borders with four countries, namely Syria, Iraq, Saudi Arabia and Palestine, and sea borders with Saudi Arabia and Egypt at the Red Sea. Due to its imperative location, and in the face of a lack of natural resources, Jordan adopted liberal economic policies to enhance its economic status and position (Naser, 1998a). These policies have attracted Arab investors to invest in the Jordan.

The growth of investments in Jordan has allowed the banking sector to be among the strongest banking sectors in the region. In late 2009, Jordan's banking sector contributed 5.62% of the Kingdom's Gross Domestic Product, brought along an increase in employment growth to reach 15,790 employees (The Association of Banks in Jordan, 2009). The banking sector grew from 21 banks in the year 2000 to 23 banks at the end of September 2009, comprising a total of thirteen commercial banks, two Islamic banks, and eight foreign banks. This diversity in the banking sectors establishes a network of 619 branches and 66 representative offices all over the Kingdom (The Association of Banks in Jordan, 2009). Moreover, the diversity of the banking sector has resulted in an average distribution of about 9.661 thousand citizens per branch at the end of 2009.

CSR has certainly brought along many improvements to the business world, especially in various practices related to the environment and also issues pertaining to discrimination and abuse in the workplace. Basically, the reason for CSR's ability to gain much importance is because it is related to the well-being of all stakeholders in the organisation since it has gained a foothold within the company itself, specifically in the area of human resources (Fuentes-García, Nuñez-Tabales, & Veroz-Herrado'n, 2008). CSR has been defined as a continuing commitment by

businesses to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families, as well as the local community and society at large (The World Business Council for Sustainable Development, WBCSD, 2002).

The public awareness of CSR in Jordan has received growing attention in the last few years (Suwaidan, Al-omari, & Haddad, 2004). For example, the enactment of the 1995 Environment Protection Law and the issuance of the 1998 Instructions of Disclosure, and Accounting and Auditing Standards No. 1. There is a lack of studies pertaining to this issue in Jordan and a general problem concurring with a specific definition for CSR among the Jordanian companies (e.g., the World Bank and the Business for Social Responsibility (BSR) definitions of CSR) (Elian, 2005; Hindiyeh, 2007). In addition, there is a lack of concern and necessity for such practices, resulting in the level of awareness among companies' managers for CSR to remain at a minimal level (Elian 2005; Hindiyeh, 2007).

Previous literatures have shown that CSR has many activities. This study concerns only with CSR at workplace. CSR at workplace will be referred to in this study as Internal CSR were the other CSR activities can be referred to as external CSR. Internal CSR refers to CSR actions in relation to human resources practices including training and education, human rights, health and safety, workplace diversity, and work-life balance (Akgeyik, 2005; Boardman & Barbato, 2008; Dow Jones Sustainability Index, 1999; Fenwick & Bierema, 2008; Global Report Initiative, 2000; Malaysia CSR framework, 2006; ISO 26000, 2006; Vives, 2006; Vuontisjrvi, 2006). In comparison, other CSR activities refer to CSR for the local community, business partners, suppliers, customers, public authorities, NGOs

representing local communities, and the environment such as philanthropy, volunteerism, and environmental protection (The Green Paper of the European Commission, 2001).

Unfortunately, previous researchers have concentrated on the external CSR aspects leading to the evidence that community and environment based CSR activities are often well developed in the private sectors (Observatory of European SMEs, 2002). As a result, less attention has been paid to internal CSR aspects. Cornelius, Todres, Janjuha-Jivraj, Woods, and Wallace(2008, pp. 355-356) stated that “the focus of attention among scholars on the area of CSR is largely the social impact of social enterprises on the communities they serve, plus external stakeholder responsibilities; there is less emphasis on internal social responsibility.”

Moreover, previous studies demonstrated that CSR has positive effects on employees’ motivations, morale, commitment, and loyalty to the organisation. For example, Branco and Rodrigues (2006) concluded that firms with good social responsibility reputation could attract better employees or increase current employee’s motivation, morale, commitment, and loyalty to the firm. Earl (2004) found that good corporate social performance practice leads to a number of favourable outcomes such as an increased organisational commitment, employee morale, job satisfaction, and self-esteem. Similarly, Peterson (2004) and Maignan, Ferrell, and Hult (1999) concluded that good corporate citizenship activities affect positive organisational commitment. Greening and Turban (2000) found that job applicants and employees’ perceptions of the CSR of an organisation determine their attractiveness towards the organization. Furthermore, Cropanzano, Byrne, Bobocel,

and Rupp (2001) demonstrated that employee attitudes and behaviours are heavily influenced by fairness of organisational actions towards them.

Organisational Commitment (OC) is typically defined as the relative strength of an individual's identification with and involvement in a particular organisation (Porter, Steers, Mowday, & Boulian, 1974). OC has been widely used in studies on a variety of topics, and research has shown that OC is viewed as the antecedent of turnover (Cooper-Hakim & Viswesvaran, 2005), absenteeism (Wooden, 1995), job performance (Becker., Billings, Eveleth, & Gilbert,1996), job satisfaction (Cooper-Hakim & Viswesvaran, 2005) and organisational citizenship behaviour (Riketta, 2002), and as a consequence of Job Engagement (JE) and Organisational Engagement (OE) (i.e., employee engagement) (Saks, 2006).

Employee Engagement (EE) refers to “the degree to which an individual is attentive and absorbed in the performance of their roles“(Saks, 2006, pp. 600-619). Previous academic research has shown a statistically significant relationship between EE and productivity, profitability, employee retention, safety, and customer satisfaction (Buckingham & Coffman, 1999; Coffman & Gonzalez-Molina, 2002). Harter, chmidt, and Hayes (2002) found that there is a significant relationship between EE and improvements in customer satisfaction, productivity, profits, and turnover and safety records. Correspondingly, Saks (2006) found that engagement significantly predicted job satisfaction and employee commitment to the organisation. Thus, demonstrating a relationship between internal CSR and EE and OC would support the contention that good internal CSR practices are beneficial to business organisation in general and banking sector in specific.

1.3 Problem Statement

The banking sector is exposed to diverse and complex stakeholders more than other sectors in any national economy, and more affected by the turbulent factors in the global environment than the other local sectors, hence rendering it to become the sector which is most sensitive to the impact of CSR issues (Achuam, 2008). Banking institutions need to be socially responsible to build their reputation to attract high-quality employees (Achuam, 2008). Previous studies have shown that employees prefer and want to work for corporations that are regarded as ethical and responsible (Mamic, 2004; Smith, 2003). A national cross-sectional study of 1,040 adults conducted by Cone Inc. (Kotler & Lee, 2005) showed that 80% of the respondents would likely refuse to work for a company if they find out about the company's unethical corporate practices. Conversely, an employee will be proud to identify himself with an organisation that has a favourable reputation (Peterson, 2004, p. 299).

Moreover, in the last few years, the banking sector has witnessed an increase of turnover rate among employees from 8.17% in year 2004 to 14.12% in the end of 2009 (Association of Banks in Jordan, annual report, 2009). The increase in the turnover was due to low level of commitment among employees (Jahangir, Akbar & Begum, 2006; Lynn, 2008; Olivia, 2007; Sommer, 2008) and several researches have indicated that the frontline personnel are the most affected within the corporate-employee relations (Boles, Johnston, & Hair, 1997; Manandhar & Tang, 2002).

However, very few commitment studies were conducted in Jordan. Supporting this argument, Suliman and Iles (2000), stated that "commitment research in Arab world has been somewhat disregarded. As far as Jordan is concerned, the issue

remains unexplored.” Thus, investigating the impact of internal CSR practices on organisational commitment in Arab countries, particularly on the banking sector in Jordan, is in a great demand.

Rettab, Brik, and Mellahi (2009) indicates that studies investigated the influence of CSR on organisational performance (i.e., financial performance and employee commitment) were exclusively carried out in developed economies especially in the western countries. Suwaidan et al. (2004) confirmed that a few studies have attempted to examine and evaluate CSR in Jordan. Jahmani (1996) and Abu-Baker and Abdel-Karim (1998) stated that CSR in developing countries is still in its initial stage. Ali, Nasruddin, and Lin (2010), Glavas and Piderit (2009), Aguilera, Rupp, Williams, and Ganapathi (2007) and Campbell (2006) pointed out that there is an imperative need for conducting researches in developing countries on the relationship between CSR activities and organisational performance particularly on employees’ attitude and behaviour.

Besides, very few empirical studies have been conducted, thus far, to investigate the impact of CSR on employees and their work attitudes (Aguilera et al., 2007; Ali, Rehman, Ali, Yousaf, & Zia, 2010; Lee, Ho, Wu, & Kao, 2009; Peterson, 2004; Turker, 2009; VanBuren, 2005). Lindgreen, Swaen, and Johnston (2009) mentioned that the previous studies that examined the impact of CSR activities on stakeholders’ attitudes and behaviours towards an organisation were poorly developed. Glavas and Piderit (2009, p. 68) pointed out that “despite the increasing attention being paid to business and society topics, empirical research, especially at the individual, employee level is lacking.” Without understanding the impact of CSR on the employee’s attitude and behaviour, faulty conclusions regarding the utility or

impact of CSR might accrue. Hence, further theoretical and empirical attention in the relationship between CSR and an employee's attitude and behaviour in the banking sector is warranted.

Furthermore, prior studies have shown evidence that the private sector is more developed in terms of community and environment based CSR activities (Observatory of European SMEs, 2002). However, both Maignan and Ferrell (2001) and Matten, Crane, and Chapple (2003) confirmed that most of the empirical studies tended to focus only on limited aspects of CSR (e.g., cause-related issues or philanthropy). As a result, less attention was paid to internal CSR aspects as noted by Cornelius et al. (2008, pp. 355-356) who submitted that "the focus of attention among scholars on the area of CSR is largely the social impact of social enterprises on the communities they serve, plus external stakeholder responsibilities; there is less emphasis on internal social responsibility." Hence, initiating a study on internal CSR i.e. training and education, human rights, health and safety, work life balance and workplace diversity would fill such a void. Such a study is timely as it comes in the midst of a growing scrutiny of ethical practices of companies in recent years.

Moreover, several empirical studies (e.g., Ali et al., 2010; Brammer, Millington, & Rayton, 2007; Branco & Rodrigues, 2006; Earl, 2004; Peterson, 2004; Maignan et al., 1999; Rettab, et al., 2009) were conducted to investigate the relationship between CSR and OC, while other studies (e.g., Hakanen Bakker, & Schaufeli, 2006; Llorens, Bakker, Schaufeli, & Salanova, 2006; Maslach, Schaufelli, & Leiter, 2001; Richardsen, Burke, & Martinussen, 2006; Saks, 2006) looked at the relationship between EE and OC. However, Brammer et al. (2007) commented the prior studies examining EE have not investigated the possible mediating role of EE

on the relationship between internal CSR and OC. Besides, only one study, thus far, was done to examine the relationship between internal CSR containing two dimensions, namely procedural justice and employee training with affective commitment (AC). Hence, to conduct a new empirical study involving the five dimensions of internal CSR, the two dimensions of EE and the three dimensions of OC is justified.

In addition, Saks (2006) and Robinson, Perryman, and Hayday (2004) pointed that EE studies in the academic literature are not sufficient. While several studies in developed western economies (Brown & Leigh, 1996; Demerouti, Bakker, Nachreiner, & Schaufeli, 2001; Hakanen et al., 2006; Llorens et al., 2006; Maslach et al., 2001; Richardsen et al., 2006; Saks, 2006) indicates a positive relationship between EE and AC; none of these studies investigated the impact of EE on the two components of commitment (AC and NC). At the same time, scholars have not examined the relationship between EE and OC in emerging economies, while local studies have yet to be conducted in Jordan.

1.4 Research Questions

Based on the problem statement of this study, the specific research questions that the study attempts to address are as follows:

1. To what extent does the banking sector in Jordan adopt internal CSR practices?
2. What is the relationship between internal CSR and OC within the banking sector in Jordan?
3. What is the relationship between internal CSR and EE within the banking sector in Jordan?

4. What is the relationship between EE and OC within the banking sector in Jordan?
5. Does EE mediate the relationship between internal CSR and OC within the banking sector in Jordan?

1.5 Research Objectives

The purpose of the current study is to investigate the relationship between internal CSR, EE, and OC within the banking sector in Jordan. Thus, demonstrating the relationship between internal CSR, EE and OC will support the contention that a positive internal CSR practice may be beneficial to business organisation in general and banking sector in particular. Therefore, the specific objectives of this study are formulated as follows:

1. To investigate the level of adoption of internal CSR practices among the banking sector in Jordan.
2. To investigate the relationship between internal CSR and OC within the banking sector in Jordan.
3. To investigate the relationship between internal CSR and EE within the banking sector in Jordan.
4. To investigate the relationship between EE and OC within the banking sector in Jordan.
5. To investigate the mediating role of EE on the relationship between internal CSR and OC within the banking sector in Jordan.

1.6 The Scope of the Study

This study is confined to the study of CSR actions in relation to human resources practices (internal CSR); namely training and education, human rights, health and safety, workplace diversity and work life balance on a sample of frontline employees working in the banking sector in Jordan and its relationship with the OC. This study includes investigating the effects of internal CSR practices on EE and OC, and the relationship between EE and OC. Lastly, this study also investigates the mediating role of EE on the relationship between internal CSR practices and OC.

1.7 Significance of the Study

CSR and employees' attitude and behaviour in organisations have gained increased attention during recent years among business ethics researchers. Given the fact that there were no studies yet in the investigation of the relationship between internal CSR, EE and OC within the banking sector in Jordan, this study would invariably lead to fresh theoretical and practical contributions such as in the following.

In the area of theoretical contributions, this study has contributed to the existing body of knowledge in different ways. First, this study contributed to the CSR literature by focusing on internal CSR. In addition, this study contributed to CSR literature with a clarification of the concept of internal CSR by determining the fundamental components related to it. The examination of CSR literature showed that the concept of internal CSR is still relatively new and has not been clear among the researchers (e.g., Spiller, 2000; Turker, 2009; Papasolomou-Doukakis, Krambia-Kapardis, & Katsiolouides, 2005; Castka, Balzarova, & Bamber, 2004; Welford,

2005; Longo, Mura, & Bonoli, 2005; Vives, 2006; Brammer, et al., 2007). Hence, this study added to the knowledge in the area of CSR, particularly internal CSR literature and would provide the basis and direction for future research in this area.

Second, the current study investigates the relationships between internal CSR and the three dimensions of OC. In doing so, it adds to our understanding of the determinants of OC and to our knowledge regarding the impact of internal CSR on employees' attitude and behaviour. Such knowledge also enriches theories that deal with the influence of the practices of organisations on employees' attitude and behaviour such as the Social Exchange Theory (SET). Although previous researches investigated CSR in relation with the overall organisational performance (Burke & Logsdon, 1996; Johnson, 2003; Porter and Kramer, 2002; Snider, Hill, & Martin, 2003) or with the organisational financial performance (Orlitzky, Schmidt, & Ryanes, 2003; Marom, 2006) only a few studies, as noted by Ali et al. (2010) and Turker (2009), had examined the relationship between corporate social activities and employees' attitude and behaviour (Lo, Egri, & Ralston, 2008; Kao, Ho, Wu, & Lee, 2009; Earl, 2004; Peterson, 2004; Maignan, et al., 1999). Even then, there was only one study that examined the relationship between internal CSR (comprising procedural justice and employee training) and AC (Brammer, et al., 2007).

Third, this study provides additional empirical evidence on the employer-employee relationship by investigating the mediating role of EE on the presumed relationships between internal CSR and OC. The internal CSR components are expected to have direct effects on OC and indirect effects on OC via the mediation of EE. Although EE as a mediating role across different organisational issues has been somewhat discussed in previous researches (e.g., Saks, 2006; Maslach, et al., 2001;

Richardsen, et al., 2006; Llorens, et al., 2006), most of these studies were fixated on many factors and had not considered utilising EE to mediate the relationship between internal CSR and OC. Collectively, by evaluating the main effect of internal CSR on OC and the mediating effects of EE in the OC, a clear picture of how internal CSR actually influences OC can be significantly developed.

Fourth, this study contributed to EE literature by examining the relationship between the two dimensions of EE and the three dimensions of OC. In addition, this study is considered as one the very few studies that examined EE using two dimensions namely JE and OE. Previous research has focused primarily on work engagement (e.g., Richardsen, et al., 2006; Llorens, et al., 2006; Hakanen, et al., 2006; Demerouti, et al., 2001; Brown & Leigh, 1996). Moreover, only one study was found that examined the two dimensions of EE (JE and OE) (Sake, 2006). This study would extend the knowledge regarding the impact of EE on OC among frontline employees.

Fifth, this study contributed to the CSR literature by adopting and validating the SET to explain the reciprocal relationship between internal CSR, EE, and OC within the banking sector in Jordan. According to Peterson (2004), theoretical justifications for linking an organisation's performance in social issues to employees' work attitudes need to be established. Explaining the employee-organisation relationship based on the social exchange perspective is a principal approach in the opinion of Loi, Hang-yue, and Foley (2006). Nevertheless, most of the previous studies adopted the social identity theory to explain how CSR affects employee's attitude and behaviour (e.g., Peterson, 2004; Earl, 2004), and the stakeholder theory

to explain to whom do managers have obligations and the reasons for these obligations.

The social identity theory explains that individuals are predisposed to reinforce their self-esteem and bolster their self-images by identifying themselves with groups and organisations known for their social engagement and responsibility. Despite the importance of the impact that this identification could have on employees' attitudes and behaviours; the social identity theory does not integrate the notions of reciprocity, expectations and mutual obligations between identification and employees' attitudes and behaviours. On the other hand, the stakeholder theory represents a business management strategy that emphasises the importance of CSR and a paradigm to comprehend the business-society relationship. It does not explain the reciprocal relationship between internal CSR practices in an organisation and the employee's attitude and behaviour. Thus, the adoption of SET will explain the employee-employer relationship and might contribute to the general knowledge concerning how internal CSR practices affect employee's attitude and behaviour such as engagement and commitment.

Sixth, this study contributed to the CSR literature by examining the impact of various dimensions of internal CSR on two dimensions of EE and three dimensions of OC in a business environment such as the banking sector in a developing country like Jordan. Specifically, this study answered the call by Glavas and Piderit (2009), Aguilera et al. (2007), Campbell (2006) and Suwaidan et al. (2004) for more studies to address the relationship between CSR activities and organisational performance particularly employees' attitude and behaviour in emerging economies. Therefore, this study adds to the knowledge concerning the extent to which the banking sector,

particularly in emerging economies participates in the adoption of internal CSR practices. Moreover, it extends the knowledge regarding the impact of internal CSR practices on EE and OC in developing countries.

Practical contributions, the review of the current literature in the area of CSR reveal that the increasing number of societal and global trends have drawn attention to the value and importance of social responsibility. Despite the growing interest in the topic, and an increasing number of company actions supporting its value; there are still many related parties with vested interest who may benefit from the continued research of an empirical nature, for example, business leaders, practitioners and researchers. Therefore, the findings of this study might have significant implications for the implementation of internal CSR practices in the banking sector of Jordan.

The positive relationships between each internal CSR practice, EE and OC might help the bank managers in Jordan to pay more attention to the internal CSR practices that will be appreciated by employees and would mostly form a sense of obligation resulting in higher levels of commitment and engagement. Furthermore, the findings of this study provided further information to the bank managers in Jordan concerning the importance of social exchange between them and their employees. In particular, it may help the bank manager managers to determine the types of resources and benefits that would oblige employees to reciprocate with higher levels of engagement and commitment.

1.8 Definition of Terms

The following are the key terms used in this study:

(a) Corporate Social Responsibility (CSR)

CSR is defined as corporate behaviours which aim to affect stakeholders positively and go beyond its economic interest (Turker, 2009).

(b) Internal CSR

Internal CSR refers to CSR actions in relation to human resources practices include training and education, human rights, health and safety, workplace diversity and work life balance (Vives, 2006; Boardman & Barbato, 2008; Fenwick & Bierema, 2008; Akgeyik, 2005; Vuontisjrvi, 2006; Dow Jones Sustainability Index, 1999; Malaysia CSR framework, 2006; ISO 26000, 2006; Global Report Initiative, 2001).

(c) Training and Education

Training and education refer to employee's assessment of their organisation's commitment to help employees learn to identify and obtain new skills and competencies that will allow them to move to new positions, either within or outside these organisations (Lee & Bruvold, 2003).

(d) Human Rights

Human rights refers to employee's rights at the workplace including conditions of work, discrimination, gender issue, privacy, freedom of association and the right to collective bargaining and equal opportunity.

(e) Health and Safety

Health and safety at work refer to the organisation's practice to promote and maintain the highest degree of physical, mental and social well-being of workers and prevention of departures from health caused by adverse working conditions, the protection of employees from risks adverse to health and the adaptation of the occupational environment to the physiological and psychological capabilities of employees (ISO 26000, 2006).

(h) Work Life Balance

Work life balance refers to the balance between an individual's work and his or her personal life (Higgins & Duxbury, 1994).

(i) Workplace Diversity

Workplace diversity is defined as acknowledging, understanding, accepting, valuing, and celebrating differences among people with respect to age, class ethnicity, gender, physical and mental ability (Green, López, Wysocki, & Kepner, 2002).

(j) Frontline Employee

Frontline employee refers to the employee who is directly interacting with customers (Karatepe & Sokmen, 2006).

(k) Employee Engagement (EE)

EE is defined as the degree that an individual is attentive and absorbed in the performance of their roles (Saks, 2006, pp: 600-619). In this study EE includes two types: JE and OE.

(l) Job Engagement (JE)

JE refers to the degree where an employee is actually absorbed in the performance of his/her own individual job role (Saks, 2006, pp: 600-619).

(m) Organisational Engagement (OE)

OE reflects the extent at which an individual is psychologically present as a member of an organisation (Saks, 2006, pp: 600-619).

(n) Organisational Commitment (OC)

OC is defined as “the relative strength of an individual’s identification with and involvement in a particular organisation and can be characterized by a strong belief in and acceptance of the organisations goals and values, willingness to exert considerable effort on behalf of the organisation and a strong desire to maintain membership of the organisation” (Mowday, Porter & steer, 1982, p, 27). In this study OC includes three types; AC, CC and NC.

(o) Affective Commitment (AC)

AC refers to “the employee's emotional attachment to, identification with, and involvement in the organisation” (Meyer & Allen, 1991, p. 67).

(p) Continuance Commitment (CC)

CC refers to “awareness of the costs associated with leaving the organisation” (Meyer & Allen, 1991, p. 67).

(q) Normative Commitment (NC)

NC reflects a perceived obligation to remain in the organisation (Meyer et al., 2002). It refers to commitment based on a sense of obligation to the organisation and

employees with a strong NC remain because they feel they ought to do so (Allen & Meyer, 1996).

1.9 Organisation of the thesis

The current study is organised into six chapters. Chapter 1 covers an introduction to the study, the background of the study, problem statement, research objectives, research questions, scope of the study, significance of the study, definitions of the terms and organisation of the thesis. Chapter 2 provides a literature review for CSR, EE and OC, the banking sector in Jordan and the relevant theories such as the stakeholder theory, social identity theory and SET. Chapter 3 introduces the conceptual framework and the hypothesis's development, and described the methodology employed for this research, including the discussion of research design, population and sampling, instruments, pilot study, data collection procedures and data analysis techniques. Chapter 4 presents the results of this study using multiple and hierarchical regressions to answer the major research questions, and examining the hypotheses as well as the summary of the hypothesis's tests. Chapter 5 summarized the research, discuss the results and compare the results to those from previous studies, and summarize the major findings of the study. Finally, Chapter 6 presents the implications of the results of this study in relation to theory and practice, a description of the limitations, the recommendations for future research and the conclusion.

1.10 Summary of the Chapter

The chapter has provided a general description of the study, including the introduction, background, problem statement, research objectives, research

questions, scope of the study, significance for the study, as well as the definitions of the main variables that are used in this study. Lastly, this chapter presented the organisation of this thesis. The next chapter provides a comprehensive literature review pertinent to CSR, particularly internal and external CSR, EE, and OC. It also contains an overview of the banking sector in Jordan, banking sector and CSR, Jordanian labour rights and the literature review related to stakeholder theory, social identity theory and SET.