

## Exploring the Impact of Internal CSR on Employee Engagement in IT Firms: A Mediation Analysis

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### ABSTRACT

**Purpose:** The principles and ethics of a firm are often demonstrated through its CSR initiatives. A sense of community and pride can thrive when workers see their employer's dedication to ethical business practices in the interest of society and the environment. When a company's employees perceive that their employer values more than profits and invests in employee well-being and the community at large, employees are more likely to remain with the company, reducing turnover rates. By participating in CSR activities, companies can satisfy these expectations, which is vital for attracting and retaining talent.

**Methodology:** The need for this study informed the selection of variables of interest from the pool of research publications. The primary data sources, including the structured questionnaire, were analysed using a 5-point Likert scale. Responses were obtained through a self-administered questionnaire. Data were collected through convenience sampling from 294 respondents working in IT companies, primarily focused on internal corporate accountability. A convenient sampling technique was used for selecting the target respondents. Robustness/Value The results of this paper provide evidence of a positive correlation between employee engagement and internal corporate social responsibility efforts.

**Findings:** The study found no mediation by employee behaviour and partial mediation by employees' loyalty and expectations in the relationship between internal CSR activities and employee engagement.

**Robustness/Value:** The results of this paper provide evidence that employee engagement is positively correlated with internal corporate social responsibility efforts.

### KEYWORDS

Corporate Social Responsibility; Employee Behaviour; Employee Expectations; Employee Engagement; Employee Loyalty

## 1 INTRODUCTION

The growth in the number of enterprises participating in Corporate Social Responsibility (CSR) is attributable to factors such as consumer demand, shareholder expectations, and, in addition, the influence of government in shaping CSR practices (Rondinelli & Berry, 2000). As a result, several CSR activities are being implemented by various organisations. However, many businesses have not fully implemented CSR across their organisations (Glavas, 2016). Research on CSR has not examined differences among employees in CSR perceptions. According to Rodrigo and Arenas (2008), this assumption rests on the premise that employees share the exact expectations, opinions, and attitudes. Previous research has either attempted to define socially responsible leadership or focused on leadership and responsible behaviour.

Several conceptual models have been introduced to categorise the attitude of employees towards CSR. Hemingway (2005) proposed a classification system of 4 distinct groups: Active or Frustrated, Conformists, Apathetic, and Corporate Social Entrepreneurs (CSEs). Active CSE is a corporate culture that engages in organisational CSR and organisational citizenship, and is driven by personal needs as well as mutual gains for the organisation and its members (Caldwell et al., 2012). In a social context, community service employees are hardworking but lack the organisational backing needed to perform the CSR attendant role. Conformists have little inclination toward CSR, and Apathetics ignore its applicability and employees' responsibilities in this area.

Rodrigo and Arenas (2008) proposed an additional classification comprising Committed, Indifferent, and Dissident employees. Committed individuals, guided by a system of personal values, prioritise social justice and actively participate in CSR activities. In contrast, Indifferent employees are regarded as disengaged, whereas Dissidents oppose CSR. Therefore, they understand CSR and the organisation's functions but are unconcerned with their own involvement in CSR. So, ultimately, Dissident employees only see their labour as an economic contract which has no obligation to a larger societal function.

Companies' internal corporate social responsibility initiatives aim to meet workers' expectations, promote organisational fairness (e.g., by prioritising workers' health and well-being), ensure workers' safety on the job, and support their professional advancement. Internal CSR focuses on workers' mental and physical health through welfare services, and the fundamental principle of CSR is to prioritise workers' interests over those of corporations.

There is no need for employees to reciprocate under internal CSR, which is based on a firm's voluntary actions. Employees can develop a strong sense of organisational support when their employers undertake measures to support them, such as treating them fairly, organising a positive work environment, and offering opportunities for professional advancement. Employees will put in more effort at work to show corporations that they value them, according to the principle of reciprocity. As a result, workers will be emotionally, intellectually, and behaviourally invested in their jobs. Drawing on the principle of reciprocity and exchange, earlier research has also demonstrated that when employees believe firms have met their needs, they are more motivated to reward such firms. This can be achieved through increased trust, commitment, and organisational citizenship activity.

Being involved in CSR initiatives will make your employees feel more loyal towards you. From there, employees are more likely to perceive their employer as socially responsible and aligned with their values. Through CSR, be it with charitable initiatives or through green practices, the company can project a positive image to its stakeholders, including its employees, who may be proud to work for a company that is not only wealth-oriented but that is also based on and grounded in the public interest. An enhanced CSR reputation may generate trust and loyalty among employees, thus boosting commitment.

By shaping organisational learning, CSR can influence internal employee behaviour. As more ethical and responsible behaviours emerge in corporate culture, this trend advocates a work environment that demonstrates respect for integrity. Workers who feel that the group they work for is a decent social environment are more motivated to demonstrate valuable practices in Euclidian discernment — cooperation, cooperation around groups, and meeting others. What holds your common goal? The way employees view their company's CSR initiatives can foster pride and a shared objective, promote positive behaviour and higher workplace engagement, and encourage positive interactions with other workers.

Employers expect modern workers to be socially responsible and environmentally mindful. A large number of people, including some seeking employment and others with employment backgrounds, place a high priority on working for organisations that align with their personal beliefs. CSR initiatives can satisfy employee expectations for a socially conscious workplace and help attract and retain talent. Organisations that do not meet these expectations risk difficulties in recruitment and retention. Clear communication of CSR efforts is essential when managing employee expectations. Employees are more likely to appreciate and engage with CSR initiatives if they are well informed about the company's commitment to social responsibility.

## 2 LITERATURE REVIEW

Corporate Social Responsibility (CSR) is one of the major pillars of strategic corporate planning, which gives rise to many diverse implications including employee commitment, interest, organisational performance, and interest. Academic interest in CSR has spanned both conceptual and practical studies across a variety of industries and geographic contexts. The above review summarises these theses to outline recurring motifs, thereby explaining the interrelationship among CSR, its attractiveness to employers and employees, and overall organisational performance.

### 2.1 CSR and Attractiveness of the Employer

Another widely discussed theme in the literature is the association between CSR and employer attractiveness. Albinger and Freeman (2000) postulated that potential employees would prefer to work in socially responsible firms, particularly those that are sensitive to broad-based development activities and recognition. This claim was subsequently supported by Backhaus, Stone and Heine (2002) who came into the conclusion that job seekers are attracted to organisations with high level of social performance.

In the same breath, Turban and Greening (1997) emphasised that CSR could be a tool for competitive advantage in attracting a high-quality workforce. Based on these analyses, organisations with a strong

CSR programme can distinguish themselves in the labour market by attracting high-potential employees who value ethical and responsible business practices. Additionally, Greening and Turban (2000) assert that CSR activities enhance an organisation's attractiveness to potential employees, thereby strengthening its employer brand.

Branco & Rodrigues (2006) argued that CSR activities can be used to develop intangible assets, such as having a good social reputation, which, in turn, makes the organisation more attractive to employers. These authors go one step further by analysing the role of culture in corporate citizenship and, as a result, its contribution to improved business outcomes, for example, employer attractiveness. Earl (2004) and Kaler (2009) both address techniques for measuring employee commitment and its correlation with organisational output. Regarding CSR and corporate social performance, Earl (2004) discusses the correlation between CSR and corporate social performance, while on the mechanisms by which worldviews shape employees' perceptions, Kaler (2009) provides insight.

## **2.2 CSR and Employee Commitment**

Internal corporate social responsibility (ICSR) practices are generally found to elicit positive responses amongst the employees in terms of commitment. Ali, Nasruddin, and Lin (2010) studied banking in Jordan and suggested a positive relationship between internal CSR practices, such as treating employees fairly and developing their skills, and organisational commitment. Along the same lines, Alshbiel & AL Awawdeh (2011) report that internal CSR practices in Jordan's manufacturing sector have contributed to a commitment to jobs, supporting the idea that practising CSR directed towards employees will foster higher levels of loyalty and attachment. Other studies also analyse CSR from a psychological perspective and its relationship to employee engagement.

According to Glavas, employees could be more fully engaged at work because CSR enables them to bring their whole selves to the workplace (Glavas, 2016). Kahn (1990) suggested that the psychological conditions necessary for the engagement of people at work include: This argument has been somewhat supported by Glavas & Piderit (2009), who found that corporate citizenship has a positive impact on employee attitudes. This was further supported by Rego et al. (2009), who showed that employees' perceptions of CSR predicted their organisational commitment.

Many studies indicate that CSR has a significant positive effect on employee commitment and satisfaction. Collier and Esteban (2007), for instance, report that employees are more committed to those organisations that reflect socially responsible practices. Similarly, Kao et al. (2009) and Lee et al. (2009) explain that employee perceptions of CSR, in conjunction with job satisfaction and organisational commitment, are related, as CSR practices foster a sense of organisational belonging.

In their work, Brammer et al. (2007) discuss how CSR promotes employee pride and identification and, in the process, fosters organisational commitment. They implement CSR activities to create a positive image of the company, which, in turn, affects staff commitment. Similarly, Peterson (2004) reports on the relationship between CSR and organisational citizenship, which finds that perceptions of corporate citizenship are highly correlated with organisational commitment, providing additional evidence of the CSR-employee loyalty link.

### **2.3 CSR and Organisational Performance**

There is a significant amount of literature reviewed in this paper which relates the impacts of low-level corporate social responsibility (CD CSR) on the performance of organisations, more specifically to financial performance and incorporation of stakeholders (Beckman et al. 2009). The authors indicate that the authenticity and social networks are the keys to CSR success. They go ahead to make a conceptualisation regarding the opinion that an organisation which has supported genuine CSR practices stand higher chances of experiencing organisational gains. Rettab et al. (2009) carried out a research that focused on the relationship between CSR initiatives and the performance of organisations in Dubai. They discovered that corporate social responsibility (CSR) activities positively influenced performance of organisations particularly in the emerging economies because CSR activities could produce trust and legitimacy.

Cropanzano and Mitchell (2005) associate CSR with the social exchange theory and propose that organisations that invest in CSR will be rewarded by stake holders hence enhancing organisational performance. Miles et al. (2006), in turn, focus on strategic conversations with stakeholders as one of the shaping factors of CSR and hence as a possible driver of the organisation's overall performance and sustainability. The authors of Bondy, Matten, and Moon (2008) focus on MNCs and their codes in terms of CSR governance. CSR governance is also effective in maintaining a positive reputation and improving financial performance by building trust and fostering long-lasting relationships with stakeholders. Briggs and Verma base their argument on the premise that organisations that continue to allocate resources to CSR activities can achieve better overall performance, as CSR activities help generate a positive corporate image and goodwill among various stakeholder groups.

### **2.4 Stakeholder Theory and CSR**

Another popular theme in the literature is the stakeholder approach to CSR. Freeman (1984) made a seminal contribution to stakeholder theory, and his work has been widely used as a framework for CSR activities. Donaldson & Preston (1995) advanced this theory, suggesting that, for a corporation to be successful in the long term, it must attend to the needs of other stakeholders in addition to shareholders. Indeed, Swanson (2008) emphasised the importance of top managers' strategic leadership in driving CSR; he argued that top managers play a decisive role in strategically framing the organisation in response to stakeholder expectations.

Greenwood (2007) challenges the conventional approach to engaging stakeholders in organisations. Accordingly, she argues that CSR is also a myth rather than a reality in many organisations. In other words, she hoped that for organisations, CSR meant something only if it went beyond mere, superficial engagement with stakeholders and focused on meaningful stakeholder involvement. Rodrigo & Arenas (2008) present a typology of employees' attitudes towards CSR, noting that employees are concerned about CSR programs and that this concern arises when they believe these programs are genuinely working in stakeholders' interests.

### **2.5 CSR and Authenticity**

Perceived sincerity of CSR practices happens to be an influential factor. In a study, McShane and Cunningham (2012) examined employees' perceptions of corporate social responsibility programmes and the level of authenticity they attributed to them. Their results indicate that the greater employees'



involvement in the organisation, the more likely they are to perceive CSR initiatives as genuine and consistent with the organisation's core values. On the other hand, corporate social entrepreneurship can also be driven by personal values as Hemingway (2005) believes. Furthermore, he argues that group members' intrinsic motivation is internal and drives genuine CSR efforts. Arvidsson (2010) is about the communication of CSR efforts by management teams. While CSR is increasingly important in corporate strategy, many companies fail to communicate their initiatives effectively. Communicating genuine CSR is important to create credibility and trust among a company's stakeholders. Duarte (2011) conducted an empirical study on the possible cultural meanings of CSR within a Brazilian mining company and provided examples of CSR culture in practice.

## **2.6 Transformational Leadership and CSR**

There are numerous discussions about leadership as a possible cause of CSR practices. Caldwell et al. (2012) argue that transformational leadership is a catalyst for achieving CSR excellence, whereby leaders create an enabling culture for CSR based on ethical behaviour and social responsibility. Waldman et al. (2006) extend the components of transformational leadership that lead to CSR and indicate that the attribute of visionary leadership is critical for developing CSR strategies that align organisational goals.

Lo et al. (2008), in a study of CSR commitment between China and the U.S., stated that transformational leadership is a key factor in fostering social and environmental responsibility across cultural contexts. This is important as it enriches the role of leaders in attaining this aspect of CSR, which cuts across all regions and sectors.

## **2.7 Stakeholder Involvement in CSR**

Another recurring theme is the role of stakeholders in CSR. For instance, Brammer and Millington (2003) examine stakeholder preferences as determinants of corporate community involvement and thus emphasise the influence of the fit between CSR activities and stakeholder expectations. In a similar vein, Bondy, Matten, and Moon (2008) treat codes of conduct as governance tools through which multinational companies manage CSR, emphasising governance's role in shaping socially responsible behaviour.

## **2.8 CSR and Organisational Structure**

The structure within an organisation has much to do with CSR. Lin (2009) explains that organisational trust and corporate citizenship are necessary conditions for work engagement, and that attachment theory can help explain these relationships. Matten and Crane (2005) reassert this, attesting to a longer-term theoretical perspective on corporate citizenship: "legal and ethical responsibility but also proactive action on social causes."

## **2.9 Summary**

The literature emphasises how CSR influences employers in multiple ways: as an employer-attractiveness, employee-commitment, and organisational-performance booster. CSR communicates employer branding, attracts socially sensitive job applicants, and engenders employee loyalty through internal programs. Genuine communication and leadership are critical components of the success of CSR strategies, but they depend on stakeholder engagement, which is crucial to their long-term success.

Ultimately, CSR is a valuable tool for creating positive relationships with stakeholders and enhancing organisational performance.

### 3 RESEARCH QUESTIONS

- a) How does a company's internal CSR program affect employee engagement?
- b) How does internal CSR relate to employee engagement, and how does perceived organisational responsibility mediate this relationship?
- c) How does internal CSR influence employee engagement, and how does employee behaviour moderate this effect?
- d) When it comes to the connection between internal CSR and employee engagement, how does employee loyalty play a mediating role?
- e) How do employees' expectations impact their engagement with internal CSR initiatives?
- f) How do different demographics inside the organisation behave and engage differently in response to internal CSR initiatives?

### 4 NEED FOR THE STUDY

Most research has centred on the substantial impact of corporate social responsibility (CSR) on various aspects of organisational employee attitudes and behaviour. The sources used in this paper infer implications of CSR practices for organisational commitment (OC), loyalty, job satisfaction, organisational attractiveness to job seekers, and employee retention. Moreover, the content shows that corporate citizenship correlates with employee engagement. The available literature focuses on the multidimensionality of CSR, employee attitudes and behaviour, and engagement.

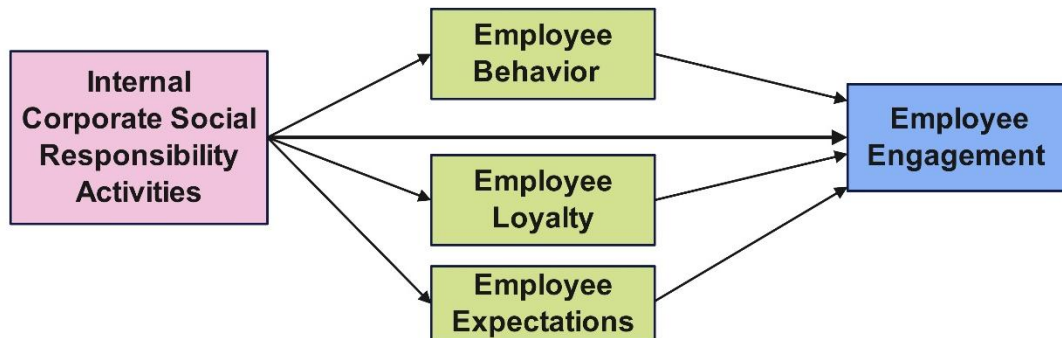
Nevertheless, it also illuminates the potential challenges and inconsistencies in employees' responses to CSR activities. Internal CSR programmes primarily focus on employee welfare and may also include health and safety, work-life balance, and job satisfaction programmes. Maintaining a healthy and conducive work environment is easier when employees believe that the organisation cares about them. The scope and direction of the correlation between CSR and employee loyalty should be established. The Corporate Social Responsibility programs can be designed internally in a way that fosters diversity, equity and inclusivity in the organizational environment. The employees are encouraged to interact with people of diverse cultural and socio-economic backgrounds and hence foster an inclusive climate. Internal CSR therefore incorporates the involvement of employees who manifest positive attitudes of respect and appreciation to differences, which result in a harmonious working environment.

The relevance of the study is to explore how such employee behaviours as expected contribute to employee engagement. CSR activities planned internally that are designed to meet the expectations of diversity, equity, and inclusion satisfy the employees that the workplace should be respectful and sensitive to individual pluralities. Workers express a need of management intervention so as to create an optimal environment where diversity is welcomed and every employee is given dignity and respect. In this regard, it will be fruitful to dig into the antecedents that can encourage employee engagement in an inclusive and supportive environment.

## 5 OBJECTIVE OF THE STUDY

This study aims to explain how employee expectations, internal employee behaviour, and loyalty mediate the relationship between employee engagement and internal corporate responsibility initiatives.

## 6 CONCEPTUAL FRAMEWORK



**Figure 1: Conceptual framework**

## METHODOLOGY

An exploratory research design was employed. The tool used was a carefully designed questionnaire that assessed the dimensions of internal corporate responsibility, employee behaviour, employee loyalty, employee expectations, and employee engagement. Interest variables were identified in accordance with the objectives of the study and were obtained from a wide range of academic literature. To test the primary source data and the developed questionnaire, a 5-point Likert scale was used, and respondents were expected to complete the instrument self-administered. The relevant data on information seeking were collected from 294 employees of an information technology organisation, with a focus on internal corporate responsibility. The respondent was chosen through a convenience sampling technique, hence making sure that the sample cohort of the workers was representative of the workforce that was readily available in the chosen field. Data analysis was performed using Microsoft Excel, JMP, and SmartPLS4. A reliability test was also used in the study; the results indicate a Cronbach's alpha of 0.837, indicating satisfactory internal consistency. Descriptive statistics were used to summarise the distribution of the variables. Additionally, correlation analysis was performed to investigate relationships among variables and between variables.

## 7 DATA ANALYSIS & INTERPRETATION

**Table 1: Demographic Variables**

| Variables |                         | No. of Respondents | %            |
|-----------|-------------------------|--------------------|--------------|
| Age Group | Between 20 and 30 years | 80                 | 27.2         |
|           | Between 30 and 40 years | 100                | 34.0         |
|           | Between 40 and 50 years | 70                 | 23.8         |
|           | Between 50 and 60 years | 44                 | 15.0         |
|           | <b>Total</b>            | <b>294</b>         | <b>100.0</b> |
| Gender    | Male                    | 162                | 55.1         |
|           | Female                  | 132                | 44.9         |



|   |                               |            |              |
|---|-------------------------------|------------|--------------|
|   | <b>Total</b>                  | <b>294</b> | <b>100.0</b> |
|   |                               |            |              |
| <b>Qualification</b>  | Less than PUC                 | 28         | 9.5          |
|   | PUC/Diploma                   | 61         | 20.7         |
|   | Degree                        | 99         | 33.7         |
|   | Postgraduate                  | 78         | 26.5         |
|   | Higher than postgraduate      | 28         | 9.5          |
|   | <b>Total</b>                  | <b>294</b> | <b>100.0</b> |
|   |                               |            |              |
| <b>Total Work Experience</b>                                  | Less than 1 year              | 37         | 12.6         |
|   | 1 to 5 years                  | 89         | 30.3         |
|   | 6 to 10 years                 | 81         | 27.6         |
|   | 11 to 15 years                | 53         | 18.0         |
|   | More than 15 years            | 34         | 11.6         |
|   | <b>Total</b>                  | <b>294</b> | <b>100.0</b> |
|   |                               |            |              |
| <b>Number of years of work experience in the organisation</b> | Less than 1 year              | 23         | 7.8          |
|   | Between 1 and 2 years         | 42         | 14.3         |
|   | Between 2 and 3 years         | 65         | 22.1         |
|   | Between 3 and 4 years         | 68         | 23.1         |
|   | More than 4 years             | 96         | 32.7         |
|   | <b>Total</b>                  | <b>294</b> | <b>100.0</b> |
|   |                               |            |              |
| <b>Number of promotions received in the organisation</b>      | 0                             | 91         | 31.0         |
|   | 1                             | 83         | 28.2         |
|   | 2                             | 51         | 17.3         |
|   | 3                             | 43         | 14.6         |
|   | 4 and more than 4             | 26         | 8.8          |
|   | <b>Total</b>                  | <b>294</b> | <b>100.0</b> |
|   |                               |            |              |
| <b>Level of CSR Investment of the organisation</b>            | Less than 1 Crore             | 48         | 16.3         |
|   | Between 1 crore and 10 crores | 101        | 34.4         |
|   | Between 11 and 20 crores      | 67         | 22.8         |
|   | Between 21 and 30 crores      | 47         | 16.0         |
|   | More than 30 crores           | 31         | 10.5         |
|   | <b>Total</b>                  | <b>294</b> | <b>100.0</b> |

(Source: Primary Data)

The research analysed a total of 294 respondents, whose demographic and professional characteristics were examined using multiple variables. As seen from Table 1, the distribution of age groups shown that most of the respondents were belonging to age group of 30 to 40 years with 34.0% amount of respondents and 27.2% amount of 20 to 30 years age group was followed by 23.8% amount of age groups of 40 to 50 years age group and 15.0% amount of patients in between 50 to 60 years age group. Gender analysis revealed a slight majority of male participants (55.1%) compared with 44.9% of females.

Regarding educational qualifications, 33.7% of respondents held a degree, the most common qualification among participants. This was followed by 26.5% who were postgraduates, 20.7% with PUC/Diploma, and an equal 9.5% each for those with qualifications below PUC and those with qualifications above postgraduate.

In terms of total work experience, the largest group, comprising 30.3% of respondents, had 1-5 years. Those with 6 to 10 years of experience comprised 27.6% of the sample, and 18.0% had 11 to 15 years of experience. Respondents with less than 1 year and more than 15 years of work experience accounted for 12.6% and 11.6%, respectively.

Among respondents, 32.7% had more than 4 years of experience in the current organisation, the largest share. This was followed by 23.1% with 3-4 years of experience, 22.1% with 2-3 years, 14.3% with 1-2 years, and 7.8% with less than 1 year.

Analysis of the number of promotions received in the organisation showed that 31.0% of respondents had not received any promotions, 28.2% had received one promotion, 17.3% had received two promotions, 14.6% had received three promotions, and 8.8% had received four or more promotions.

Finally, based on the level of CSR investments by the organisation, 34.4% of respondents reported that the organisation invested between 1 crore and 10 crores in CSR activities. This was followed by investments of 22.8% between 11 and 20 crore, 16.3% less than one crore, 16.0% between 21 and 30 crore, and 10.5% more than 30 crores.

**Table 2: Reliability Test**

|                             | <b>Cronbach's Alpha</b> | <b>No. of Items</b> |
|-----------------------------|-------------------------|---------------------|
| Employees' Loyalty (EL)     | 0.780                   | 5                   |
| Employee behaviour (EB)     | 0.784                   | 12                  |
| Employee Expectations (EEX) | 0.787                   | 5                   |
| CSR Activities (CSR)        | 0.796                   | 4                   |
| Employee Engagement (EEN)   | 0.780                   | 4                   |

(Source: Author's Computation)

A reliability test was conducted to assess the internal consistency of the constructs used in the study.

The results calculated by the authors are seen in Table 2.

Practitioners in organisational behaviour research strive to explain the relationships between interventions and employee outcomes. This study conducts a mediation analysis using Partial Least

Squares Structural Equation Modelling (PLS-SEM) to investigate the effects of CSR activities on employees' engagement. Specifically, the analysis will examine whether causal mechanisms, such as employee behaviour, loyalty, and expectations, mediate the effects of CSR activities on employee engagement. Using PLS-SEM, the direct and indirect mechanisms through which CSR activities impact engagement are analysed and bring about information to researchers and practitioners in terms of developing companies across all three mechanisms in order to establish a more engaged workforce. In Table 2, all the items in the study have ( $\alpha > 0.70$ ), indicating good internal consistency and reliability of the measures. This enhances the credibility of the results regarding employees' loyalty, behaviour, expectations, and CSR activities and engagement.

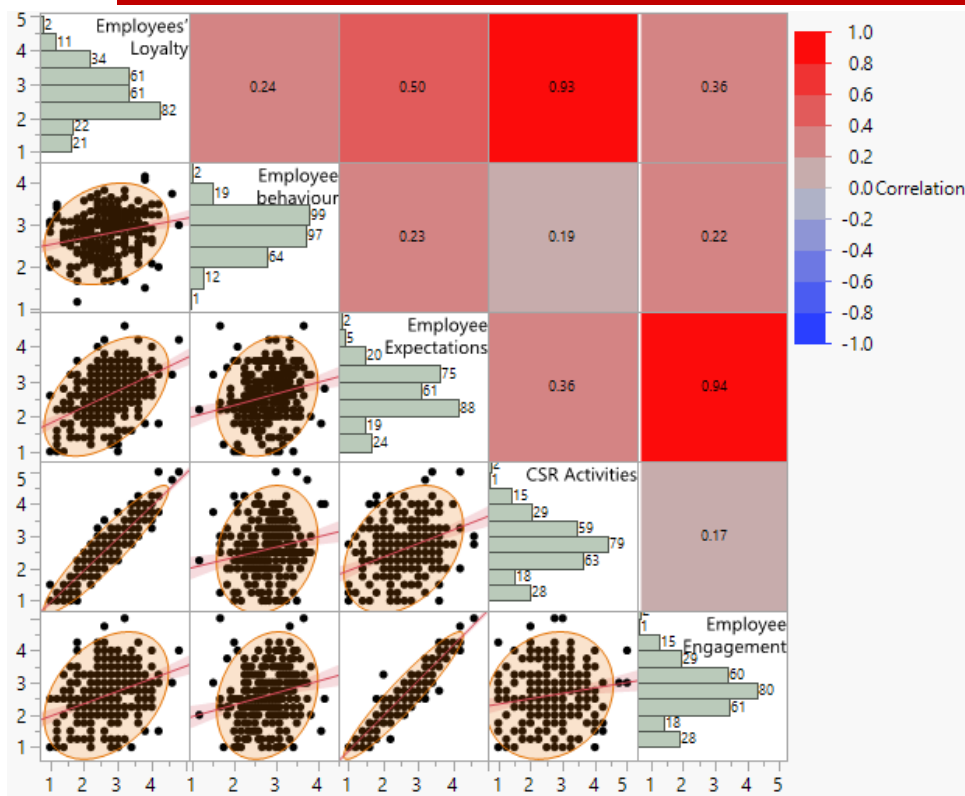
### 7.1 Hypothesis Testing and Correlation Analysis

**H<sub>10</sub>: There is no significant relationship between Employees' Loyalty, Employee behaviour, Employee Expectations, CSR Activities and Employee Engagement.**

**Table 3: Pairwise Correlations**

| Variable              | by Variable           | Correlation | Count | Lower 95% | Upper 95% | Sig. Prob |
|-----------------------|-----------------------|-------------|-------|-----------|-----------|-----------|
| Employee Expectations | Employees' Loyalty    | 0.4978      | 294   | 0.4065    | 0.5792    | <.0001*   |
| Employee Expectations | Employee behaviour    | 0.2319      | 294   | 0.1207    | 0.3373    | <.0001*   |
| Employee Engagement   | Employees' Loyalty    | 0.3603      | 294   | 0.2565    | 0.4559    | <.0001*   |
| Employee Engagement   | Employee behaviour    | 0.2240      | 294   | 0.1125    | 0.3299    | 0.0001*   |
| Employee Engagement   | Employee Expectations | 0.9444      | 294   | 0.9306    | 0.9556    | <.0001*   |
| Employee Engagement   | CSR Activities        | 0.1685      | 294   | 0.0551    | 0.2775    | 0.0038*   |
| Employee behaviour    | Employees' Loyalty    | 0.2364      | 294   | 0.1254    | 0.3415    | <.0001*   |
| CSR Activities        | Employees' Loyalty    | 0.9293      | 294   | 0.9118    | 0.9434    | <.0001*   |
| CSR Activities        | Employee behaviour    | 0.1944      | 294   | 0.0818    | 0.3021    | 0.0008*   |
| CSR Activities        | Employee Expectations | 0.3643      | 294   | 0.2608    | 0.4595    | <.0001*   |

(Source: Author's Computation)



**Figure 2: Scatterplot Matrix**

The findings are outlined in Table 3 and visualised in Figure 2. The correlation analysis revealed several significant relationships among the variables. Employee Expectations and Employees' loyalty showed a moderate positive correlation ( $r = 0.4978$ ,  $p < .0001$ ), i.e., the higher employees' expectations in their relationships with their organisation, the greater their loyalty. Similarly, Employee Engagement showed a strong positive correlation with Employee Expectations ( $r = 0.9444$ ,  $p < .0001$ ), indicating that setting employee expectations is important for engagement.

Employee Engagement was also found to have a moderate positive correlation with Employees' Loyalty ( $r = 0.3603$ ,  $p < .0001$ ) and a weak but significant positive correlation with Employee Behaviour ( $r = 0.2240$ ,  $p = 0.0001$ ). CSR Activities had a very high positive effect on Employees' Loyalty ( $r = 0.9293$ ,  $p < .0001$ ) and were positively correlated with Employee Expectations at a moderate level ( $r = 0.3643$ ,  $p < .0001$ ).

This study demonstrates that CSR Activities, when aligned with employee expectations, can play a significant role in fostering employee loyalty and engagement. These results suggest that organisations with CSR activities that have integrated their HRM practices to align with employees' views may benefit from increased employee loyalty and engagement.

Because of the established significant correlations, the null hypothesis  $H_{10}$  (no correlation) is rejected. Findings reveal important relationships between employee loyalty and employee behaviour, including the mediating variable, employee expectation, which is important though not always central in

discussions of CSR, could affect systems and CSR activities, influence related stakeholders, and foster employee engagement through community involvement.

**Table 4: Descriptive Statistics**

| Column                | N   | Mean | Std Dev | Sum    | Minimum | Maximum |
|-----------------------|-----|------|---------|--------|---------|---------|
| Employees' Loyalty    | 294 | 2.66 | 0.75    | 782.20 | 1.00    | 5.00    |
| Employee behaviour    | 294 | 2.79 | 0.50    | 821.17 | 1.00    | 5.00    |
| Employee Expectations | 294 | 2.58 | 0.70    | 758.00 | 1.00    | 5.00    |
| CSR Activities        | 294 | 2.60 | 0.81    | 763.00 | 1.00    | 5.00    |
| Employee Engagement   | 294 | 2.60 | 0.81    | 764.75 | 1.00    | 5.00    |

(Source: Author's Computation)

Table 4 presents the responses for each construct, in terms of their central tendency and spread, as descriptive statistics.

- **Employees' Loyalty:** The mean is 2.66, and the standard deviation is 0.75. The scores range from 1.00 to 5.00, indicating an average level of employee loyalty.
- **Employee Behaviour:** The average value is 2.79 with a standard deviation of 0.50; there is a fairer response from employees when compared with other variables. The sum of the scores is 821.17, and the values range from 1.00 to 5.00.
- **Employee Expectations:** The expectation rating for the average is 2.58 with a standard deviation of 0.70. The total score range is 758.00, with scores ranging from 1.00 to 5, indicating neutral expectations from employees.
- **CSR Activities:** CSR activities have a mean value of 2.60 and have the highest SD amongst the variables (SD=0.81), which implies that there are more opinions on this variable. The overall score is 763.00 on a 1.00-5.00 scale and reflects differing perceptions of CSR activities within the organisation.
- **Employee Engagement:** Since this variable also has a mean equal to 2.60, the mean of CSR Activities has a standard deviation equal to 0.81. Scores are from 1.00 to 5.00, with a total score of 764.75, indicating a moderate level of engagement amongst employees.

On average, employees rated their loyalty in the middle, with similar trends in behaviour, expectations, and engagement. The standard deviations indicate some variability in responses, particularly for CSR Activities and Employee Engagement, suggesting differences in perception and experience.

### Mediation Analysis with PLS-SEM

Practitioners in organisational behaviour research strive to explain the relationships between interventions and employee outcomes. This study conducts a mediation analysis using Partial Least Squares Structural Equation Modelling (PLS-SEM) to investigate the effects of CSR activities on



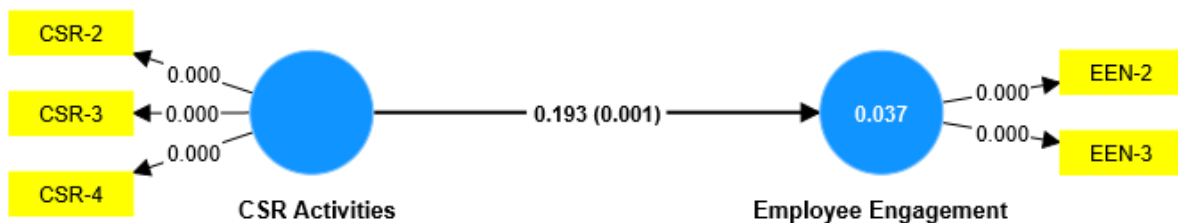
employees' engagement. Specifically, the analysis will examine whether causal mechanisms, such as employee behaviour, loyalty, and expectations, mediate the effects of CSR activities on employee engagement. Using PLS-SEM, the direct and indirect mechanisms through which CSR activities impact engagement are analysed and bring about information to researchers and practitioners in terms of developing companies across all three mechanisms in order to establish a more engaged workforce.

## Hypothesis

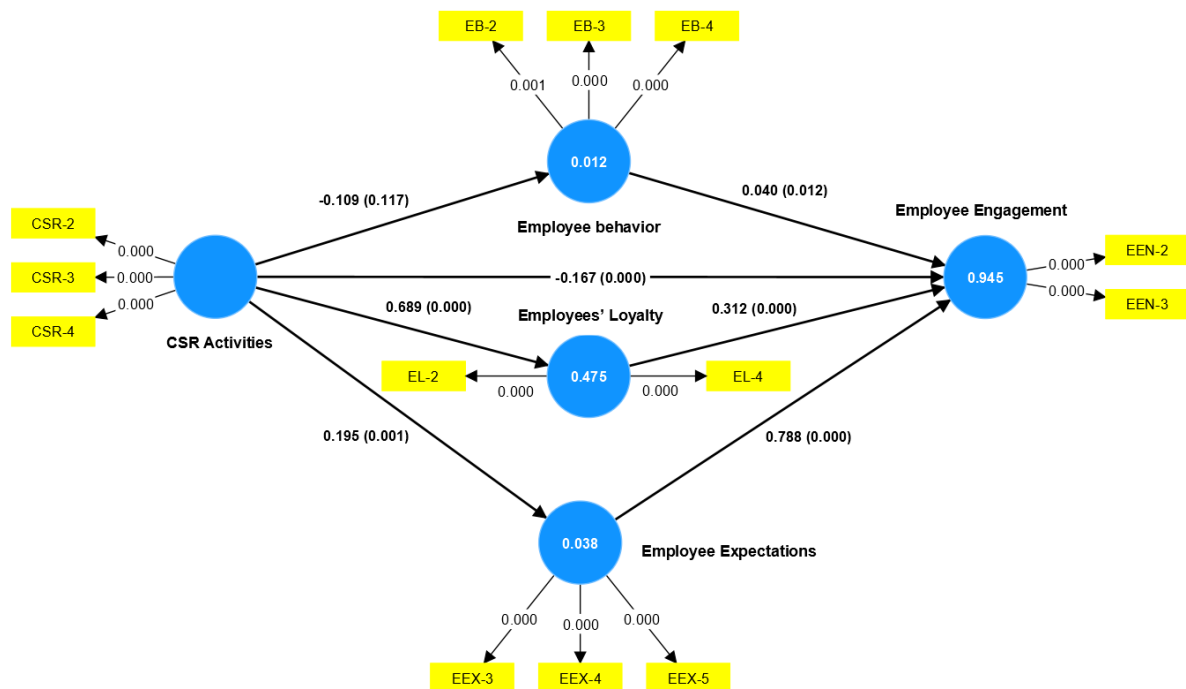
**H<sub>20</sub>: Employee behaviour mediates the relationship between CSR Activities and Employee Engagement.**

**H<sub>30</sub>: Employees' Loyalty mediates the relationship between CSR Activities and Employee Engagement.**

**H<sub>40</sub>: Employee Expectations mediates the relationship between CSR Activities and Employee Engagement.**



**Figure-3: Path Coefficients & p values**



**Figure-4: Path Coefficients & p values**

**Table 5: Mediation analysis**

| Total effect<br>(CSR Activities -> Employee Engagement)              |             |         | Direct effect<br>(CSR Activities -> Employee Engagement) |         |                  |
|--|-------------|---------|--|---------|------------------|
| Coefficient  | t-value     | p-value | Coefficient  | t-value | p-value          |
| 0.193  | 3.427       | 0.001   | -0.167   | 5.378   | 0.000            |
| Indirect effect  |             |         |  |         |                  |
|  | Coefficient | SD      | t-value  | p-value | BI [2.5%; 97.5%] |
| CSR Activities -><br>Employee behaviour -><br>Employee Engagement    | -0.004      | 0.003   | 1.330  | 0.184   | -0.011; 0.002    |
| CSR Activities -><br>Employees' Loyalty -><br>Employee Engagement    | 0.215       | 0.034   | 6.250  | 0.000   | 0.157; 0.283     |
| CSR Activities -><br>Employee Expectations -><br>Employee Engagement | 0.153       | 0.048   | 3.179  | 0.001   | 0.058; 0.249     |

One way to assess whether CSR activities and employee engagement are mediated by employee behaviour is to conduct mediation analysis. The findings indicate that CSR Activities had a substantial direct effect on employees' engagement ( $b = 0.193$ ,  $t = 3.427$ ,  $p = 0.001$ ), as shown in Table 5. The Effect of CSR Activities on employee engagement remained significant ( $b = -0.167$ ,  $t = 5.378$ ,  $p < 0.001$ ) even after controlling for the mediating variable, Employee Behaviour. The results showed no significant indirect effect of CSR Activities on Employee Engagement through Employee Behaviour ( $b = -0.004$ ,  $t = 1.330$ ,  $p = 0.184$ ). This indicates that Employee Behaviour did not mediate the relationship between CSR Activities and Employee Engagement. In this case, we reject the Null Hypothesis.

The mediating role of Employee Loyalty in the relationship between CSR Activities and Employee Engagement was also examined using mediation analysis. The Total effect of CSR Activities on Employee Engagement was statistically significant ( $b = 0.193$ ,  $p = 0.001$ ) as is shown in Table 5. A significant effect of CSR Activities on Employee Engagement was found with Employee Loyalty used as a mediator ( $b = -0.167$ ,  $t = 5.378$ ,  $p < 0.001$ ). The employees, the leader, and the management: Employee loyalty had a significant indirect effect on employees' engagement through CSR activities ( $b = 0.215$ ,  $t = 6.250$ ,  $p < 0.001$ ). Employee Loyalty - Mediates Partially the Relationship between CSR Activities and Employee Engagement. The null hypothesis is not rejected, indicating that employee loyalty buffers this relationship.

Furthermore, to investigate the effect of Employee Expectations on the relationship between CSR Activities and Employee Engagement, a mediation analysis was conducted. The results indicate a significant overall effect of CSR Activities on Employee Engagement (Table 5;  $b = 0.193$ ,  $t = 3.427$ ,  $p = 0.001$ ). The direct effect of CSR Activities on Employee Engagement was also significant ( $b = -0.167$ ,  $t = 5.378$ ,  $p < 0.001$ ) even when Employee Expectations was included as a mediator. Employee expectations, as an indirect effect of CSR activities on employee engagement, were also statistically significant ( $b = 0.153$ ,  $t = 3.179$ ,  $p < 0.001$ ). This indicates that employee expectations mediate the link between corporate social responsibility activities and employee engagement, but only to a certain extent. By all accounts, the Null Hypothesis is true.

To summarise the mediation analysis, Employee behaviour (no mediation), Employees' Loyalty (Complementary partial mediation), and Employee Expectations (Complementary partial mediation) mediate the relationship between CSR Activities and Employee Engagement.

## 8 CONCLUSION

This is significant because the effects of internal Corporate Social Responsibility (CSR) activities on employee engagement in information technology (IT) organisations may be influenced by individual behaviour, loyalty, or expectations. Through internal CSR activities for employee engagement, internal CSR activities promote a healthy work environment, diversity and inclusion, and the possibility of balancing professional and private life. Engaged employees not only tend to be more productive, but they also tend to stay for longer, and they contribute to a better culture within your organisation. This understanding is invaluable for defining CSR strategies aligned with organisational values and for going beyond workforce expectations to improve engagement and retention.

CSR activities assist in moulding employees' behaviour. Higher morality, motivation: As long as worker can feel that their company is responsible, they will work better. The applicability of this correlation is that it enables companies to identify the effect of corporate social responsibility (CSR) on workforce performance through observable behavioural mechanisms. By undertaking internal CSR efforts, organisations will be in a position to create an emotional bond with employees, thereby fostering loyalty and commitment. This attachment is generally expressed through low turnover and employee advocacy factors, which are paramount in the highly competitive IT industry, where employee retention is a strategic asset of high value.

Modern workers, especially those in the IT industry, increasingly expect their employers to act as responsible citizens who actively contribute to the common good. Helping companies retain and attract their top talent by aligning CSR programmes with these expectations. By recognising the overlap between CSR and employee expectations, the design of human resource strategies can effectively address these expectations. In this context of aligning internal CSR initiatives, participation and practicum are balanced, thereby improving business performance. A higher rate of engagement and loyalty spurs innovation and efficiency within the organisation, whereas a positive workplace culture is critical to creating long-term resilience in the dynamic IT environment. IT organisations should therefore look at these relationships critically to ensure that their CSR strategies do not only promote the common good but also enhance participation, commitment, and productivity of its employees and hence overall organisational success.

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