

Original Article**CSR's Impact on Employee Engagement: The Case of Bank Pakistan****Taimur Shahzad****Areej Hina**

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Abstract

This case study examines employee engagement and corporate social responsibility at Pakistan Habib bank. "How CSR increases employee engagement and what is the mechanism" is the study's main focus. We interviewed 30 Pakistan Habib employees to hear about their experiences. We also examined 2014–2020 CSR reports. Qualitative research was done to appropriately reflect Pakistan Habib employees' CSR experiences. The results show that bank Habib's CSR culture fostered a collective caring mindset based on responsibility and accountability, giving employees the support, they needed to grow personally and professionally and a sense of purpose to make positive changes in everything they did. This caring approach creates a strong sense of pride and belonging that boosts employee engagement at Bank Audi to a high degree.

Keywords: employee engagement, corporate social responsibility

Introduction

Business leaders now prioritise employee engagement because it reduces staff turnover, boosts productivity and efficiency, retains customers, and boosts revenues. This is a top worry for HR managers seeking to uncover engagement "drivers," which can be difficult. As observed recently, people are becoming more flexible and seeking positions with firms who can meet their needs. According to the survey "Apprehensive millennials: seeking stability and opportunities in an uncertain world" (Deloitte, 2017), more than half of employees believe that making a difference will boost their job satisfaction, which is crucial to their happiness. Given the enormous number of online research on corporate social responsibility (CSR) in modern company, it is surprising that so little has been done from the employee viewpoint. Thus, this study seeks to address this gap by studying employee engagement and corporate social responsibility from the employee perspective and discovering which factors most affect engagement. The concept of CSR is not new. Companies have done this for years, but before 1990, they focused on sponsorships and donations. In his book "Strategic Management, A Stakeholders Approach," Edward Freeman proposed putting stakeholders at the core of strategic thinking in a relational framework. Stakeholder management protects the interests of all parties engaged in a company's commercial activities, improving its corporate social responsibility and sustainability. Stakeholder management involves managing relationships with individuals, teams, and organisations that affect corporate operations. People and groups that affect a company's mission or goals are stakeholders. Connecting individual interests with organisational responsibilities, identifying stakeholders

interested in the company's activities, monitoring their needs and expectations, communicating their opinions to company decision makers, and balancing competing stakeholder interests to meet shareholder needs without hurting other stakeholders is stakeholder management. To strengthen stakeholder connections, contemporary companies rely on their employees for long-term success. Since worker engagement is crucial to managing employee-employer relations and business success, management must recognise the benefits of including all stakeholders, especially workers, in the company's long-, medium-, and short-term business strategies.

No research has been done on the relationship between corporate social responsibility and CSR, so it is unknown how employees view CSR, what activities they enjoy, how CSR affects their relationship with the company, and how CSR can make them more engaged, motivated, and productive. The main research question in this study is how corporate social responsibility (CSR) increases employee engagement and how it does so. This study will examine the impacts of internal and external CSR dimensions, job engagement, and organizational engagement to better understand the relationship between CSR and employee engagement.

Exploring Employee Engagement Models

Organizational success depends on employee engagement and motivation. Employee engagement leads to more inventive work, fewer absenteeism, and higher staff involvement, which helps the firm succeed. These characteristics help the company's clientele. Any business must encourage its employees to perform at their best. Workers' importance to a company's success is well known. Professor George Elton

Mayo was the first to stress that an organisation is more than just a workplace in 1949. According to Mayo (2003), people use their cognitive and emotive skills most during work. They also create formal and informal relationships, which affect their work performance. Thus, the workplace is now a place where people engage, share ideas, build ties, learn about mutual interests, and generate new ideas and friendships. Kahn is considered the founder of employee engagement ideas, while Hackman and Oldham were the first to notice the influence of work environment and job characteristics on employee engagement in 1980.

Employee Engagement Model by Hackman and Oldham (1980)

Hackman and Oldham's 1980 Job Characteristics Model applies to all jobs. The notion of work characteristics highlighted five job aspects needed for employee engagement and satisfaction.

Variety of talents: Workers should be given challenging tasks that need several skills

Employees should comprehend their tasks. Task importance: employees should understand how their work affects the company's success. Task autonomy: workers should choose how to do their tasks. Work feedback: Employees need feedback to improve. Hackman & Oldham say meaningful work in a supportive environment with two-way communication engages employees. Since people can make decisions, they will have more ownership over job results.

1990 Kahn Employee Engagement Model

Employee engagement was first defined in 1990 by William Kahn. He called employee engagement "the harnessing of organisation members' selves to their work roles". This description calls the employee's "physical efforts to achieve their assigned roles" the physical aspect. The cognitive aspect is an employee's perception of their workplace and organisation. The emotional factor is employees' "feelings and attitude towards the organisation and its stakeholders". The cognitive aspect is an employee's perception of their workplace and organisation. Employee emotions about a corporation and its stakeholders are called the emotional element. Kahn studied an architecture company and a summer camp in the 1990s to study employee engagement. Kahn defined employee engagement as "the ability to use his full self at work" from his observations. Kahn defines involvement as a three-dimensional experience: physical, cognitive, and emotional. According to William Kahn, people desire to express themselves in their jobs. People use different parts of themselves at work depending on how they see themselves, their jobs, and their connection. They must use their physical, mental, and emotional resources to use such characteristics.

Meaning in Psychology, Khan (1990)

Meaningfulness is linked to job characteristics that encourage or discourage personal engagement at work. The study found that task characteristics, role characteristics, and work contacts affected psychological meaningfulness. Meaningfulness is "the feeling that the one is receiving a return on investment of oneself in currency of physical, cognitive, or emotional energy."

Khan says that giving employees autonomy and the ability to apply a variety of abilities to achieve a job increases psychological meaningfulness at work. This follows Hackman & Oldham's 1980 occupational characteristics study.

Role characteristics: Kahn found that job aspects influence workers' psychological meaningfulness. Roles typically need employees to adopt specific personality qualities; people feel their work is relevant when their identities match the job's behavioural criteria. Roles also provide workers power and influence, which boosts their self-esteem and makes their job more meaningful.

Workplace interactions

People found psychological significance in their jobs when they had good colleague connections, which boosted their pride and self-respect.

2) Mental Safety

Khan defines psychological safety as the freedom to be oneself and express oneself without caring about one's status, career, or self-image. It is linked to social factors that create a benign, kind, and welcoming environment. The psychological safety of a company is affected by its work environment since employees' conduct is moulded by their social surrounds and how supportive their coworkers and superiors are. Relational openness in leadership fosters interpersonal trust and psychological safety, which motivates employees to work hard. Workers can share their opinions as long as it doesn't hurt their relationships with coworkers or their social status.

Bakker and Demerouti's JD-R Engagement Model (2006)

The JD-R model (2006) remains the most popular engagement model. In the JD-R Model, job resources provide career and personal development plans, training, coaching, and frequent performance feedback, while job demands and requirements relate to workload, work pressure, and stress. Bakker and Demerouti said the occupation requires constant work, which is affected by psychological and physical needs. Thus, high job demands and excellent management support make people happier and more engaged at work. Arnold B. Bakker says passionate employees succeed because they balance their energy input and output.

The New Model of Employee Engagement by Emma Soane

Emma Soane proposed a new employee engagement strategy in 2012. It considers social, emotional, and intellectual employee involvement. The cognitive component that links high cognitive activity for work tasks to engagement. "The extent to which one is intellectually absorbed in work and thinks about ways to improve work" is how Emma defines intellectual engagement. Research shows that engagement is intellectual (Kahn, 1990; Macey & Schneider, 2008; Schaufeli et al., 2002). Emotional Link. Emma defines employee engagement as "the extent to which one experiences a state of positive affect relating to one's work role". This topic has been studied before (Bakker & Schaufeli, 2006; Khan, 1990; Schaufeli & Bakker, 2004; Schaufeli et al., 2002). Social participation. Kahn showed that involvement is linked to strong interpersonal connections. Meyer and Gagné (2008) similarly valued relatedness in their engagement theory. Ryan and Deci's Self-determination theory (2000) and Kahn shaped Emma's model.

Psychological and Staff Engagement

Employee engagement is linked to emotional attachment to one's company, which inspires passion for work, optimism about results, and continual mental, physical, and emotional energy towards goals. Positive attitude, assertiveness, and commitment affect an employee's attitude and conduct at work and the emotional connection that encourages employee engagement. Garg (2014) says individual differences and workplace engagement levels affect employee engagement. Several studies have examined the independent elements and people that impact an employee's professional connection with a company. Vansteenkiste et al. (2004) studied motivational processes using Organic Integration Theory. OIT refers to how a person stays motivated to undertake tasks they don't like. Students who are self-motivated focus better in class and achieve better grades, while those who lack enthusiasm fall behind. The hypothesis concludes that self-selected motivation drives performance. Kasser and Ryan explored the Goal Content Theory (GCT) in 1996, which relates to ideals and objectives needed to meet fundamental psychological needs and well-being. It also includes external and internal influences that shape personal conduct. People who pursue intrinsic objectives are happier, more efficient, less worried, and more fulfilled. Deci and Ryan (2014) added Relationship Motivation Theory (RMT) to cognitive evaluation theory. RMT emphasises partner reconciliation. This suggests that spontaneously driven people enjoy relationships more than pressured ones. Therefore, each micro theory clearly and comprehensively describes the expectations and motivational elements of individuals in different life phases, including the job, family, culture, and school. They discuss self-determination. Harter et

al. (2002) say employee conduct and attitude strongly influence worker engagement, which is based on several workplace conditions. It also examined individual and psychological differences that may affect workers' affiliation, engagement, and organisational performance. Age, experience, and other personal traits might affect how employees are noticed and appreciated at work. Individual circumstances, psychological needs, and experience can also affect job involvement.

Leader Impact on Employee Engagement

LMX is a theory based on links and related to various aspects of leadership, according to Gerstner and Day (1997). It assumes that managers have a big effect on workers and that their relationships with them decide how much. High-quality associations are built on trust, loyalty, and professional respect, which affect how individuals think, work, and engage. Although crucial, leadership is not the sole factor affecting employee motivation. Self-actualization, social recognition, and self-esteem affect a leader-follower relationship and productivity. If leaders coach, advise, help, and provide other benefits, employees become loyal and supportive. When they fulfil fairness, trust, personal growth, performance, similarity, and expectations, leaders earn equal compensation in job satisfaction and employee engagement. It also improves employee behaviour, attrition, production, and corporate citizenship. This leads to compensation rises, promotions, and work satisfaction for employees. Workers with high LMX levels perform better at work. Through their opportunities and guidance, managers and other leaders influence workers' career pathways. Shahin, Naftchali, and Pool (2014) argue that companies are hiring people who go above and beyond to help

managers, clients, and coworkers to enhance employee engagement. High engagement is a fundamental corporate success criterion. Therefore, management must develop plans and ways to overcome staff engagement issues. It's important because unhappy workers diminish production, profitability, and cash flow. Accordingly, Yunis, Jung, and Chen (2013) propose that organisational performance, which is crucial to employee engagement and corporate social responsibility, determines an organization's success or failure. Supervisors and managers use two-way communication to build good employer-employee relationships, according to Markos and Sridevi (2010). It fosters strong employee connections by providing interesting career growth and appreciating their skills and worth. A passionate work atmosphere and inspired employees to work harder and produce better work make a highly engaged workforce useful to the company. Vigour, commitment, absorption, and organisational performance may be used to measure employee engagement and CSR efforts, according to Ferreira & De Oliveira (2014). It emphasises vitality but also considers workers' energy, mental exertion, effort, and ability to overcome hurdles. These traits greatly affect an employee's ability and willingness to complete job tasks. Ariani (2013) says dedication also boosts employee engagement. Dedication offers people the emotional and mental strength to finish things. It also includes excitement, motivation, and satisfaction, which impact worker productivity.

CSR and employee engagement

Many companies support CSR programmes to promote employee engagement, according to Esmaeelinezhad, Boerhannoeddin, and Singaravelloo (2015). While the link

between CSR and employee engagement may appear paradoxical, it really boosts organisational and job engagement. CSR helps organisations appear trustworthy and disciplined. Who wouldn't want to work for a reputable company? Glavas (2016) defines corporate social responsibility (CSR) as more than volunteering, community involvement, and societal issues. Fairness and integrity in employee treatment are also required. No matter the size of the company, CSR is essential for employee engagement and performance. Glavas' claim that safe workers demonstrate expressive engagement is supported by several personal involvement research. Glavas says employees only feel psychologically comfortable when the business and management assure them that their position, career, or self-worth will not be affected by the salary package. When comfortable, employees associate their physical and emotional presence with organisations. Without CSR, it's challenging to improve a company's standing. The demand for a credible corporate image comes from internal and external forces. from workers who peer pressure firms to maintain a prized social status. Kurtessis, Eisenberger, Ford, and others investigated a similar idea in 2017. A 2014 research by the American non-profit Net Impact found that 45% of Americans would work for low pay to be part of a CSR-friendly atmosphere. One of Booking.com's polls found 84% of corporate workers desire to contribute to CSR. The research shows that those who feel their employment allows them to impact society and the environment are more satisfied with their jobs.

Key Ideas on CSR and Employee Engagement

Internal corporate social responsibility and employee involvement

Internal CSR activities include firm policies and processes that meet employees' requirements and physical well-being. These include protecting employees' human rights, promoting work-life balance, providing training and professional development, paying fairly, treating people with respect, creating a positive work environment that fosters positive interactions, providing health and safety, and other benefits that ensure employees' welfare and well-being. Internal CSR improves workers' attitudes and behaviours and boosts corporate engagement and happiness. Employee satisfaction promotes a positive corporate attitude and moral duties, which inspire employees to work hard. The relationship between internal CSR and employee engagement is based on employees' perceptions of how their organisations treat them, which foster shared values and employee identification, which motivates behaviour and fosters a positive attitude towards the business.

Relations between employee engagement and external CSR

Company aid to society is called external CSR. It includes charity, volunteering, environmental conservation, cause-related campaigns, wildlife preservation, etc. We may infer that external CSR is linked to employees' sense of how outsiders see their organisation: perceived external prestige promotes pride, which leads to a good attitude towards the firm and an increase in involvement. External CSR action promotes staff morale and develops a favourable business reputation, which triggers employee identification and engagement. Employees identify with the company's renowned image, which is growing with corporate social responsibility activities, to assess their self-

worth. Corporate social responsibility (CSR) initiatives that give workers a sense of purpose and meaning, allow them to use skills they don't use at work, facilitate networking and positive social interactions, match their work styles, or strengthen their community appeal to them. However, little research has been done on how CSR influences employee engagement from the employees' perspective. Even after massive research, engagement drivers are still unknown. However, this research should explain why, how, and when CSR predominantly influences employee engagement.

Techniques

For our qualitative research, the phenomenological approach—particularly the Interpretive Phenomenological Approach (IPA)—seems best because we are not trying to develop a theory but rather illuminate the relationship between corporate social responsibility (CSR) and employee engagement. This should help corporations create CSR initiatives that boost employee engagement and achieve their goals.

7.1) Sampling Plan

PA studies often include 15–20 participants who have personally observed the phenomena and can provide significant data. We will involve at least 30 participants to ensure that our study will generate the maximum information on the issue by interrogating current and former workers. This lets us interview staff from various branches and departments. Research Case Study Bank Audi Corporate Profile: Bank Audi, based in Beirut, Lebanon, provides capital markets, private banking, commercial banking, and Treasury services worldwide. Besides 116 branches and 300 ATMs, Bank Audi

has 25 global offices. It operates mostly in Turkey, MENA, and Lebanon. As of September 30, 2021, the Bank's foreign subsidiaries has 50 branches throughout the MENAT region (outside Lebanon), including 48 in Turkey and 63 in Lebanon, covering Greater Beirut and other crucial regions. A Turkish subsidiary, two MENA subsidiaries outside Lebanon, and two European subsidiaries are owned by the Bank.

Material Characterization

The materiality process, which identifies and assesses the bank's internal and external stakeholders' most pressing issues, begins the CSR strategy process. GRI Guidelines (Figure 1) are followed for submitting reports.

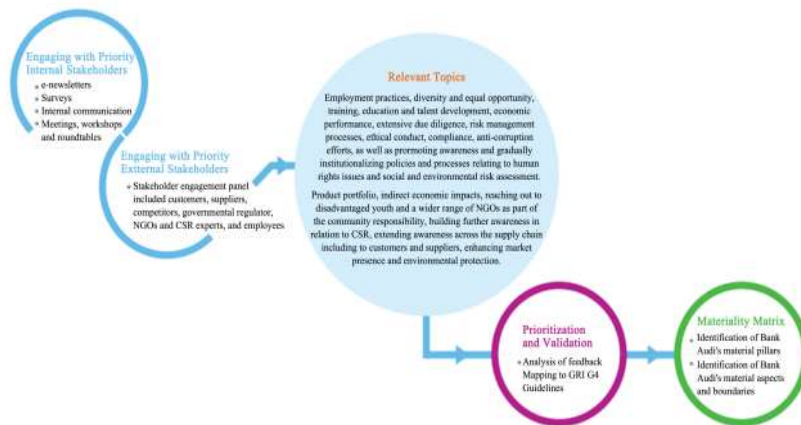


Figure 1. Defining material aspects. Source: bank Audi CSR report 2014.

Qualitative Research Data Collection Methods

Interviews and document review will be used in our qualitative research to gather as much data as possible and illuminate the relationship between employee engagement and CSR. The triangulation approach, "the combination of methodologies in the study of the same phenomenon," combines two or more methods. Document analysis is often used with qualitative research methods (Denzin, 1970: p. 291). Data Analysis: Since CSR and employee engagement are positively correlated, we want to understand the various elements that affect this relationship. Thus, the qualitative method is best since it provides content data rather than numerical data, allowing us to give phenomena significance beyond basic descriptions, context, and interpretation. Our qualitative study will involve document reviews and interviews to gather data. This will increase our understanding and let us focus on data logic and conclusions. To uncover the main concepts and themes from the interviews and report reviews, we will first go vertically, document by document and interview by interview. Our study plan will employ inductive coding; thus, we won't have codes until data analysis. We will form themes and code them after a thorough data read. The biggest hurdles are finding linkages and categorising data meaningfully.

Results of research

Due to their caring approach, Bank Audi employees were encouraged to find ways to make a difference. This mindset might lead to a strong sense of pride and belonging that boosts employee engagement at Bank Audi to a high level. An organisation that cares about its employees and the community is more likely to inspire people to follow the company's aims in their everyday work. Organisational identity was the key way

Bank Audi workers felt personally linked and driven to reflect Bank principles. Employees become emotionally invested in the organisation and fully engaged at work.

Transformative Leadership

I chose Bank Audi to study CSR because I believed the company's maturity would allow me to learn a lot, and its CSR approach is one of the best, most sophisticated, and most cutting-edge in the Middle East. I understand Bank Audi's CSR approach owing to my interviews and interactions with the social responsibility department director. The bank deserves its many awards, in my opinion. Mrs. Hasmig's accomplishments, commitment, and enthusiasm when she outlined the Bank's road to the current CSR model inspired me to read the CSR Reports. The reports demonstrate significant attempts to identify community needs and prioritise them to support what matters most, unlike many CSR initiatives that try to produce social media content to improve corporate image and reputation. The Head of CSR at Bank Audi spends a lot of time, energy, and resources assessing Lebanese society's needs and finding ways to contribute using all available resources.

Conclusion

HR experts must boost employee engagement since employees are a company's most valuable asset. It may sound difficult, but firms must take this seriously and implement initiatives to improve worker performance and engagement. These programmes need certain strategies to succeed. Corporate social responsibility at Bank Audi increased employee engagement by promoting collective compassion, according to our research. Audi ingrained its corporate responsibility idea

and culture across the organisation through sustainability and innovation projects that distinguished the brand. The major findings showed that Bank Audi's CSR efforts had promoted accountability, responsibility, and genuine care for others. The CSR culture at Bank Audi seems to encourage staff participation by influencing attitudes and behaviours and creating a shared value that generated a caring mindset. It revealed a hitherto unstudied association between CSR and employee engagement. CSR and employee engagement were the focus of previous study. It did not study CSR models or find a good model that nurtures this relationship and boosts employee engagement. We examined CSR from the perspective of employees to activate its transformational power, which allows it to forge an emotional bond with workers and influence their values, attitudes, and behaviours. This gave us insights on the CSR business model's components.

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