

Impact of Corporate Social Responsibility on Turnover Intention: The Mediating Role of Work Engagement

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Abstract

Purpose of the research study is to explain the influence of corporate social responsibility on turnover intention through the mediating role of work engagement in the banking industry of Pakistan. A survey approach was used for the collection of data. The data was collected from the 171 banking employees of Khyber Pakhtunkhwa Province through non-probability purposive sampling technique. SPSS 25 software and AMOS-SEM were used for data analysis. Correlation, regression and process macro by Hayes Model 4 was run to test the hypothesis. The results show that CSR has a significant positive effect on work engagement and work engagement has a significant negative relationship with turnover intention. Furthermore, the results show that work engagement does not mediate the relationship between CSR and turnover intention.

Keywords: CSR, Turnover intention, Work engagement, Banking industry, Pakistan

Introduction

In today's modern banking industry, turnover intention is a major problem for top management. As high employee turnover upturns the cost of recruitment and lowers the efficiency of services (Wan and Chan, 2013). It is a challenging job for top management to retain the talented workforce in this contemporary time of modern banking. Employees are more interested to work in a firm that believes in the values and cultures of the organization (Cooper and Wagman, 2009). Organizations bear the cost form turnover of employees, which brings extensive damage to an organization in long term operations (Van Breukelen, *et al.*2004). In the previous studies, the researchers also examined the antecedents of turnover intention (Lau *et al.*, 2016). This research study explained the turnover intention of banking employees from an ethical perspective. The researcher makes a model to explain the effect of corporate social responsibility on turnover intention through

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mediating role of work engagement. This relationship is rarely examined in the previous research studies in Pakistan.

Literature Review

Turnover Intention

The employee turnover intention is states by Lin (2017) that it is the intention of employee to leave the organization in near future for better opportunities. The study of (Jung, Namkung and Yoon, 2010) shows that workplace ethics has signification effects on the employees intention to leave the job. Organizations must be responsible for motivation factors regarding internal and external customers in term of ethical prospective. Employees are also more concern about the monitory benefits along work with mental resilience and psychological resource will decrease their intention to leave the job. On the other hand, if employees feel mentally tired and monitory benefits are not paid according to their desire, it will lead to dissatisfaction. Thus, it show the negative relationship between work engagement and turnover intention (Siddiqi, 2013; Shahpouri, Namdari and Abedi, 2016; Lin and Liu, 2017).

Corporate Social Responsibility

Organizations are responsible towards the whole society in term ethical prospective. The firm must be involving in the process of self-regulations system for the benefits of society (Freeman, 2010). According to the research on CSR it is concluded that practices of CSR by organization are directly related to the perceptions of potential applicants of the organization (Turker, 2009). Studies of recent period define about the perception that a good corporation has an attractive employer for the prospective of employees. Socially responsible corporations attract the potential employees who are suffering from any kind of the past interaction with the famous corporations (Turker, 2009; Claartje, & Verhoeven, 2013).

One of the main reason for an organization to invest money in socially responsible work is to make a good citizen of a corporate in the mind of the public which will turn into favorable image of a corporate which leads to positive relationship with the public and reputation of organization” (Rim, 2010). A firm which is known in the market from its ethical behavior sends positive signals to attractits customers towards its products. Many studies have defined the impact of Corporate Social Responsibility (CSR) to attract top calibers. It is defined that CSR activities show the goodwill of corporation towards its employees and its interest that how these skills can be developed to make it a sought after the employer (Peterson, 2004; Turker, 2009). This offer will lead to the

corporation for enjoying a wider pool of applicants and select them through the human resource department.

Work Engagement

According to Biggs, Brough, & Barbour (2014) this term is a state in which an employees' positive energy and psychological attachment involves during the task performance. Moreover, from various previous findings it is recognized that CSR is a positive predictor for work engagement e.g. Lin(2010)(Farid *et al.*, 2019), because employees who perceive that their firm is practicing ethical principles are strongly motivated and highly energized to fulfill their commitments and this enhance their engagement in the work (Duchon & Plowman, 2005; Shamir, 1991; Valentine and Fleischman, 2008). According to Hansen, Dunford, Boss, Boss, & Angermeier (2011), employees' point of view on CSR is critical because on these perceptions they made their opinions and decisions which further lead to their attitudes. For instance, when they perceive their firm manages its overall operations with responsible conducts and actions, they are more likely to engage in their work. Thus, it makes positive relationship between CSR and work engagement (Hakanen, Bakker and Schaufeli, 2006; Collier and Esteban, 2007).

H1: CSR will be positively related to work engagement.

H2: Work engagement will be negatively related to turnover intention.

H3: Work engagement mediates the relationship between CSR and turnover intention.

H4: CSR is negatively related to turnover intention.

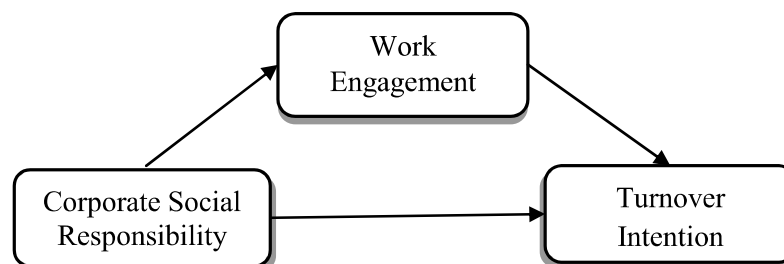


Figure 1: Theoretical Framework

Research Methodology

The target population for the study was banking employees of Khyber Pakhtunkhwa province of Pakistan. All public and private commercial banks employees were considered as population for the study. The total population is obtained from the annual report of Banking Survey of

Pakistan 2017 published by KPMG Taseer Hadi & Co. Which provide all the information of all public and private banking sector employee human resource. The three main cities of Khyber Pakhtunkhwa were selected (Dera Ismail Khan, Kohat and Peshawar) for data collection. The sample size of the study was 170. The research study used the purposive sampling technique for data collection. The Survey approach was used to distributed well-structured questionnaire among the target sample size. A total 200 questionnaires were distributed among public and private banks of Khyber Pakhtunkhwa and 171 completed questionnaires were collected from respondents. The response rate was 85.5 percent. SPSS 25 and Amos software was use to conduct the analysis. Researcher conducted demographic analysis. The Cronbach alpha run to check the reliability, CFA was run measurement model, while correlation, regression and mediation analysis are run to test the hypothesis of the study.

In this study questionnaire were adopted from different sources. Corporate social responsibility items are adopted and measured by scale given by (Turker, 2009). There were 42 items in the in the measurement scale. Which explain the corporate social responsibility in social and nonsocial stakeholders of the company. It was measure on 5 points Likert scale ranging from 1-5, which show 1 for strongly disagree to 5 for strongly agree. Work engagement questionnaire was adopted from (Schaufeli, *et al* 2002) study. There were 6 items of the construct. The 5 points Likert scale was used to measure work engagement. Likert scale was ranging from 1-5, which show 1 for strongly disagree to 5 for strongly agree. Items for turnover intention was adopted from the study of (Chen, Hui and Sego, 1998; Chang, 1999). There were 4 items in the for measurement of turnover intention. Likert scale was ranging from 1-5, which show 1 for strongly disagree to 5 for strongly agree.

Data Analysis

The collected was analyzed through SPSS 25 software. The demographic analysis shown in given below

Table 1: Demographic Information

| Construct | Variable | Frequency (N=171) | Percentages (%) | Cumulative Percentage |
|---------------|-------------|----------------------|-----------------|--------------------------|
| Gender | Male | 139 | 81.3 | 81.3 |
| | Female | 32 | 18.7 | 100 |
| Age | 18-26 Years | 19 | 11.1 | 11.1 |
| | 27-32 Years | 49 | 28.7 | 39.8 |
| | 32-38 Years | 61 | 35.7 | 75.4 |
| | 39-45 Years | 30 | 17.5 | 93.0 |
| | 46 and abov | 12 | 7.0 | 100.0 |
| Qualification | Bachelor | 37 | 21.6 | 21.6 |

| | | | | |
|-----------------------|-------------|-----|------|-------|
| Banking Experience | Master | 106 | 62.0 | 83.6 |
| | MS/M Phil | 27 | 15.8 | 99.4 |
| | PhD | 1 | 0.6 | 100.0 |
| | 1-4 Years | 78 | 45.6 | 45.6 |
| | 5-8 Years | 48 | 28.1 | 73.7 |
| | 9 -16 Years | 35 | 20.5 | 94.2 |
| | 17 or above | 10 | 5.8 | 100.0 |

The above table 1 shows the demographic characteristics of respondents. There were total 171 respondents of the study. In which 139 were male and 32 were female. In terms of age, the respondents were divided into five categories. There were 19 respondents of age 18-26 years, 49 were 27-32 years of age, 61 were of 32-38 years of age, 30 and 12 are the ages of 39-45 years and 46 years above respectively. The most of the respondents i.e. 106 having Master qualification, while 37 have bachelor and 27 having MS/M Phil qualification. The banking experience of the respondents were shown in numbers of years in the table. There were 78 respondents having 1-4 years of experience, 48 have 5-8 years, 35 have 9-16 years and 10 having 17 or above banking experience.

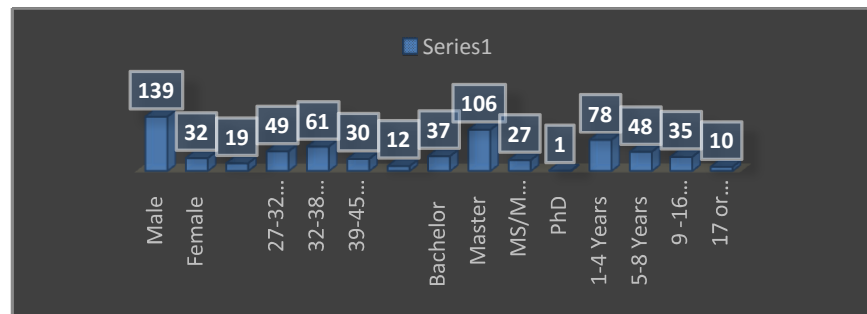


Figure 2: Demographic Information

Table 2: Cronbach Alpha
Reliability Statistics

| Variables | Cronbach's Alpha | Cronbach's Alpha Based on | |
|---------------------------------|------------------|------------------------------|------------|
| | | Standardized Items | N of Items |
| Corporate Social Responsibility | .922 | .922 | 42 |
| Work Engagement | .743 | .741 | 6 |
| Turnover Intention | .804 | .804 | 4 |

Reliability of the variables is checked through Cronbach alpha. According to Field (2013) & Tabachnick & Fidell, 1996 the Cronbach alpha value range is 0.7 to 0.9 show the acceptable to excellent value for it. So, in this study all the coefficient of Cronbach alpha value of

variables, i.e., Corporate social responsibility is .922, work engagement is .743 and turnover intention is .804, is greater than 0.7 and lies in the acceptable to excellent rang. That shows that our data is reliable for the study.

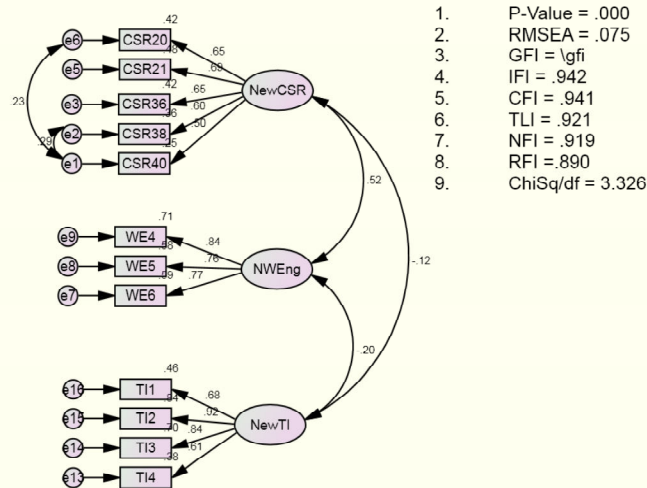


Figure 3: Measurement Model

In the above measurement model combined confirmatory factor analysis was conducted for corporate social responsibility, work Engagement and turnover intention. It was found that above model was found fit as it fulfills the criteria given by Hair et al., (2017) for structural equation modeling. RMSEA value is $0.075 < 0.08$, $IFI = 0.942$, $CFI = 0.941$, $TLI = 0.921$, $NFI = 0.919$, $RFI = 0.890$, $X^2 = 3.326$. All greater than 0.9 according to James Gaskin values more than 0.80 or near to 0.90 are also acceptable so above model is found fit and validated.

Further analysis of results revealed the covariance estimates between constructs. i.e. CSR and work engagement is 0.52, CSR and turnover Intention is -0.12, and work engagement and turnover intention is -0.20.

Table 3: Correlation Matrix
Correlation

| Construct | Mean | S.D | CSR | WE | TI |
|-----------|--------|--------|---------|---------|----|
| CSR | 3.6058 | .42925 | 1 | | |
| WE | 3.6584 | .58464 | .485** | 1 | |
| TI | 3.5175 | .81466 | -.209** | -.091** | 1 |

**Correlation is significant at the 0.05 level

The table above shows the mean, standard deviation and correlation results of the study. The results of respondents towards corporate social responsibility, work engagement and turnover intentions in mean and standard deviation are shown (M= 3.608, S.D =0.42925), (M= 3.6584, S.D =0.58464) and (M= 3.5175, S.D =0.81466) respectively.

Pearson correlation movement between corporate social responsibility and work engagement is shown in above table as moderated and positive by value of $r = 0.485$, where $p < 0.05$ shows that results are significant. The results are aligned with study of (Hakanen, Bakker and Schaufeli, 2006; Collier and Esteban, 2007; Obeidat, 2016; Chaudhary, 2017; Lin and Liu, 2017) which show the positive relationship between CSR and work engagement. The relationship between work engagement and turnover intention show by Pearson correlation is weak and negative but significant by values $r = -0.091$, $p < 0.05$. The previous studies of (Siddiqi, 2013; Shahpouri, Namdari and Abedi, 2016; Lin and Liu, 2017) also show the same results of negative relationship between work engagement and turnover intention. The relationship between CSR and turnover intention is negative and significant by values $r = -.209$, $p < 0.05$, the results are align with the study of (Chaudhary, 2017).

Table 4: Mediation Results

| D.V | I.V | R | R2 | F | β | p |
|-------------------|-----|--------|--------|---------|---------|--------|
| Model 1 (Path a) | | | | | | |
| WE | | 0.4848 | 0.2350 | 51.9178 | | 0.0000 |
| | CSR | | | | 0.6603 | 0.0000 |
| Model 1 (Path b) | | | | | | |
| TI | | 0.2096 | 0.0439 | 3.8583 | | 0.0230 |
| | WE | | | | 0.0193 | 0.8723 |
| Model 1 (Path c') | | | | | | |
| TI | | 0.2096 | 0.0439 | 3.8583 | | 0.0230 |
| | CSR | | | | -0.4098 | 0.0132 |
| Model 1 (Path c) | | | | | | |
| TI | | 0.2092 | 0.0438 | 7.7353 | | 0.0060 |
| | CSR | | | | -0.3970 | 0.0060 |

The mediation done through Hayes process macro file and model 4 was to check the mediation among the variables. Barron and Kenny (1986) rules are followed for testing the mediation results. As mentioned in the above Table there are four paths given. Path (a) is significant, path (b) is not significant path (c) and c prime are significant. But according to (Baron and Kenny, 1986) if path b is not significant so it means that there is no mediation. So in the above Table 4 there is no mediating effect of work engagement on relationship between corporate social responsibility and turnover Intention.

Discussion and Conclusion

In this study four hypotheses were developed to test hypotheses bivariate correlation and hierarchical regression were used. It is noted that all three variables corporate social responsibility, work engagement and turnover intention are related with each other. It is noted that relationship between all three variables was weak. In order to strengthen the results of correlation hierarchical regression was used. But it is found that there is no mediating effect of work engagement on relationship between corporate social responsibility and turnover intention of bankers in KP state Pakistan. So it is concluded that work engagement is not significant mediator between CSR and turnover intention (Biggs et al., 2014; Busari et al., 2017; Busari et al., 2017). So H1, H2 and H4 are accepted while H3 is rejected. This study has several contributions as well as few limitations. These limitations may be the future research directions for researchers. This study has successfully tested theory of corporate social responsibility and work engagement. This study has tested the model in structural equation modeling and model was found fit. This study has extended to body of knowledge by adding literature on CSR, work engagement and turnover intention.

Despite several contributions it has few limitations as this study was conducted in banking sector as banks in Pakistan are not so much involved in corporate social responsibilities. Findings of this study are not generalized to other organizations. Second this study has used small sample size. Third this study has used only single method of data collection which is source of biasness. Fourth this study is cross sectional in nature. Fifth this study quantitative in nature.

On basis of above mentioned limitation researcher suggested future directions. First other sectors like sugar industry, pharmaceutical industry, proctor and gamble, lever brother cement industry etc. may be used for data collections as these industries are involved in manufacturing and creates lot of problem for society from their wastages and these industries are mostly found involved in CSR. Second in future big sample size may be used, third researchers are encouraged to use two methods of data collection like qualitative and quantitative, mix methods, and longitudinal studies may bring more interesting and bias free results.

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