



**EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON EMPLOYEE LOYALTY:
A STUDY ON MULTINATIONAL COMPANIES (MNCs) IN BANGLADESH**

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Abstract

Corporate social responsibility (CSR) is considered as a strategic marketing tool since it brings benefits to the society and environment. It has significant influence on employee loyalty too. This study was conducted with the objective of examining the relationship between CSR and employee loyalty within the context of multinational companies (MNCs) operating in Bangladesh. Three dimensions of CSR (CSR towards employees, CSR towards community, and CSR towards customers) were incorporated to investigate the relationship between CSR and employee loyalty. A total of 100 employees working in MNCs operating in Bangladesh participated in the study. Data were collected through a self-administered questionnaire survey. The study hypotheses were tested using correlation and multiple regression analysis tools. The study findings confirm that CSR towards employees and CSR towards community have a significant positive influence on employee loyalty. However, the study findings fail to prove significant relationship between CSR towards customers and employee loyalty though the relationship is found significant in many other studies. The study findings have substantial importance to the HR professionals and organizational decision makers who are actively seeking for developing loyal employees in order to gain competitive advantages and improve organizational performances.

Keywords: Corporate social responsibility, Employee loyalty, Multinational companies, Bangladesh

Introduction

Once corporate social responsibility (CSR) was believed to be a phenomenon of Western countries (Alam et al., 2010; Masud & Hossain, 2012). However, CSR is now a very common business policy in the developing countries like Bangladesh (Yesmine & Bhuiyah, 2015). Over the last few decades, CSR practices have increased in many industries of Bangladesh, such as banking, tobacco, telecommunication, pharmaceutical, and chemical industry (Das et al., 2015). Global pressures of considering social implications of business activities have urged many national and international companies in Bangladesh to be engaged in CSR practices (Belal, 2001). Though CSR is often misunderstood with the meaning of philanthropic activities only, in reality, CSR is more than just charitable or generous activities (Ahmed et al., 2013). CSR is viewed as a set of policies or responsible practices towards the environment, communities, customers, employees, shareholders, suppliers, and other stakeholders (Porag, 2014). Carroll (1999) defined CSR as the organizational responsibility to its stakeholders in addition to its economic responsibility.

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While investigating the effects of CSR on the organizational performance, it has been found that CSR increases productivity and economic performance of an organization (Barnett & Salomon, 2006). Even long-term survival of an organization depends on how well the organization behaves in a socially responsible manner (Khan et al., 2009). Effects of CSR practices on employee attitudes have also been studied by many scholars and it has been found that CSR practices have both direct and indirect effects on employees' motivation, satisfaction, work engagement, organizational commitment, and organizational citizenship behavior (Skudiene & Auruskeviciene, 2012; Hollingworth & Valentine, 2014; Barakat et al., 2016; Raihan & Karim, 2017). However, little is known regarding the issue of CSR and employee loyalty.

Employee loyalty is defined as the willingness of an employee to remain in the same organization or psychological attachment and commitment to the organization (Naus et al., 2007). Loyal employees do not actively look for jobs in other organizations (Stangl et al., 2017). In this ever-changing business environment, most organizations focus on developing and retaining loyal employees because employee turnover intention affect the organizational performance, such as productivity, efficiency, and profitability (Chang et al., 2013; Larkin, 1995; Roth & Roth, 1995). And the common antecedents of employee loyalty are employee satisfaction, commitment, engagement (Sreejesh & Nagra, 2011), financial benefits, generous holiday allowance, firm size, and employee personal characteristics, such as age, gender, race, etc. (Lin & Liu, 2017). But, retaining the employees requires more than these. In addition to the conventional benefits, employees expect a good identity as well as inspiration from their respective employer. Employees feel safe at those organizations where justice and ethics are ensured (Brammer et al., 2014). They feel good about their employment choice, build trust on their employer, become highly enthusiastic towards work once they find that their organizations are legally, ethically, and socially responsible (Chaudhary, 2017; Collier & Esteban, 2007). Even their mental stress decreases once they believe that they are the parts of a socially responsible firm (Dutton & Dukerich, 1991; Ashforth & Mael, 1989; Dutton et al., 1994). Kim et al. (2018) also claimed that nowadays, employees build loyalties with those organizations that fulfil their social needs by ensuring the job rights at workplace in exchange of their efforts. Therefore, CSR can be a good indicator of employment choice, employee identification, and trust which in turn increase employee loyalty and commitment to the organization (Backhaus et al., 2002).

Despite these important connections, there has been dearth of literature, specific theoretical or empirical analysis on the relationship between CSR practices and employee loyalty. Few studies have been conducted to explore how CSR practices can increase employee loyalty. In Bangladesh, this is completely a new arena of investigation because CSR and its impact on employee loyalty is still unexplored here. Hence, this study aims to address the issue and contribute to the related literature on the relationship between CSR practices and employee loyalty. The study takes three approaches (CSR towards employees, CSR towards customers, and CSR towards community) together to investigate the aforesaid relationship.

Theory and Literature Review

Conservation of Resource Theory: The current study adopts conservation of resource theory to examine the relationship between CSR practices and employee loyalty. According to this theory, employees tend to work hard to obtain psychological resources or to avoid losses of the same (Halbesleben et al., 2014). Employee focused policies and practices can contribute to improve employees' psychological resources which in turn influence employees' positive workplace behavior (Luthans et al., 2007; Avey et al., 2009). Therefore, organizations can affect the psychological capital of the employees by adopting employee friendly policies. Mao et al. (2020) applied this conservation of resource theory to investigate the effects of tourism CSR on employee psychological capital amid Covid-19 crisis. Lin & Liu (2017) also adopted the theory to examine the effects of corporate social responsibility and ethical leadership on turnover intention and found that employee turnover intention decreases in those organization which are aware of ethical practices towards the employees and social liabilities of the business activities. The current study employed this theory since the study aims to examine the effects of CSR practices on employee loyalty in Bangladesh. According to this theory,

organizational CSR policies, such as CSR approaches to employees, customers, and community can positively influence employees' workplace behavior like employee loyalty which is defined as a kind of psychological attachment to the organization.

Corporate Social Responsibility (CSR): The concept of CSR has been defined or clarified by many scholars; but, no consensus seems to be present over the commonly agreed definition. Davis (1960) defined CSR as "businessmen having their decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest". Later, Carroll (1979) defined CSR as "the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time". Both economic components (what business does for itself) and non-economic components (what business does for others) exist in the definition of Carroll. Instead of going into the details of CSR concept, the study has restricted the definition of CSR up to the stakeholders' perspective to meet the research objectives. Stakeholders may be defined as "those groups or individuals who can affect or can be affected by the achievement of the organization's objectives" (Freeman, 1984). Consistent with the interest of the stakeholders, Turker (2009) has defined CSR as corporate behaviors that aim to affect stakeholders positively and that go beyond its economic interests. Turker's CSR scale has primarily focused on four groups of stakeholders. First group includes CSR towards society, natural environment, future generations, and non-governmental organizations. This group is treated as the secondary group as the business does not have direct impact over the group. The second group includes CSR towards employees who are directly affected by the business decisions including workplace policies or career development policies. The third group includes CSR towards customers where customer satisfaction, respecting for customer rights, and providing accurate product information get priority. The fourth group includes CSR towards government which covers complying with government rules and regulations, supporting government to achieve sustainable goals or paying taxes. The current study used three dimensions of CSR: CSR towards employees, CSR towards customers, and CSR towards society on employee loyalty.

Employee Loyalty: Generally, loyalty refers to a person's devotion or sentiment or attachment to a particular object, a person, a group, an ideal, a duty or a cause. Loyalty is expressed in both thought and action of the loyal person's interest to the object (Safra, 2007). However, employee loyalty can be conceptualized as a psychological attachment or commitment to the organization. In recent times, loyal employees have become essential part of the organizations because of the 'psychological contract' between employers and employees (Naus et al., 2007; Sverke & Goslinga, 2003). Solomon (1992) narrated employee loyalty as the willingness of an employee to remain in the same organization. In other words, it is the employee commitment to the success of the organization and belief that working for this organization is their best option. Employee loyalty is also treated as an organizational citizenship behavior which means a devotion that the employees put in their work (Bettencourt et al., 2001). It's an expression of organizational commitment which is parallel to the strength of an individual's identification and involvement in an organization (Mowday et al., 1979). Employee loyalty can be influenced by a number of things, such as age, length of service in the organization, payroll, work design, leadership style, job characteristics, employer's treatment of employees, fair promotion system, training, incentives to the best performing employees, organizations social image, social acceptance, etc. Change in any of these factors may result in change in employee's loyalty to the organization.

Research Hypotheses Development

As stated earlier, CSR is viewed as a way of fulfilling business commitment to economic development, community development, and employee well-being (García-Chiang, 2018). CSR as a contributor of both social development and economic development reinforces the job interest and job continuity of the employees which ultimately increases loyalty to the organization (Sanusi & Johl, 2020). Loyal employees are the valuable assets for the organization since they show higher level of commitment towards the achievement of organizational goals, which ultimately results in competitive advantage in the business world (Ali et al., 2010). The following

section of the study describes how CSR towards internal and external stakeholders are linked to the employee loyalty.

CSR towards Employees and Employee Loyalty: Employees' concentration and eagerness to work within the same organization increase when CSR practices create a value-based culture in the organization implying that employees' best interests are highly considered, employees' job skills and abilities are enhanced and ethical leadership is practiced (Lin & Liu, 2017). Employees view the organization favorably and try to have an emotional attachment with that organization which takes care of them and creates a congenial work environment for them (Aguilera et al., 2007). Thus, it decreases employees' turnover intention but increases the employees' loyalty to the organization. Turnover intention is found very high among the young workers when their backgrounds, qualifications, and career choice do not suit to their organizations. In that case, the firm specific human capital investment such as training is most likely to make the employees loyal to the organization (Vitaliano, 2010). Jia et al. (2019) also claimed that employees build loyalty to those organizations that invest in employee training and education programs. In addition to the employee training and development, employee empowerment and engagement through giving access to the decision making process, giving more responsibilities and control to their work are positively related to employee loyalty (Arthur, 1994; Liden & Tewksbury, 1995; Robert et al., 2000; Stojanovic et al., 2020; Farrukh et al., 2020). CSR practices, such as arranging friendly recruiting processes, ensuring good working conditions, and offering other fringe benefits can positively influence employee loyalty by increasing their intention for job continuity with the same organization (Sanusi & Johl, 2020). Therefore, the relationship between CSR towards employees and employee loyalty can be stated as a hypothesis as follows:

H₁: CSR towards employees has a significant positive influence on employee loyalty.

CSR towards Community and Employee Loyalty: As stated earlier, CSR considers not only the economic benefits, but also the environment and community in which it operates (Blanco-Gonzalez et al., 2020). Thus, the role of CSR has a long-lasting impression on environment and community development. According to a research conducted by Perrin (2006), community is the second most influential driver of employee engagement where company's reputation for social responsibility is among top 10 drivers. Several studies confirm that there is a positive relationship between corporate involvement in social problems and organizational reputation (Hess et al., 2002; Sen & Bhattacharya, 2001). An organization's concern for the social problems conveys a message to the workers that justice and fairness are ensured in the organization which can ultimately affect the employees' loyalty by reducing their absenteeism and turnover intentions (Aguilera et al., 2007). Employees assume their organization as trustworthy when they find that their organizations are identified as a socially responsible corporation (Gond et al., 2010). This assumption ultimately results in their less tendency to search for new job opportunities in new organizations. Thus, the perceptions of CSR towards community affect employees' psychological states or work attitudes making the employees highly embedded or strongly loyal to their organization. As a result, the relationship between CSR towards community and employee loyalty can lead to the following hypothesis:

H₂: CSR towards community has a significant positive influence on employee loyalty.

CSR towards Customers and Employee Loyalty: Although a few studies have been conducted in relation to CSR towards customers and employee loyalty, it has been found that employees feel proud working in an organization that serves the customers ethically by the way of providing authentic information to the customers or offering quality products in a reasonable price (Chaudhary, 2017). On the other hand, employees feel ashamed when they find themselves in an organization which mistreat the customers through the deceptive advertisements (Korschun et al., 2014). Even their trust on the organization, psychological safety and work engagement reduce when they find that their employer is engaged in fraudulent activities with the

customers. So, CSR towards customers in the form of giving highest priority to the consumers satisfaction and customers rights (right to choose, right to safety, right to be informed, and right to be heard) can create a positive impression in the eyes of both the employees and customers (Carroll, 1979; Kotler et al., 2009). Thus, firms can strategically leverage employee loyalty and enhance customer or firm value if they focus their CSR practices on customers (Garriga & Melé, 2004). The more a company actively engages in CSR practices towards the customers, the more engaged or loyal their employees are, meaning that the companies with customer focused CSR practices can enhance employees' commitment to the firm which ultimately leads to employee loyalty. This is because by working in such organization, employees get a sense of self-satisfaction (Farrukh et al., 2020). So, the hypothesized relationship between CSR towards customers and employee loyalty can be described below:

H₃: CSR towards customers has a significant positive influence on employee loyalty.

The research hypotheses are summarized in a conceptual research model (Figure 1).

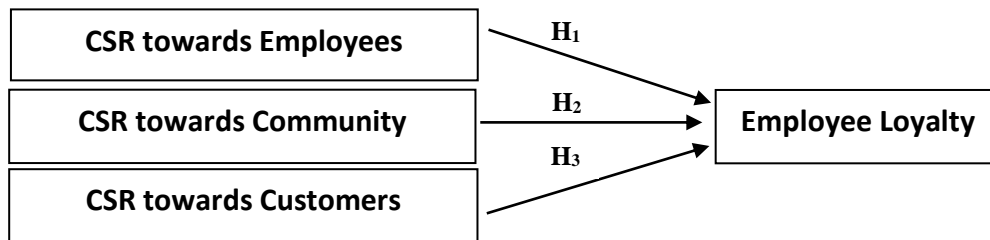


Figure 1. The conceptual research model of the study

Research Methodology

Participants and Procedure: In order to test the proposed hypotheses, the study employed a quantitative research approach. A self-administered questionnaire survey was conducted to collect data. Employees of multinational companies (MNCs) operating in Bangladesh participated in the survey and they were selected using a convenience sampling method due to its cost effectiveness. The study had chosen multinational enterprises because of their engagement in CSR practices for community development, customer satisfaction, and good employee relationship. Initially, a draft questionnaire was developed based on outcomes of previously published works. Then, the questionnaire was pretested and revised based on the feedback of pretesting. Some questions were reworded or rephrased to improve the accuracy of language, clarity of the items and relevance to the research context. Few ambiguous items were also eliminated or modified to make the questionnaire more understandable to the respondents. After the modifications to the language and terminologies, the questionnaire was finalized and used to collect data. A total of 135 questionnaires were distributed to the employees of MNCs either face to face or through email. The questionnaire was attached with cover letter that included a short introduction of the research objectives. It was an English version questionnaire which had two sections: section A and section B. Section A was designed for the respondents' demographic information and section B was designed with 20 statements over three independent variables namely CSR towards employees, CSR towards community, CSR towards customers and one dependent variable titled employee loyalty. After the survey, a total of 113 questionnaires were returned and 100 were found flawless and completely filled. Thus, the useable sample size of the current study was 100 employees. Sample of 100 employees is preferable since it is recommended that the minimum ratio of observations to items is 5:1 for factor analysis and multiple regression analysis (Hair et al., 2013). As there are a total of 20 items in the questionnaire, a minimum number of 100 employees was targeted for the current study. Table 1 describes the demographic characteristics of the respondents.

Table 1. Demographic characteristics of the respondents (n=100)

| Characteristics | Classification | Frequency | Valid % |
|--------------------|----------------|-----------|---------|
| Gender | Male | 79 | 79.0 |
| | Female | 21 | 21.0 |
| Age | 21-30 | 35 | 35.0 |
| | 31-40 | 56 | 56.0 |
| | 41-50 | 8 | 8.0 |
| | Above 50 | 1 | 1.0 |
| Service Experience | 0-5 | 40 | 40.0 |
| | 6-10 | 37 | 37.0 |
| | 11-15 | 18 | 18.0 |
| | 16-20 | 3 | 3.0 |
| | Above 20 | 2 | 2.0 |

Measurement: All the variables used in the study were measured by the validated scales of prior literature, but with slight modification and not changing the original meaning. Five-point Likert scales with the lowest score being 1 (strongly disagree) and the highest score being 5 (strongly agree) were used for all the items of the independent variables and dependent variable. Total items to measure CSR approaches towards employees, community, and customers were 15 and all the items were adopted from the scales developed by Turker (2009), Skudiene & Auruskeviciene (2010) and Chaudhary (2017). Employee loyalty was measured using a five-item scale adopted from Hollingworth & Valentine (2014) and Zhu et al. (2012). Details are presented in the following Table 2.

Table 2. Measurement items

| Variables | Items |
|--|--|
| CSR Towards Employees | Fair and equitable salary systems |
| | Fair and transparent promotion systems |
| | Training opportunities for career development |
| | Good working environment |
| CSR Towards Community | Participation in decision making process |
| | Donation to local charities |
| | Contribution to community development |
| | Financing local sports |
| CSR Towards Customers | Contribution to local schools, college, and hospitals |
| | Protection of environment |
| | Avoiding deceptive advertisements |
| | Providing full and accurate information |
| Employee Loyalty | Handling the customers' complaints |
| | Giving highest priority to customer satisfaction |
| | Respecting the customers' rights |
| | Feeling proud to be part of the organization |
| | Suggesting others to join the organization |
| | Turnover intention in the next 5 years |
| Building career in the same organization | |
| | Not leaving the organization to get better opportunities |

Data Analysis and Findings

SPSS version 16.0 was used for the data processing purposes. After the data coding in SPSS, preliminary analysis, such as Cronbach’s alpha score and factor analysis were conducted to evaluate the reliability and validity of the scale items. After assessing the reliability and validity of the scale items, further analysis, such as correlation and regression analysis were conducted in order to test the study hypotheses.

Reliability Analysis: Cronbach’s alpha coefficient is one of the most commonly used indicators of internal consistency (Pallant, 2013). Result presented in the Table 3 shows that CSR towards employees ($\alpha = 0.701$), CSR towards community ($\alpha = 0.765$), and employee loyalty ($\alpha = 0.752$) have an acceptable reliability since the alpha scores lie between 0.7 and 0.8 whereas CSR towards customers ($\alpha = 0.801$) has good reliability since the alpha score falls between 0.8 and 0.9 (George & Mallery, 2016). Thus, the measures in the study have a high constant and stable reliability.

Table 3. Reliability for measures in the study

| Measure | Cronbach’s alpha | Items |
|------------------------|------------------|-------|
| Independent Variables: | | |
| CSR Towards Employees | 0.701 | 5 |
| CSR Towards Community | 0.765 | 5 |
| CSR Towards Customers | 0.801 | 5 |
| Dependent Variable: | | |
| Employee Loyalty | 0.752 | 5 |

Validity Analysis: Kaiser-Meyer-Olkin (KMO) tests the adequacy of sampling (Kaiser, 1970), while Bartlett’s test of sphericity tests the strength of the relationship among variables (Bartlett, 1954). Table 4 shows that the KMO value is 0.772, which is greater than 0.5 (Kaiser, 1974), and 0.000 as the significant value for Bartlett’s test of sphericity, which is less than 0.05. Thus, the data are acceptable for further analysis (Pallant, 2013).

Table 4. Kaiser-Meyer-Olkin (KMO) and Bartlett’s test

| KMO and Bartlett's Test | | |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | 0.772 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 717.907 |
| | Df | 190 |
| | Sig. | 0.000 |

Table 5 shows that factor loading values of all the indicators except the item number 5 about CSR towards employees exceed the minimally acceptable range of 0.3 to 0.4 (Hair et al., 2013) and there are no items that have cross-loading with other constructs. Therefore, the construct validity was strongly supported by the factor analysis, and the instrument is valid.

Descriptive Statistics: Table 6 displays the means, standard deviations, and inter-correlation among the study variables. As shown in the table, the results indicate that all the independent variables (CSR towards employees, CSR towards community, and CSR towards customers) are positively correlated with the dependent variable (employee loyalty). Most significant correlation was found between CSR towards employees and employee loyalty ($r = 0.525^{**}$) followed by the CSR towards community ($r = 0.387^{**}$), and CSR towards customers ($r = 0.210$). These results prove a considerable influence of CSR on employee loyalty.

However, multiple regression, a more sophisticated extension of correlation is required to draw firm conclusion regarding the relationship between the predictors and dependent variable.

Table 5. Varimax rotated factor structure for measurement items

| Rotated Component Matrix ^a | | | | |
|---------------------------------------|-------|-------|-------|-------|
| Measurement Items | 1 | 2 | 3 | 4 |
| CSR Towards Employees 1 | 0.813 | | | |
| CSR Towards Employees 4 | 0.634 | | | |
| CSR Towards Employees 2 | 0.473 | | | |
| CSR Towards Employees 3 | 0.489 | | | |
| CSR Towards Community 1 | | 0.724 | | |
| CSR Towards Community 4 | | 0.752 | | |
| CSR Towards Community 3 | | 0.567 | | |
| CSR Towards Community 2 | | 0.744 | | |
| CSR Towards Community 5 | | 0.642 | | |
| CSR Towards Customers 2 | | | 0.756 | |
| CSR Towards Customers 1 | | | 0.630 | |
| CSR Towards Customers 3 | | | 0.801 | |
| CSR Towards Customers 4 | | | 0.801 | |
| CSR Towards Customers 5 | | | 0.672 | |
| Employee Loyalty 1 | | | | 0.546 |
| Employee Loyalty 2 | | | | 0.711 |
| Employee Loyalty 3 | | | | 0.670 |
| Employee Loyalty 5 | | | | 0.510 |
| Employee Loyalty 4 | | | | 0.728 |

Extraction Method: Principal Component Analysis.

Item number 5 about CSR towards employees (Participation in decision making process) was deleted due to low factor loading.

Table 6. Means, SD, and correlations between the study variables

| Variables | Mean | SD | 1 | 2 | 3 | 4 |
|-----------------------|------|------|---------|---------|-------|---|
| CSR Towards Employees | 3.86 | 0.63 | 1 | | | |
| CSR Towards Community | 3.76 | 0.71 | 0.444** | 1 | | |
| CSR Towards Customers | 4.36 | 0.58 | 0.350** | 0.090 | 1 | |
| Employee Loyalty | 3.81 | 0.71 | 0.525** | 0.387** | 0.210 | 1 |

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

Regression Analysis: The three hypotheses developed on the relationship between CSR practices and employee loyalty among the employees of MNCs operating in Bangladesh was tested using regression analysis. From the regression statistics presented in the Table 7, it is observed that the coefficient of determination (R^2) was 0.307 implying that 30.7% of employee loyalty can be explained by the three independent variables (CSR

towards employees, CSR towards community, and CSR towards customers). F-Statistic of 14.155 with the p value of 0.000 indicates that the proposed model was reasonable fit and there was a significant relationship between CSR practices and employee loyalty. The individual model variables reveal that CSR towards employees ($\beta=0.422, P<0.01$) and CSR towards community ($\beta=0.196, P<0.05$) have a significant and positive influence on employee loyalty. Thus, H_1 and H_2 were supported. But, no support was found for H_3 since p value of CSR approaches towards customer was more than 0.05. Therefore, it can be concluded that CSR towards employees and CSR towards community can influence the employee loyalty more in an organization.

Table 7. Regression analysis of CSR practices and employee loyalty

| Independent Variables | B | SE | β | P | Remarks |
|-----------------------|----------|-------|---------|---------|---------------|
| (Constant) | 1.005 | 0.546 | | 0.069 | |
| CSR_Towards_Employees | 0.474 | 0.114 | 0.422 | 0.000** | Supported |
| CSR_Towards_Community | 0.196 | 0.095 | 0.196 | 0.042* | Supported |
| CSR_Towards_Customers | 0.055 | 0.111 | 0.045 | 0.621 | Not Supported |
| R | 0.554 | | | | |
| R ² | 0.307 | | | | |
| F-Statistic | 14.155 | | | | |
| | $P<.001$ | | | | |
| Adj. R ² | 0.285 | | | | |
| N | 100 | | | | |

*Dependent Variable: Employee Loyalty. Notes: *P < 0.05; **P < 0.01*

Results and Discussion

H_1 : CSR towards employees has a significant positive influence on employee loyalty.

The result obtained from the correlation and multiple regression analysis indicates that CSR towards employee has a significant and positive influence on employee loyalty. This result suggests that employee loyalty increases and active search for alternative opportunity decreases when the organization takes care of their employee by ensuring fair and equitable salary system, fair and transparent promotion system, good working environment and providing them with training opportunity. The result is in line with the findings of Arthur (1994), Liden & Tewksbury (1995), Robert et al. (2000), Aguilera et al. (2007); Vitaliano (2010) and Kim et al. (2018) in which they conclude that employee loyalty increases if the organization takes care of their employees in exchange of their labor. Similarly, Lin & Liu (2017); Sanusi & Johl, (2020) claim that there must be an offer to increase the employee loyalty and that offers may be good working conditions, fair recruitment and promotion systems, bonuses, and fringe benefits. Another study by Skudiene & Auruskeviciene (2012) also shows parallel result implying that employee motivation can be increased through CSR practices.

H_2 : CSR towards community has a significant positive influence on employee loyalty.

In terms of the relationship between CSR towards community and employee loyalty, it was also found a significant and positive association. This finding of the study recommends that organization should take into account social benefits along with its economic benefits because when the employees find that their organization are socially conscious and contributes to the community development, they feel a sense of pride which in turn increases their loyalty to the organization. This result is further evidenced in the studies of Perrin (2006) and Gond et al. (2010) in which they explain that employee engagement and trustworthiness increases and turnover intention decreases when the employees find themselves in the firms which are engaged in

community development projects in addition to earning profit. Thus, it can be concluded that CSR towards community can be a good predictor when it comes to employee loyalty.

H₃: CSR towards customers has a significant positive influence on employee loyalty.

CSR towards customers was found to have positive relationship with the employee loyalty; but, the relationship was not significant. This implies that CSR practice approaching customers can not influence employee loyalty. This is because sample employees of the study do not headache regarding how their employers deal with their customers. Their attachment to the organization does not depend on the customer satisfaction. But, this finding contradicts the findings of Korschun et al. (2014) and Chaudhary (2017) in which they find significant positive relationship between CSR towards customers and employee loyalty arguing that the employees feel secured if their organization treat their customers well by the way of providing accurate information, solving the complaints, avoiding deceptive advertisement and giving highest priority to the customer satisfaction. Their findings suggest that organizations' favorable attitudes towards the customers enhances employees' self-esteem and organizational identification which in turn results in employee loyalty to that organization.

Future Research Directions

Since the study was conducted only within the context of MNCs employees in Bangladesh, we suggest testing the conceptual model considering other group of employees to draw a firm conclusion over CSR and employee loyalty. Moreover, the study was confined to a cross sectional design which can't provide considerable cause and effect relationship between the variables. Consequently, we recommend other research designs, such as experimental or time-lagged research approach to investigate the effects of CSR on employee loyalty. Furthermore, the current study model can be extended in future by incorporating mediation or moderation effects of employee satisfaction, employee engagement or employee personal traits.

Conclusion

Effects of corporate social responsibility (CSR) on employee attitudes have been studied in different ways by several scholars across the world. However, this paper was designed with the objective of investigating the relationship between CSR and employee loyalty. To study the effects of CSR, the current study incorporated three perspectives of CSR: CSR towards employees, CSR towards community, and CSR towards customers. As discussed in the previous section, the study finds a very significant and positive relationship between CSR towards employees and employee loyalty. This indicates that making the employees loyal to the organization requires more than the financial benefits. Ensuring training and development opportunities, good working environment, and fair promotion system can make the employees more loyal to the organization. Furthermore, the study advocates that society, community and environmental issues are gaining much more attention to the business world because of the increasing concern for sustainability. A positive and significant influence of CSR towards community on employee loyalty implies that companies should invest in community development projects for enhancing employee loyalty. This result depicts that employees feel positive once they find that their companies do something meaningful for the community they belong. In relation to customer focused CSR approaches, the current study did not evidence significant influence on employee loyalty. However, managers can consider practicing CSR towards customer as a contributory factor in enhancing employee loyalty in the current business world where the customers are adult and well-informed. Based on the overall findings of the study, it can be concluded that the CSR practices have a significant and positive influence on employee loyalty.

The current study enriches the existing literature of CSR in several ways. Firstly, the study linked conservation of resource theory to the relationship between CSR and employee loyalty. Based on the theory, the study proved that employees' psychological attachment to the organization increases once justice and ethics are ensured at the workplace and wellbeing of the community is considered. Secondly, the study used

three dimensions of CSR to investigate its effects on employee loyalty, which have been rarely used by the previous scholars. Thirdly, studies exploring the issue of CSR practices and its relationship with employee loyalty within the context of developing countries like Bangladesh are insufficient.

The study findings provide few managerial implications especially for the HR professionals and policy makers. According to the study evidence, only the financial benefits are not sufficient to satisfy and retain the employees. Organizations must ensure their involvement in socially responsible practices to make the employees satisfied or to increase the employees' work engagement. Moreover, the study findings provide a guideline for managing a good employee-organization relationship which is the foundation for occupying a sustainable place in this ever-changing competitive market. HR professionals working in the multinational enterprises can use the findings to nurture ethical leadership in the organization. They can use this to design externally controlled extrinsic motivation for employees in the organizations. Even the employees can use these findings to evaluate their employer more thoroughly and choose the best option.

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