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PARAMOUNT ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN RETAINING EMPLOYEES AND CORPORATE REPUTATION: AN EXTRACT FROM PAKISTAN'S BANKING SECTOR

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ABSTRACT

This study is aimed at finding relationship of Corporate Social Responsibility (CSR) with employees Retention and corporate reputation. Main focus is importance of CSR for banking organization in satisfying and managing their internal and external stakeholders. Nine prominent banks relating to CSR in Pakistan are discussed in this study. As impact of CSR is to be studied, so, banks with CSR reputation were listed and then selected randomly. CSR reputation means the sense of responsibility and working in social responsibility areas like Sponsorship, Donations, Flood reliefs, foundations like Pink Ribbon by First Women Bank Ltd. Etc. A sample size of 232 employees was selected randomly from banks under Observation. Study revealed that there is positive impact of CSR on employee's retention and corporate reputation. This study is helpful for Researchers, academicians, Managers and executives. Research unfolded the retention relation With CSR especially in Pakistani banks. This study also elaborated that measuring corporate reputation through reputation quotient is an intuitive and useful technique.

Keywords: Corporate Reputation, Corporate Social Responsibility, Employee Retention, OLS Regression.

INTRODUCTION

Corporations are facing problem of constant strive for coping competitive markets. Society is an integral part of every business either it is of production, manufacturing or service nature. Ignoring this element of business will eventually cause a down slope in firm's performance graph. Corporations are in need of being "caring for society". Economic growth of a state is to be complied with sustainable society. Corporate social responsibility is firm's sense of being responsible for society welfare.

Corporate social responsibility (CSR) has been a burning issue for researchers and academicians for long time. It has been related to stakeholders, stockholders, marketing, human resources, Quality, and Loyalty (Brammer & millington, 2003; Mandhachitara & Poolthong, 2011). Concept of CSR is nipped from a book published in 1953 by Howard R. Bowen (Windell, 2006). By 1929, concepts of sustainable growth and CSR were introduced in business as "socially responsible" notion. In 1929 Dean of Harward business school said that

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social responsibility was not a term already known but had been changing to a new one caring for society. Firm can't deny the vital importance of human resource in race of survival. Human asset of an organization is a bridge between society and organization. If employees are satisfied then they can perform well and will also be prosper in their personal lives. CSR indirectly affects employee's behaviors and sense of being committed to their organization (Ali, Rehman, Ali, Yousaf, & Zia, 2010). Employees perceive that a firm with social responsibility is more committed to their care rather than a firm with no CSR (O'Reilly & chatman, 1986).

CSR is not a familiar and old concept in banks (Maes, 2011). Some banks have not adopted it yet. Pakistan is lacking in this field of development. Banks are realizing that to make their customer and employees committed to their bank, it is necessary to make them feel that they care for them. Some local banks of Pakistan are also part of CSR association to join hands for social growth. CSR association is running different projects for society's welfare. This study will open new avenues through; testing demographical impact on CSR and employee factors included in study, providing helpful information to managers for designing CSR practices to attain

commitment of their employees and retaining key employees and corporate reputation can be affected more in case of high CSR repute; this study will pour light upon this fact.

This research is aimed at answering impact of CSR on employee retention and corporate reputation. Research questions are

How much CSR is beneficial to retain employees?

Does CSR impact corporate reputation?

In the end of study, Results will answer more questions about the relation of corporate reputation, corporate social responsibility, and employee retention in firm. Chapter one is introduction. It elaborates the base of thesis. Research background, Banking sector and CSR principles, selected banks' CSR activities, problem area, research questions, significance and purpose of study are discussed in it to make a pathway for whole thesis. Chapter two includes review of literature relevant to all dependent and independent variables. Definitions of variables and their empirical evidence are presented in this section.

Chapter three enlightens the research design, methods used to collect data and its analysis. Results calculated from data analysis are also discussed in detail through tables and graphs. Chapter Five include conclusion and recommendations for future research and implementation of research. Conclusion is summarization of whole document in a single or two pages, whereas recommendations are a source of motivations for further research.

LITERATURE REVIEW

Concept of Corporate Social Responsibility:

Corporate social responsibility is not defined in a single direction but it varied from time to time according to the needs of evolving society. There is a pool of ideas given by different authors and scholars from inception of CSR to present ages. Dimensions mentioned in all those definitions varied from one another whereas, the factor of firm's responsibility towards stakeholders was eminent in all ages of CSR's evolution.

Rehman (2011), analyzed definitions of CSR from its inception to current century and summarized 10 major dimensions, included, "environmental protection, economic development, ethical business practices, law abiding, voluntariness, human rights, transparency and accountability and stakeholder's involvement" (Rehman, 2011). Bowen (1953) defined CSR as "social responsibility of businessman". "It refers to the obligations of businessmen to pursue those policies, to

make those decisions or to follow those lines of actions which are desirable in terms of objectives and values of our society" (Bowen, 1953). In that period, CSR was in initial stages, when the managers and entrepreneurs were made aware of their worth and responsibilities toward society. Friedman (1970) elaborated the concept of CSR in a unique direction. "There is one and only one social responsibility of business-to use its resources and to engage in activities designed to increase its profits so long as it stays within the rules of game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970). Carroll is a prolific name in the field of CSR. He expressed CSR as mixture of ethical, legal, economic and discretionary expectations of society. "The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time. (Carroll, 1991)". In last decade concept of CSR has been moved to brand integrity. Entrepreneurs were directed towards designing policies for the sake of creation of a secured and certified brand, because customers can pay more than the actual market price for a product if company executes its social responsibility policies in an effective way (Maneet & Sudhir, 2011).

Carroll's CSR pyramid: Carroll embedded four basic factors whose worth can never be denied as far as application of CSR is concerned in any organization.



Figure 1. Carroll's pyramid.

Four factors that represent how policies and planning should be developed in order to achieve a midway between social responsibilities and achievement of business's objectives are; Economic, Legal, Ethical and philanthropic. Carroll's pyramid is used to infer Corporate Social Responsibility in this study.

Economic Responsibility: First and foremost element in pyramid is economic responsibility. From early ages, it has been motive of business-to earn profit.

Organizations were formed to earn profit through providing goods and services to society according to their needs and wants (Dahlsrud, 2008).

Legal Responsibility: Society's expectations are not limited up to only making profit either by hook or crook, but it also holds organization liable for compliance with legislations designed by federal, local and state governments (Moir, 2001).

Ethical Responsibility: Pyramid has correlated and explained inter dependence of all factors to attain the success through proper and active participation of all the four elements. Legal responsibility gives a guideline towards acting ethically. The values and norms attached to a society but not mentioned in laws to be complied with by company are part of ethical responsibility.

Philanthropic Responsibility: Entering into last phase of pyramid binds a company to act as a good citizen. It is beyond the society's requirements. Organization can enjoy a strong bond of its stakeholders and employees with it as a result of voluntary charitable and welfare works (Carroll, 1991).

Employee retention: There is a race of talent in now days' organizations. Employees are 'Human Capital' of any organization. Human capital is defined by Gary S. Becker, as "The very definition of human capital is that it walks out the door every evening, and exits permanently with an employee who leaves a company." To keep your well-performing employees committed and retained with your organization is not a bed of roses. Turnover is one of the drivers that hamper organization's success. Considering employee retention means that we are discussing a wider term, encompassing nearly whole human resource management. There was a great research on the factors that cause employee retention. Major factors include; work environment, career opportunities and work-life balance (Cappelli, 2000).

Career development is getting a balance between employee's career developing needs and organization's workforce environment through proper planning. Nothing can be enjoyed without struggle, so it is necessary for companies to invest in plans for development of their employees. Supervisors are 'human face' of an organization. Supervisors play a productive role in organization's success and employee retention. Employees feel more committed towards organizations where they are guided in an effective way to perform their obligations. Ontario coined the expression of supervision as, "The supervisor support is

so essential to retention that it can be said that employees leave bosses, not jobs" (Ontario, 2004). Next major driver of employee retention is work environment. Researchers have explored that there can be factors of noise, workplace design and light etc. work environment also differs with that of nature of work. For example, there is difference in work of production and service organizations. So, the requirements for their work environment are also different basing on their work nature (Ramlall, 2003).

Work-life balance is another dimension of employee retention. Employees are in a fix to control their heavy working hours and personal life concurrently. It is not a right decision to bind an employee for long working hours. It can reduce their sense of loyalty and productivity level also declines. Away from workplace but giving highly productive and enthusiastic work within working hours is a better option as compared to some extra hours with uncertain and poor working (R. C. Barnett & Hall, 2001).

Corporate reputation: Corporate reputation is a notion often mixed with that of corporate image. Corporate reputation is "A concept related to image, but one that refers to value judgments among the public about an organization's qualities, formed over a long period, regarding its consistency, trustworthiness and reliability" (Bennett & Rentschler, 2003). As far as stakeholders and factors that affect organizations are discussed, there are large numbers of factors that have been defined as a determinant of corporate reputation. Reputation is of pivotal role in an organization's success, So, It is important for a firm to measure its reputation. Fombrun, A., Gardberg, & Barnett (2000), proposed a remarkable work for measurement of reputation. They studied various reputation data sets and opinioned that there are six main dimensions of reputation according to diverse views of stakeholders ; Emotional appeal, products and services, vision and leadership, workplace environment, social and environmental responsibility and financial performance. They proposed 20 attributes of six dimensions of reputation quotient, firstly, Emotional appeal is "How much company is liked, admired and respected", having three attribute; "Have a good feeling about company, admire and respect the company, trust the company a great deal". It mainly showed the feelings of stakeholder for a firm. Secondly, Products and services, is "perception of the quality, innovation, value and reliability of company's products and services" having

four attributes; “Stands behind its products and services, develops innovative products and services, offers high quality products and services, offers products and services that are a good value for money”. This dimension encompassed the requirements for products and services. Thirdly, Financial performance is “perception of the company’s competitiveness, profitability, growth prospects and risk” having four attributes, “strong financial record, Low risk investment, strong prospects for future growth, Tend to out-perform their competitors”.

Fourth is “vision and leadership”, “Demonstration of a clear vision, Strong leadership, and ability to recognize and capitalize on market opportunities”, having three dimensions, “having excellent leaders, clear vision of future, recognition and taking advantage of market opportunities”. Fifth one is “working environment” is, “perception of how well the company is managed, what

it’s like to work there and the quality of its employees.” having three attributes, “well-managed, good organization to work with and having good employees”. Last dimension is “social and environmental responsibility”, defined as, “perceptions of the company as having high standards in his dealings with people, good causes and the environment,” having three attributes, “supporting good causes, environmentally responsible and high standards to treat people”.

RESEARCH METHODOLOGY

Sample Size and Population: According to Sekaran (2003), for social sciences a range of 30-500 questionnaires is acceptable. Nine banks included in this study are not equally considered for questionnaire distribution. Total of 420 questionnaires were distributed among all banks. Following table is presenting distribution of Questionnaires and their responses from all banks.

| Bank name | Questionnaires | | | | |
|--------------|------------------|------------------|--------------------|-------------------|---------------|
| | Distributed | Received Back | Incomplete | Complete | Response Rate |
| FWBL | 10 | 06 | 01 | 05 | 50% |
| Askari | 70 | 50 | 14 | 36 | 51% |
| NBP | 50 | 26 | 05 | 21 | 42% |
| BOP | 50 | 28 | 05 | 23 | 46% |
| Bank Alfalah | 60 | 40 | 10 | 30 | 50% |
| SCB | 50 | 40 | 01 | 39 | 76% |
| Faysal | 30 | 22 | 04 | 18 | 60% |
| MCB | 30 | 20 | 05 | 15 | 47% |
| UBL | 70 | 55 | 10 | 45 | 63% |
| Sum | Σ Dis=420 | Σ Rec=287 | Σ Incomp=58 | Σ Comp=229 | Agg%=54% |

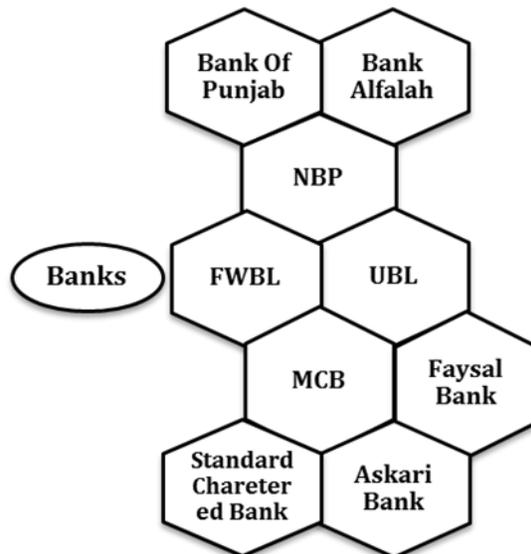


Figure 2 Banks List.

Data Analysis: “Although it is tremendously important how you collect data, it is just as important what you do with the data once collected” (Gummesson, 2005). Data collection is of no importance if it is not analyzed and interpreted in an effective way. I used SPSS (“statistical package for social scientist”) for data analysis. All questions were recoded as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree. All incomplete questionnaires were excluded because they could not make analysis generalize. Analysis techniques used for this research include Frequencies, Descriptive research and Linear Regression analysis.

Research Model: “Empirical counterpart of a construct or concept is called Variable”(Roger D. Wimmer, 2010). Independent variables are those manipulated by researchers whereas dependent variables are those that are measured by researcher and is affected by independent variable. Two models are construed in this research to evaluate impact of CSR on two variables.

CSR and Corporate reputation: Corporate Reputation is measured by four dimensions from the six dimensions of Fombrun and it is because corporate reputation is measured by social responsibility, products and services, financial performances, and emotional appeal as they have more strong relationship as compared to other two dimensions (Schwaiger, 2004).

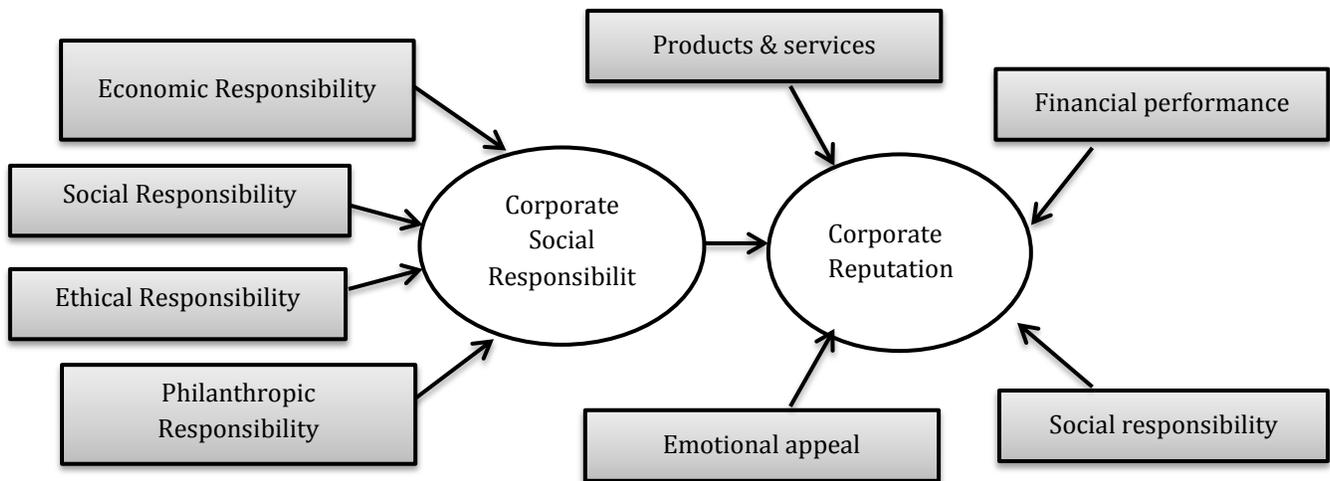


Figure 3 CSR and Corporate Reputation

CSR and Employee Retention

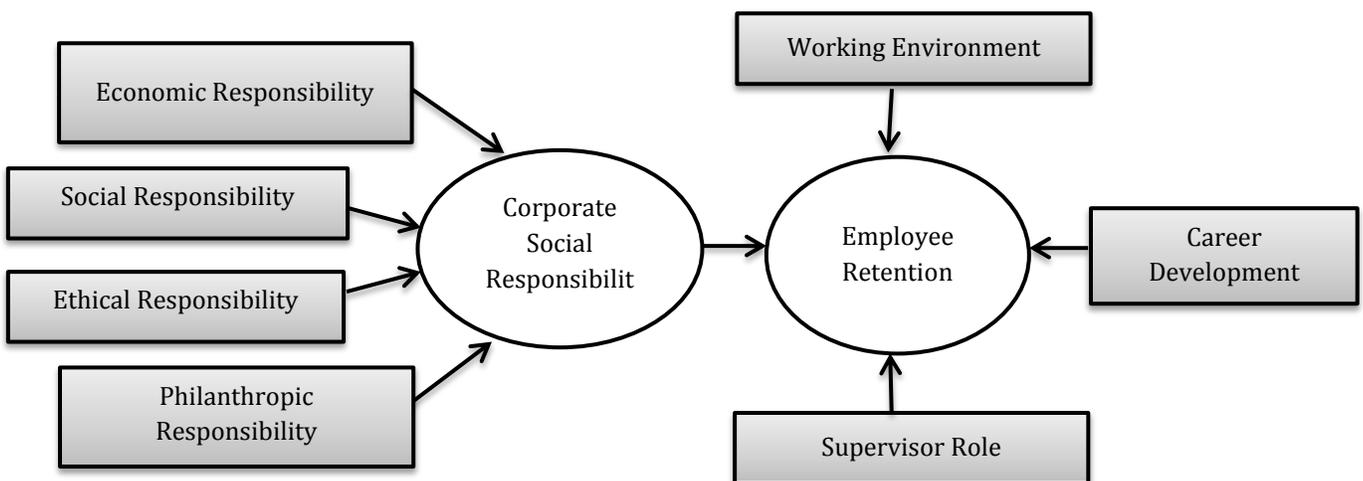


Figure 4 CSR and Employee Retention

Purpose of research Studies can be conducted in three different contexts, Exploratory, Explanatory, and Descriptive. Study is seeking for the impact of CSR on two variables, there is a research support for these variables but it still needs to be discussed. This research is explanatory and descriptive as well. Testing hypothesis to derive my results has turned the research into explanatory whereas reason for its being descriptive is existence of knowledge, literature support and researches already conducted in this field. Form of investigation is correlational with minimum Inference and field study as study setting because of measurement of relationship of CSR and two dependent variables; Corporate Reputation and Employee Retention. Data Collected is of cross sectional nature.

It is important to construct hypothesis in order to specify the questions, study is aimed at. "A hypothesis is a conjectural statement of the relation between two or more variables" (Kerlinger, 1956). This research is testing impact of CSR with two dependent variables; Corporate Reputation and Employee Retention. Following two hypotheses have been developed to test CSR's impact.

H₀=CSR does not has positive effect on Corporate Reputation.

H₁=CSR has positive effect on Corporate Reputation.

H₀=CSR does not has positive effect on Employee Retention.

H₂=CSR has positive effect on Employee Retention.

Data collection Instrument: Data collection methods differentiate a data into primary and secondary. Secondary data involve data collection through research articles, previous researches, review of literature and other supportive documents. Whereas primary data is data collection by researcher from interviews, questionnaires etc. (Bryman & Bell, 2007).

A framework of 33 questions was designed included, seven questions for measuring corporate social responsibility, eight questions for corporate reputation measurement and fourteen questions for computing Employee Retention variable. Demographics are allocated a separate section of four questions relevant to age, experience, gender and designation. One question of bank name was included in questionnaire to differentiate banks contribution in study.

Every question is needed to be given a scale for its easy and prompt computation. A five point likert scale was used in questionnaire. For measuring Corporate Social responsibility, Carroll's CSR pyramid was used. Four

dimensions were used for measuring CSR, economic, legal, ethical and philanthropic responsibilities. Corporate reputation is measured by Reputation Quotient scale proposed by (Fombrun, A., Gardberg, & Barnett, 2000). Employee retention is measured according to questions designed by (Silbert, 2005), (Dockel, 2003) (Paré, Tremblay, & Lalonde, 2001) and (Hertfelt, 2002).

RESULTS

Empirical Results: Reliability test was conducted to calculate reliability of all variables included in the study. Cronbach alpha was calculated in SPSS. Following table reveals that questionnaire filled by bank employees are reliable for further testing. A value of Cronbach's alpha more than 0.7 is considered reliable (Nunnally & Bernstein, 1994) whereas this study shown alpha of 0.88 for overall study and more than 0.7 for other two variables.

Table 2 Reliability Test.

| Reliability Test | |
|----------------------|-------|
| Overall | 0.883 |
| CSR | 0.816 |
| Corporate Reputation | 0.836 |
| Employee Retention | 0.756 |

Statistical methods: There are two types of statistical methods in SPSS to test variables; descriptive and inferential. Descriptive statistics includes measure of central tendency and measure of dispersion to present data in an organized form. Inferential statistics deals with samples to compute and generalize results to whole population. First part includes descriptive methods employed in this study and second part refers to inferential statistics including Simple linear regression.

Descriptive Statistics: Descriptive statistics used to interpret consideration of respondents about variables are Mean and standard deviations. Table presented below elaborates that there are minimum and maximum values for responses. Mean value indicates that what is average of the variable measured at likert's 5 point scale. Mean value, acceptable for descriptive statistics results is 3. Standard deviation tells us about variation of data from mean value. A low value of SD tells us about normal distribution of variable.

Corporate social responsibility had maximum and minimum values of 5 and 1.14 respectively. Mean value for CSR was M=3.7592, which is above acceptable value of mean. Standard deviation of SD=0.64589 enabled us to conclude that there was normal distribution and data

Table 3 Descriptive Statistics

| Descriptive Statistics | | | | |
|------------------------|---------|---------|--------|----------------|
| Particulars | Minimum | Maximum | Mean | Std. Deviation |
| CSR | 1.14 | 5 | 3.7592 | .64589 |
| Corporate Reputation | 1.38 | 5 | 3.7085 | .63767 |
| Employee Retention | 1.43 | 4.57 | 3.3482 | .50018 |

is clustered around mean value. Corporate reputation had range of 1.38 and 5.00 for minimum and maximum values. Mean value of M=3.7085 was significant. SD value confirmed normal distribution of variable. Lastly, employee retention had Min=1.43, Max=4.57, M=3.3482 and SD=.50018. Mean value was acceptable and standard deviation was a sign of normal distribution.

Inferential Statistics: In this part of results, inferential statistic tests and models are discussed that have been applied in my research. Linear regression was applied

and discussed in all two research models.

CSR and Corporate Reputation: First model of my study is CSR and corporate reputation that can be written as follow:

$$\text{Corporate Reputation} = \beta_0 + \beta_1 \text{CSR} + e$$

Regression was used to compute results for this model. Results were divided in three parts; first of all model summary table represent value of adjusted R-square of 54.6% which shows a variance of 54.6% in corporate reputation because of CSR.

Table 4 Model Summary.

| Model Summary | | |
|---------------|----------|-------------------|
| R | R Square | Adjusted R Square |
| .740 | .548 | .546 |

ANOVA table present value of F-statistics (1, 230) =278.901, which is quite large than 1 to state that there is an impact of independent variable on dependent variable.

Table 5 F-Statistics Test

| ANOVA | | | |
|------------|-------------------|--------------|--------------|
| Model | Degree Of Freedom | F Statistics | Significance |
| Regression | 1 | 278.901 | .000*** |
| Residual | 230 | | |
| Total | 231 | | |

***Significant at 1% Level, **Significant at 5% Level, *Significant at 10% Level

Level of dependence of Corporate Reputation on CSR can be determined by Coefficients table. Table showed that CSR affect Corporate Reputation 74%. It is significant at 1%.

Table 6 Coefficient Table

| Coefficients | | | |
|--------------|---------------------------|--------------|--------------|
| Model | Standardized Coefficients | T-Statistics | Significance |
| CSR | .740 | 16.700 | .000*** |

***Significant at 1% Level, **Significant at 5% Level, *Significant at 10% Level.

CSR and Employee Retention: Second model of my study is CSR and Employee retention that can be written as: **Employee Retention**= $\beta_0 + \beta_1 \text{CSR} + e$

Regression was used to compute results for this model.

Results were divided in three parts; first of all model summary table represent value of adjusted R-square of 16.6% which shows a variance of 16.6% in employee retention because of CSR.

Table 7 Model Summary.

| Model Summary | | |
|---------------|----------|-------------------|
| R | R Square | Adjusted R Square |
| .411 | .169 | .166 |

ANOVA table present value of F-statistics (1, 230) =46.870, which is quite large than 1 to state that there is an impact of independent variable on dependent variable.

Table 8 F-Statistics Test

| ANOVA | | | |
|------------|-------------------|--------------|--------------|
| Model | Degree Of Freedom | F Statistics | Significance |
| Regression | 1 | 46.870 | .000*** |
| Residual | 230 | | |
| Total | 231 | | |

***Significant at 1% Level, **Significant at 5% Level, *Significant at 10% Level.

Level of dependence of employee retention on CSR can be determined by Coefficients table. Table showed that CSR affect Corporate Reputation 41.1%. It is significant at 1% level of significance.

Table 9 Coefficient Table

| Coefficients | | | |
|--------------|---------------------------|--------------|--------------|
| Model | Standardized Coefficients | T-Statistics | Significance |
| CSR | .319 | 6.846 | .000*** |

***Significant at 1% Level, **Significant at 5% Level, *Significant at 10% Level

DISCUSSION

Employee Retention and CSR: According to this study corporate social responsibility affects Employee retention significantly. Coefficient table produced CSR's impact of 41.1% on employee retention. F statistic value in ANOVA table was also a predictor of relationship between two said variables. 16.6% R-Square value shows that there is not a strong impact of CSR on employee retention as employees feel more satisfied because of monetary motivators.

This study has affirmed relationship of CSR and employee retention. These results are supported by different researches (Borstorff & Marker, 2007; Ramlall, 2003). So, H2 is accepted that there is a significant positive relationship between CSR and employee retention. Employees want to be with those organization that give working environment, career opportunities, and supervising facilities. This study has also supported this statement. CSR helps in strengthening "Employee-Employer" relationship through attracting and retaining talented employees.

Employee retention is affected by CSR as it is correlated to employee's satisfaction and behavior at workplace. In case of boycotts and inappropriate working conditions, CSR of a firm will be affected and employee's turnover rate will also increase. Labor practice, employee welfare programs, appropriate working hours and working conditions are among those factors that act as a bridge between CSR and employee retention.

Corporate Reputation and CSR: Last hypothesis of study is that there is a positive significant impact of corporate social responsibility on corporate reputation. Value of Adjusted R-square in summary table represented a variance of 54.6% in corporate reputation

because of CSR. ANOVA table produced F-Statistics value that shown there is a significant relationship between two variables. Coefficient table assess Extent up to which CSR affect corporate reputation. Coefficient table tells a standardized beta value of 74% which shows that there is 74% variance in corporate reputation because of CSR. These results are supported by various studies (Ali & Ali, 2011; Schnietz & Epstein, 2005). Researchers have correlated corporate reputation with consumer behavior, financial performance, CSR etc. (Alsop, 2004; M. L. Barnett, Jermier, & Lafferty, 2006; Fombrun, 1996). Corporate reputation is measured by six dimensions according to reputation quotient. Corporate reputation is somewhat equal to CSR as far as dimensions are concerned. Corporate reputation is one of intangible assets that a firm may enjoy for long times.

CSR and corporate reputation are strongly correlated in a way that corporate reputation is of less value if company has no CSR values. CSR is one of key determinants of corporate reputation. Corporate reputation is of a value that firms must consider worth of their products and financial performance for satisfying external stakeholders. CSR's determinants can't be listed here but most of them are strongly correlated to corporate reputation. One of key components of CSR is corporate governance.

If firm is managed in an effective way and presenting a strong bond then it can lead to proper management of all tasks to achieve desired financial performance level, innovative products, social responsibility and other key factors. CSR may impact reputation through various issues in performing ethically, economically and socially. Various companies faced crisis because of CSR

image deterioration that indirectly affected their corporate reputation. Apart from other successful reputational components Social responsibility factor caused reputational loss to firms.

CSR and Pakistani Banking Sector; In Study Perspective: Banks included in study are hereby to be discussed in the scenario of each of two models used in this study. First one is corporate reputation and CSR hypothesis It has been observed as dimensions of CSR and Corporate Reputation are almost so they complement each other. Askari bank has achieved high level of Corporate Reputation through CSR with availability of Quality services to their customers such as they sponsor the activities for education, social welfare, environmental (“Telephone a tree”). They have met their Legal and Economic liabilities by maintaining a legal framework of rules and regulations as designed by SBP and a profit graph showing ups and downs in last six years but quite enough to satisfy customer’s criteria for Corporate Reputation.

Standard Chartered is one of pillars as far as CSR is concerned in organizational set ups. SCB has made his employees aware of environmental responsibility through membership opportunity in “The Climate Group, corporate leaders group on climate change” for environmental protection. “Speaking Up” program is aimed at training employees to cope with uncertain financial ups and downs. Anti-money laundering and anti-corruption techniques are also communicated to employees for better financial performance that leads bank to Effective Corporate Reputation. Bank Alfah is a “Caring Bank” providing facilities for their employees and customers through sponsorship and donations in “Education, Health, Sports and Environmental” sectors. They make employees feel that the bank consider his responsibility towards society and retain them committed with the bank. Bank is complying with prudential regulations of SBP for his operations and maintaining a profitable outcome in history of bank.

BOP and FWBL are also engaged in CSR activities such as in agriculture field and women support respectively but both of them are not supporting society as that of other banks included in study. Their corporate reputation is not like other sustainability promoter banks of Pakistan. MCB has employed policies and regulations with the collaboration of employees. They sponsor sports and events e.g inter banks cricket tournament 2011, Rugby matches of Punjab in 2010 to make employees aware of their participation in Bank

and banking achievements. MCB sponsor Human Resources society Annual Dinner 2011 that represents its concern for Human rights protection. To do something more than Social responsibility MCB is engaged in Flood relief programme by house building projects for victims. Besides the mentioned projects MCB has supported Pink Ribbon foundation, Children Cancer Foundation and Rotatory Foundation of Karachi etc. Corporate is regulated according to Regulations designed by State Bank of Pakistan.

Faysal bank and NBP are involved in CSR activities in a high collaboration with Foundations and Aid providing associations. Faysal bank places Education as a primary focus for CSR activities and sponsor more education projects as compared to other CSR areas. They sponsored debate contests, Special Olympics and donated Computers to various education institutes. NBP is supporting society on a large scale with a slogan of uplifting the alleviated population. They make their employees feel committed towards the organization by providing “Health, Medical facilities, Sports, Research Facilities, Environmental protection and Women and Child protection projects” to society. Their reputation can’t be uprooted because the bank is aimed at developing and maintaining a prosperous nation. This ultimately concerns for employees benefits and make them feel to be taken account for. Two Banks are complying legal responsibilities and their outcome is in profitable ranges to maintain customer trust in them.

Last Bank is UBL, UBL is concerned with their employees, hire talented workforce, give them scholarships for clearing IBP exams and sports opportunity for talented employees. Their CSR activities have affirmed their Employees’ faith in notion of “Where You come first”. Besides Flood relief support, UBL has contribution with different NGOs e.g. Kawan-e-Hayat, Subh-e-Nau and Sargodhian spirit trust for helping poor and under developed areas of society. It has been considered most profitable bank among Pakistani banks. Corporate has maintained Banking Companies Ordinance, 1962 regulations for his banking operations.

Implications: This study has elaborated the relations and impacts of CSR on Banking reputation, and employee retention. There has been a limited research over CSR in Pakistan. There is a research of major companies in which some local and some multinational companies were included but no research is available for banking sector as it has been cited that in banking

sector there is not an ample literature support regarding all countries. This research is not a comprehensive study for banking sector but has added a little effort in adding research to the said field.

Employee retention is not adequately discussed. Empirical evidences of employee retention and CSR relation is scant. Employee retention is discussed and computed as job satisfaction in most of researches. This study added empirical evidence to relationship of CSR and Employee retention. Reputation quotient is used in various International countries from its introduction in research field but has not been used as a scale for corporate reputation measurement in Pakistan especially banking reputation. This research used reputation quotient for measuring banking reputation in Pakistan.

CONCLUSION

Corporate social responsibility is a multi-faceted term and has been discussed a lot for last some decades. It is inevitable part of a business for sustainability and economic growth. It is absurd to strive for success and overlooking CSR factor in this era of competition. Pakistan is a country in which CSR is in his infancy stage. People are not aware of CSR notion and its worldwide prominence. This study has three purposes to answer the vital role of CSR in organization. 232 respondents were used as a sample size to arrive at conclusion of two proposed models. Launching innovative and quality products, attaining a fair financial performance, possessing plausible leadership attributes, performing in accordance with social and environmental responsibilities lead to embedding corporate reputation with corporate social responsibility. Retaining key employees has been strongly affected by firm's socially responsible status. Lockouts, strikes and improper working conditions affect both of CSR and employee retention. Banking sector is discussed and provided with suggestions for designing policies to strengthen their bond with stakeholders. Working conditions, work-life balance, and managing corporate risks is essential element for banks. The study opened new avenues for consideration of CSR policies and their communication. Limitations of study are area, sector, sample size, analysis techniques and time limits. Study is helpful for further research in different industries and a comparative study of CSR and Non CSR financial institutes is also recommended.

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APPENDIX

Questionnaire

Demographics:

Name -----

Gender Male Female

Designation -----

Experience No Experience Less than 5 years 5 years 5-10 10-15 More than 15

Age Less than 25 years 25-35 Above 35

| Questions | SD | D | N | A | SA |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| My Bank monitors new opportunities which can enhance Bank's financial strength | <input type="checkbox"/> |
| My Bank allocate resources to improve long-term profitability | <input type="checkbox"/> |
| Bank comply immediately with new laws and court rulings | <input type="checkbox"/> |
| My bank concerned with society's issues | <input type="checkbox"/> |
| My bank maintain a strong and competitive position | <input type="checkbox"/> |
| My bank always looks for new opportunities and programs which can improve community life | <input type="checkbox"/> |
| My bank respect ethical/moral norms adopted by society | <input type="checkbox"/> |
| I would be very happy to spend the rest of my career in this Bank | <input type="checkbox"/> |
| I really feel as if this Bank's problems are my own | <input type="checkbox"/> |
| I do not feel like 'part of my family' at this Bank | <input type="checkbox"/> |
| I do not feel 'emotionally attached' to this Bank | <input type="checkbox"/> |
| My Bank develops innovative products | <input type="checkbox"/> |
| It offers high quality products/services | <input type="checkbox"/> |
| Bank has a strong record of profitability | <input type="checkbox"/> |
| It Looks like a low risk investment | <input type="checkbox"/> |
| They tend to outperform their competitors | <input type="checkbox"/> |
| They have maintained high standards in the way they treat people | <input type="checkbox"/> |
| I respect and trust my bank | <input type="checkbox"/> |
| I have good feelings about my bank | <input type="checkbox"/> |
| I'm exposed to too high noise level | <input type="checkbox"/> |
| I have access to the necessary equipment to do my job properly | <input type="checkbox"/> |
| I'm inconvenienced by the dust in my working environment | <input type="checkbox"/> |
| My work situation involves only a limited risk of industrial accidents | <input type="checkbox"/> |
| My supervisor looks for opportunities to praise positive employee performance both privately and in front of others | <input type="checkbox"/> |

| | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| I feel undervalued by my supervisor | <input type="checkbox"/> |
| The supervisor almost never gives me feedback about how well I complete my work | <input type="checkbox"/> |
| My supervisor rewards a good idea by implementing it and giving the responsible employees credit | <input type="checkbox"/> |
| My chances for being promoted are good | <input type="checkbox"/> |
| There are enough career opportunities for me in this Bank | <input type="checkbox"/> |
| Job vacancies are oftenly filled by people from outside this Bank | <input type="checkbox"/> |
| It would be easy to find a job in another Bank | <input type="checkbox"/> |
| My Bank prefer his employees to outsiders for any job in Bank | <input type="checkbox"/> |
| An employee's career development is important to this Bank | <input type="checkbox"/> |

THANK YOU so much for your response!