

**IMPACT OF INTERNAL CORPORATE SOCIAL
RESPONSIBILITY PRACTICES ON ORGANIZATIONAL
COMMITMENT IN NEPALESE COMMERCIAL BANKS**

**A dissertation submitted to the office of the dean, Faculty Management in partial
Fulfillment of the requirements for the Master's Degree**

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CERTIFICATION OF AUTHORSHIP

I certify that the work in this thesis entitled prepared "**Impact of internal corporate social responsibility practices on organizational commitment in Nepalese commercial banks**" has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree as full acknowledged within the text. I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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Report of Research Committee

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ABSTRACT

The Nepalese commercial banks is very worthy for study as it is now an important sector playing a key role in improving the societies through the price and value financial assets, monitoring borrowers, managing financial risk and organizing the payment system. The commercial banks seems to be the most sensitive to the impact of internal Corporate Social Responsibility. This because an outstanding feature of the banking industry is that it is subject to a more diverse and complex stakeholders than the other sector of the economy. Banking needs to be socially responsible to build their reputation which effect on attract high quality employees. This study have shown that employee prefer and want to work for corporations that are regards as ethical and responsible.

This study examines the imapct of internal Corporate Social Responsibility practices on organizational commitment in Nepalese Commercial banks. Specially we examine the impact of five dimension of internal Corporate Social Responsibility practices on organizational commitment : Labour relation, Work-Life Balance, Health & Safety, and Training and Development. The proposed model was tasted on a sample of 200 employees in Nepales commercial banks. The shown that all internal Corporate Social Responsibility dimensions are significantly and positively association with organizational commitment. Limitation of the study, directions for future research, and implications of the findings are discussed.

CHAPTER I

INTRODUCTION

1.1 Background of the study

The overall CSR penetration in Nepal is quite low with many corporations not familiar with its broad concept. Majority of the CSR activities in Nepal are socially driven projects that help to empower marginalized communities (Kandel, 2018). So, there is a widespread misconception in Nepal that CSR is limited to charity and CSR activities are possible only with hefty spending and sizable funding. But, in reality, CSR reflects concepts broader than that and can also include activities that don't need large investments and grants.

There exist some corporate houses in Nepal that are involved in CSR activities consistently throughout the year. Companies like Chaudhary Group, Nepal Telecom, Ncell, Panchakanya Group and commercial banks mostly gain the limelight in the CSR scene of Nepal (Paudel, 2015). Their consistency in large scale CSR activities has helped them come in the forefront of CSR scenario in Nepal (Paudel, 2015).

Though CSR reports are not available yet in Nepal, other reports do not comprise information of performing reasonably. However, few companies carry out some philanthropic activities along with their marketing activities (Adhikari, 2012)

According to Sigurthorsson (2012), risk of CSR consists in the fact that it tends to become an excuse for soft law and corporate self-regulation. Icelandic banks implement their CSR concept through a financial support of charitable activities and they did not pay attention to a formation of socially responsible practices but reduced CSR tools only for public communication. Corporate social responsible practices should focus more on processes that make socially responsible profit and not on its distribution.

Fassin and Gosselin (2011) reported that large institutions such as Fortis, Arthur Andersen & Co. and AIG had a strong CSR and ethical culture but they have gone bankrupt anyway. These cases show a discrepancy between official pronouncements and procedures of senior management.

Soana (2011) examined a correlation between social and financial performance of banks. This analysis showed that Italian banks haven't shown any significant correlation between social and financial performance. According to this study, any negative correlation between social and financial performance has not been revealed. On the other hand, results of this study provide evidence that banks' investment in CSR does not lead to economic benefits for the bank.

(Yeung 2011), defines key element of CSR in the banking sector such as: understanding of financial services complexity, risk management, strengthen ethics in the banking business, strategy implementation for financial crisis, protection of customers' rights and channels settings for customer complaints.

In addition, manager's motives can be directed by strategic reasons and institutional pressures for environmentally focused CSR practices (Babiak and Trendafilova, 2010).

Corporate Social Responsibility (CSR) is about building a socially responsible business striving for social change along the line of seeking profits. The concept of CSR is associated (but, not limited) with all the stakeholders like customers, employees, investors, society and government. It is rather difficult to provide a universally accepted definition since the topic has been described as elusive, broad and complex (Smith & Langford, 2009). While all companies look for maximizing profit, blending this ambition with social values and cultural responsibility helps in enhancing the long term value creation of a business.

The financial sector is not much controversial than other manufacturing and extraction sector like oil and gas industry, which poses a threat on every stage of exploration, production, refining and consumption (Frynas, 2009).

Robin (2008) states that society would like to have an economic system that creates opportunities for the growth of economic welfare and a happy life of people. The mission of ethics is to minimize the abuse of companies' power in the bilateral exchange relations and to reduce a negative impact on a people's daily live. A fundamental issue of business ethics is how to make capitalism more ethical.

Macdonald and Rundle-Thiele (2008) examined a relationship between CSR and customers' satisfaction in the bank. According to the conclusion of their study,

customers' satisfaction is more affected by pro-client oriented events than CSR activities. And if the bank decides to develop CSR activities, focus of these activities has to be properly chosen.

The corporate sector widely discussed Corporate Social Responsibility (CSR) during and after the 70s and 80s decade although the conceptualization of CSR began during the first decade of 20th century after expectations of public increased over private corporations (Quakk et al. 2007). The difficulty in developing a single, universally accepted definition for CSR is due to the plethora of views within the academic literature, which create confusion (Godfrey & Hatch, 2007).

The increasing interest of CSR, because of advanced globalization and international business, demands much more transparency and corporate citizenship in recent years. The role of corporations in internal governance and external involvement in the social transformation is continuously noticing and evaluating by various agencies and the general public. Furthermore, the assumptions of fulfilling all the societal needs by the government are also changing towards the commercial sector as they are rising exponentially throughout the world (Jamali and Mirshak, 2006). In spite of these developments, a lot of complaints are still emerging for not paying sufficient attention to understand why or why not corporations act in socially responsible ways (Campbell, 2006).

Moreover, the level of CSR activities depends on the nature of industry in the sense of creating external social problems. Scholars and researchers widely criticized the manufacturing and natural resources extracting industries for creating natural hazards than other service industries like financial institutions (Slack, 2005). However, the stakeholders often call the financial sector to participate in social development issues because of their highly visible size, economic power, larger number of branches even in small geographic areas.

1.2 Problem statement

Many companies are realizing that corporate social responsibility is a high-profile notion that the business world perceives as strategic (Porter that & Kramer, 2006). Several studies have shown that firms that perform socially responsibility activities enjoy benefits such as customer satisfaction and favorable customer evaluation (Brown & Dacin, 1997; Rubio, 2009).

Some previous studies emphasized the relationship between CSR and organizational commitment (OC; Brammer, Millington, & Ryton, 2007; Peterson, 2004; Rodrigo & Arenas, 2008; Rupp, Ganapathi, Aguilera, & Williams, 2006), the study of CSR in Asia is a relatively under-researched area and the way in which CSR initiatives influence employees' commitment to the organization remain unclear.

The main purpose of this study is to explore the employee perceptions of the internal CSR of commercial banks in Nepal. In particular, this study answers the following research question:

- i. What is the status of internal CSR practice in Nepalese commercial banks?
- ii. What is the status of organizational commitment of employees in Nepalese commercial banks?
- iii. What is the relationship between internal CSR practices and organizational commitment of the employees in Nepalese commercial banks?

1.3 Objective of the study

The main purpose of the study is to examine the present status of CSR and organizational commitment of Nepalese commercial banks.

The specific objectives of the study are:

- i. To identify the status of internal CSR practices in Nepalese commercial banks.
- ii. To identify status of organizational commitment of employees in Nepalese commercial banks.
- iii. To examine the relationship between internal CSR practices and organizational commitment of the employees in Nepalese commercial banks.

Hypothesis

In this study, the hypothesis testing is used to test the significance of the relationship between dependent and independent variables:

H1: Internal corporate social responsibility is significant relation to the organizational commitment.

1.4 Rational of the study

The findings of any well planned and effectively executed research may directly or indirectly contribute to various individual, institutions and stakeholders. This study gives valuable information to the general public, direct stakeholders like employees, customers, suppliers, regulatory bodies of banks, researchers, students and many others about the CSR activities of commercial banks in Nepal.

In the context of increasing access of financial services, assurance of relatively stable financial reforms and (still) living nearly one third of population under poverty (Ferrari et al, 2007), public can expect a lot from banks in Nepal. This study gives an influential awareness to the public about the commercial bank's willingness and real contribution to the society and to internal management systems. An integrated presentation of CSR performance of commercial bank provides valuable information to the general public to evaluate and make key decisions for doing their regular transactions. Many stakeholders like employees, customers, suppliers, shareholders, civil society and the society at large can be aware of banks stance on improving the quality of life.

They can understand the manager's attitude in terms of sustainable development of the financial sector and outer environmental protection. Furthermore, policy makers of the nation, for example, personals of NRB, can understand the manager's actual level of awareness and the real contribution in the field of social development. The findings of this research help policymakers to develop and revise the policies and directives for making commercial banks much responsible in the field of wider social development. In addition, the government can also have valuable insights and facts regarding recent manager's conception and bank's actual performance respectively. In this regard, regulatory bodies can have some vital information to briefly observe financial institution's role on social development and on managing internal system, even though as voluntary, that helps to revise national planning and policies to improve the existing situation.

Many agencies of social awareness, domestic and international research institutions, new entrants in the financial sector, national bureaucracy and planners etc. can have valuable information about the recent situation in this area. Banks itself, foreign investors and donors, academicians, and future generations would be acknowledged

about the mutual benefit of CSR with the findings of this study. Most importantly, students and researchers in the field of business management and development studies will get additional resources for the development of Nepalese literature in CSR field. In overall, people who are interested in knowing the Nepalese bankers' real understandings and their efforts for the development of professionalism would be enriched with updated knowledge.

1.5 Limitations of study

This study is limited to study the corporate social responsibility on status of commercial banks. There are many issues related to the study topic, however not all issue are touched. This research only focuses on the issues raised on research question. Following are the limitations of the study.

- i. The sample size of the study is relatively small. Therefore, it may not truly represent the characteristics of the entire population.
- ii. Only four variables are taken for measuring the perception regarding the impact of internal CSR and organizational commitment.
- iii. For measuring the perception six likert scale is used so central tendency error may exist.

1.6 Chapter plan

Chapter I: Introduction

This first chapter provides the background information of the study, statement of the problem, objectives of the study, significance of the study, and limitation of the study. Therefore this chapter provides summary of overall study

Chapter II: Review of the literature

Review of the literature is very important part of every research. This chapter includes conceptual review, review of previous work, and research gap.

Chapter III: Research methodology

This chapter constitutes the methodology adopted to conduct the study, data analytical techniques, and process. This chapter also contains research design, population and sample, sources of data, data collection methods and statistical tools.

Chapter IV: Result and discussion

This chapter is the major part of the study, which is concerned with presentation, data analysis, interpretation of the data and sum up of results.

Chapter V: Conclusion

This chapter includes the discussion, conclusion and implementation for the study. References and appendix have also been incorporated at the end of this thesis.

CHAPTER II

LITERATURE REVIEW

This section of the research reviews the scholarly articles of expert who have worked and written about behavioral finance. The theoretical framework of this particular will be derived on these reviews made.

2.1 Theoretical review

2.1.1 Corporate social responsibility

According to Holmes (2010), CSR often involves the initiatives that extend beyond the legal compliances. Moreover, CSR is a concept which includes ethically/morally ‘desirable’ or ‘good’ business practices and the way shareholders, employees, customers, suppliers, government, and other stakeholders are engaged/involved (Mittal, 2007; Green & Pelozo, 2011).

In Nepal, financial services sector commenced with the establishment of Nepal Bank Limited in 1937. After the liberalization in the mid-1980s, the government permitted the opening of commercial banks in joint venture with foreign banks. Since then, the Nepalese financial system has undergone major structural changes, with commercial banks being considered as key drivers of financial institutions, products and services (Jha & Hui, 2012). Moreover, financial institutions don’t just influence the profit/loss of their shareholders, but also drive the economy of the entire nation (Upadhyay & Dhungel, 2013). Hence, they are accountable and obliged towards the society in which they operate.

Corporate Social Responsibility is an evolving term that does not have a standard or specified definition. With the understanding that businesses are mandatory in job and wealth creation, CSR is generally understood to be the way a business integrates economic, environmental, and social imperatives (Barakat et al., 2016).

2.1.2 Managerial perceptions on CSR

Cultural diversity, geography, religion, education and awareness level, corporation’s strategies and others of a region or nation affect and shape the social responsibility approaches. Thus, managers use different CSR philosophies while making policies and decisions because of diverse knowledge and experiences. Some studies on managerial perception on CSR show that a lot of differences exist on CSR

conceptualization depending on the manager's background, knowledge and experiences. Locational diversities of managers lead variations in the CSR approaches. For example, managers from USA and South Africa have a significant difference in CSR conceptualization. A study shows that USA managers are in favor of CSR while that of South Africa are not. Similarly, the public expectation on American managers of private businesses for CSR activities is high and vice versa for South African managers (Orpen, 1987).

Additionally, as (Quazi and O'Brien 2000) found from an empirical study conducted in Australia and Bangladesh that managers conceptualize CSR only within two universal dimensions. According to them, all managers throughout the world fall into four CSR clusters of two dimensions-wider versus narrow responsibility and benefit versus cost from CSR. Australian managers select either broader or classical related CSR view and Bangladeshi managers select 25 either wider or narrow view of social responsibility. The study further shows that Australian managers are relatively positive on CSR. However, the quality of education, training and researches in certain regions can influence CSR perception of managers. Similarly, business ethic of managers in South and South East Asia is also significantly different because of dissimilar level of privatization, globalization and the economic development.

Empirically examined researches on manager's or professional's perception on CSR show that many things can influence their perception. Widely recognized cultural dimensions- "individualism, power distance, uncertainty avoidance, masculinity and long term orientation"- also influence greatly on the determination of views on ethical and social responsible issues (Christie et al., 2003).

Another similar research also found that India, one of the neighbour nation of Nepal with cultural similarity, is ahead in CSR practices than other six Asian countries- Indonesia, Malaysia, The Philippines, South Korea, Singapore and Thailand because of relatively better national business systems but not on the basis of the stage of development (Chapple and Moon, 2005). Hence, an inference can be made from the findings of these studies that conception of CSR among managers depends on the geography and inherent culture, religion, education, national policies and others of a nation.

Srinivasan (2011) portrays that most of the countries in that region have institutions related to ethical courses but India, Malaysia, Bangladesh and Sri Lanka only conduct practical trainings. Furthermore, religious varieties within countries also impact on CSR understanding. Buddhist religion influences the corporations in Sri Lanka, Bhutan and Thailand; Islamic religion in Bangladesh, Pakistan and Malaysia; and mostly Hindu religion affects corporate behaviors in India and Nepal (Srinivasan, 2011).

2.1.3 Organizational commitment

(Mowday et al 1982) offered the following descriptions of the two approaches: “Attitudinal commitment focuses on the process by which people come to think about their relationship with the organization. In many ways it can be thought of as a mind set in which individuals consider the extent to which their own values and goals are congruent with those of the organization.

According to Mowday (1998) there appears to be evidence linking specific human resource management systems with overall organization performance and with affective commitment at the level of the individual employees.

Commitment is more than a state of mind that exists when an individual experiences a positive exchange relationship with some entity; it contributes to our understanding of organizational behaviour (Meyer and Herscovitch 2001).

2.2 Empirical review

2.2.1 Review of journal articles

This era of increased knowledge & information moves us towards the rapid changes it is growing more and more with the passage of time. Therefore, a researcher has to be more conscious about the changes & developments in the area of his study. In this context, the researcher has to go through the available literature like books, novels, reports, previous researches, articles, newspapers and journals for improving the knowledge & understanding. Over the past decades, the concept of corporate social responsibility has become a major area of research. So, the responsibility of the researcher has to make an effort by reviewing the papers of previous researchers, analysts and industrialists who are related with the social responsibility, social accounting, social reporting or any other area related to the corporate social

responsibility. Spectrum of viewpoints on CSR from pure profit-making approach to political roles of business in society.

(Drucker in 1946), has told survival of any enterprise is outcome of the harmony between the company's objectives, objectives of the state system and the people. Any conflict between the objectives of these three interactive players would stick the business firm in the middle of the road. Therefore, corporations are responsible for worker's human dignity and status, and worker's training and development as corporation's resource and not cost.

(Bowen & Howard, 1953), has told businesses are obliged to make and pursue those policies decisions which are desirable to social values of the community under CSR.

(Davis & Kieth, 1960), concluded CSR as, "Execution of the businesses policies shall not be restricted to the firm's corporate interests only rather it should also cater for the socio- legal aspects as well.

(According to Carroll, 1979), "the social responsibility of business includes the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (p. 500). However, some academics suggest that the definition of CSR goes beyond economic and legal aspects, sustaining that businesses are also concerned with the "actions that appear to further some social good, beyond the interests of the firm" (McWilliams and Siegel, 2011, p. 117)

(Bradshaw, 1981), defined the overriding role of corporate management is to meet people's needs with professional skills, continue to respond to the market place, produce quality goods at the lowest possible cost by efficient and sustainable use of resources.

In this regard, researchers further note that employees are an important asset for a company (Fichman & Levinthal, 1991) and, therefore, in terms of CSR should receive special attention. Thus, internal CSR factors describe social behavior within an organization and relate primarily to employees.

According to (Donaldson and Preston, 1995), CSR can strengthen the relationship among employees. This relationship is formed in order to obtain benefits and contribute to the wealth of the organization.

(Mitchell et al, 1997), employees are identified as relatively highly salient stakeholders, which means that they have high power, urgency, and legitimacy to influence the organization.

(Kilcullen & Kolstra, 1999), has told corporate social responsibility indicates degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state.

(Hick, 2000) conceptualizes, corporate social responsibility revolves around the relationship between the business and the society it indicates the responsibilities and determines the business behavior towards its stakeholders.

Corporate Social Responsibility (hereinafter referred to as CSR) is a concept developed after business ethics, CSR is being concerned by businesses in the current period. There are several definitions of CSR. According to Mohr et al. (2001), CSR activities are that minimize or eliminate the dangers arising in society as wealth maximize certain effects in the long run.

(Kok et al, 2001), has told the business is ethically and morally obliged to benefit its society. To achieve this, the business besides capitalizing on its economic goals, it shall commit its resources for the wellbeing of the society and its people. (Vein, Lee and Bruvold, 2003) investigate 'perceived investment in employee development' (p. 981) based on social exchange theory.

(Nigel Sarbutts, 2003), the paper explored the pattern of performing CSR by small and medium sized companies his research depicted that a structured approach to managing corporate reputation and profit maximization of SME's through CSR. The societal activities of small and medium sized companies are based on their cost & Benefit Analysis. Small Corporation struggle for more reputation and minimization of risk, for them CSR comes as a ray of hope. Large companies have so many resources for implementing CSR activities but theses have fewer resources. It can be a barrier for them to stay in the market. So, in that situation by imparting much information,

proper utilization of resources, doing well for businesses, SME's & small units can minimize their risk and manage CSR.

Recent arguments in the CSR literature suggest that companies should engage in both dimensions of CSR since a company's related commitment is only credible if social measures are not limited to the external dimension, but applied in equal measure internally. In this regard, researchers further note that employees are an important asset for a company and, therefore, in terms of CSR should receive special attention. Thus, internal CSR factors describe social behavior within an organization and relate primarily to employees. Thereby, the literature's focus regarding internal CSR measures is directed at issues such as occupational health and safety, human capital, structural change and demographic aspects (Castka et al., 2004)

(Moon, 2004), paper examined the role of government in driving corporate social responsibility among the corporate. The study explained that the drivers of CSR are related with business and society, his study cleared that government is driver of CSR by making true & clear relationship, properly formulating policies and regulations. The study also highlighted the other country's situation & how their government entered into businesses for driving CSR.

(David Vogel, 2005) examined corporate social responsibility is a very important dimension of corporate strategy and not a precondition for business success. The businesses must find a viable course of action between what is socially and ethically rights and what are economically profitable”.

Suggests that internal CSR practices demonstrate a concern for the health and well-being of employees, their training and participation in the business, equality of opportunities, and the work-family relationship. Internal CSR involves employee oriented social responsibility practices in the area of safety, health and well-being, training and participation in the business, equality of opportunities and work-family relationship (Vives, 2006)

There by, the literature's focus regarding internal CSR measures is directed at issues such as occupational health and safety, human capital, structural change and demographic aspects (Castka et al., 2004; Vives, 2006). Yet, a clear and comprehensive conceptualization and operationalization of the construct internal CSR

has not yet been provided by researchers of the field .Nevertheless, further emphasizing its importance, empirical studies show that active involvement in internal CSR activities on the part of the company increases employees' [University of Nebraska, Lincoln] at 06:34 03 September 2015.

(Dahlsrud, 2006), perceives social responsibility as “a description of the phenomenon by which businesses act to achieve both economic and legal goals with social and environmental goals”. (Dahlsrud, 2006), argues that, “due to today's business environment, the increasing degree of globalization, new stakeholders, the legal environment between different countries, thuste expectation of social responsibility will be different. However, in general, the most important issue is the balance between the economy and the rule of law and the impact on the environment”.

Thereby, they observe potential effects of these perceptions on both affective and continuance commitment, yet can only confirm the former one. (Brammer et al. 2007), in turn, relate more specifically to CSR in presenting a model ,based on social identity theory, which specifies significant effects of external CSR and two aspects of internal CSR, namely procedural justice and employee training, on organizational commitment. Yet, since their study also only focuses on the affective component of organizational commitment and solely on two single aspects of internal CSR, it does not give a comprehensive insight into the elements of the internal dimension of CSR and its impact on employees.

(Samuel O. Idowu, 2007), with their study of twenty companies in U.K., propounded that the U.K. companies have now become ethical in context of social responsibility. Here companies disclose it's CSR with a view of public benefits, government request and issue information to every stakeholder by considering people in twenty first century are better educated than past.

Organizational commitment, especially the affective component (e.g. Brammer, Millington, & Rayton, 2007).

(Macdonald and Rundle-Thiele, 2008) examined a relationship between CSR and customers' satisfaction in the bank. According to the conclusion of their study, customers' satisfaction is more affected by pro-client oriented events than CSR

activities. And if the bank decides to develop CSR activities, focus of these activities has to be properly chosen.

(Vaaland, Heide, 2008), paper based on a case study is the best example to handle the CSR critical incidents and utilize its experience in enforcing the CSR policies. The study concluded that CSR should be managed by handling unexpected incidents, by reducing the gap between stakeholders and their expectations and company performance and finally maintaining relationship with society through interplay between actor, resources and activities.

Dimensions of CSR since a company's related commitment is only credible if social Measures are not limited to the external dimension, but applied in equal measure internally (Basu & Palazzo, 2008).

Corporate social responsibility (CSR) has gained significant ground as a strategic approach (Blowfield & Murray, 2008). Corporations are faced with heightened pressure to demonstrate their responsibility towards the society and transform into more ethical organizations that are able to balance their financial interests with the long term interests of the society (Christensen, Morsing & Thyssen, 2008). More and more businesses are realizing that by adopting CSR they can gain a positive reputation and strengthen their relationships with different stakeholder groups such as the government, customers, investors, suppliers and their employees (Weber, 2008; Ali, Rehman, Ali, Yousaf & Zia, 2007). Successful CSR practices can also reduce conflicts with stakeholders and contribute to increased loyalty and sustainable growth (Weber, 2008).

The implementation of internal CSR initiatives above the regulatory obligations, such as requirements, laws and professional codes, lead to the rise of some intangible benefits, such as an increase in employee engagement and retention. By creating a good working environment and developing practices towards employees, organizations can expect higher motivation from its members since they are aware that their organization is making an effort to ensure their wellbeing. Internal CSR is directly related with the physical and psychological working environment of employees (Turker, 2009).

According to (Vitaliano, 2009), CSR is a voluntary action of enterprises, thereby improving social or environmental conditions. The author said that the subjects was related to businesses and they uphold the corporate social responsibility of social issues, environment, human rights and gender more than benefits.

(Mikael Holmqvist, 2009), he argued that over the last few decades corporations are paying special attention towards their social responsibility of workers health and their well beings. The strategy has two fold advantages including; ensuring better health and wellbeing for employees at work place and, sustaining responsible organizations in the socio- competitive environment. He viewed corporate social responsibility as corporate social control.

Internal CSR practices give organizations the competitive advantage in the agile business environment by creating shared value between employees and organization and seeking win-win outcomes (Carroll and Shabana, 2010).

(Shah, Bhaskar, 2010), in his case study of public sector undertaking, Bharat Petroleum Corporation Ltd. has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources of the society. In reverse, the organization provides services to the society. This case study of BPCL, has explored that the company has taken a lot of initiatives in order to serve the society.

In comparison, Al-b dour et al. (2010) are more precise in their study, focusing on the Internal dimension of CSR by using several factors (health and safety, human rights, Training and education, work-life balance and workplace diversity) to capture the construct before subsequently evaluating its effect on all three components of organizational commitment. The results of the model, drawing on social exchange theory, show that all internal CSR factors are significantly and positively related to employees' affective and normative organizational commitment, but not to continuance commitment. Yet, in light of the various limitations of the study, the authors themselves call for a more precision conceptualization and operationalization of the internal CSR concept. Nevertheless, the mentioned study has been picked up by ALshbiel and AL-Awawdeh, who divide internal CSR into three dimensions that are mostly in line with the factors proposed by (Al-b dour et al. 2010). Unfortunately, AL

shbiel and AL-Awawdeh *The International Journal of Human Resource Management* 3[University of Nebraska, Lincoln] at 06:34 03 September 2015(2011) study lacks an appropriate sample size, a proper theoretical underpinning and a clear understanding and definition of internal CSR.

(Soana, 2011) examined a correlation between social and financial performance of banks. This analysis showed that Italian banks haven't shown any significant correlation between social and financial performance. According to this study, any negative correlation between social and financial performance has not been revealed. On the other hand, results of this study provide evidence that banks' investment in CSR does not lead to economic benefits for the bank. According to Graafland and Van de Ven (2011), focus on a social responsibility of the bank requires increased professionalism of those who are working in the financial sector; a stronger focus on compliance with Code of Ethics; verification of employees' capabilities and other approaches such as transparency, focus on stakeholders' interests and cooperation with social institutions.

(Hartman, 2011), article "Corporate social Responsibility in the food sector" in *European review of Agriculture Economics* journal, analyzed the importance of CSR in food sector, particularly those companies which have high brand image CSR is an important part of these companies but SME's are less capable in discharging their obligation towards society. Further, the research found that food sector always tries to improve the controlling and discharging its services towards consumer's society. Consumers also prefer those brands which give preference to CSR activities and provide good product and services.

During the last decades, several models of OC have been proposed: compliance, identification and internalization; affective, normative and continuance commitment; value and continuance commitment (Baltazar, 2011) but the Three-Component Model developed by Allen and Meyer (1991) has become the dominant model for the study of this job attitude. The authors distinguish between three aspects of OC: affective commitment, which refers to a positive emotional attachment to the organization; normative commitment, which reflects feelings of moral obligation to the organization; and continuance commitment, which is related to the perceptions of high costs of leaving the organization.

(Mallen, 2012), depicted that how the trends of CSR have changed from last so many years. This change has affected both the society and business & explained three basic things about the changes in the trend: The relationship between business and society has changed due to social and environmental problem around the world & these conditions, business and society came closer. The businessman's strategy of developing business also affected society a lot, new ideas of business developments also came with CSR management that reflects in their product and services. Other parties like outside agencies and firm's own goals also interfere with the Firm's activity.

The economic Times (2012), news highlighted the views of former president Dr. APJ Abdul Kalam in a CSR award function organized by industry body Assocham. Kalam said that companies should devote some part of its goal to corporate services. It should make mandatory for all the companies to spend a percentage of its profit on corporate social responsibility. Kalam also discussed about the proposed bill on corporate spending on CSR. They assumed greater importance of CSR in building the lives of the country's citizens. An article published in The Economic Times named as "CSR: A cloak for crooks" on 21 Oct. 2012 explored that there are so many companies which have engaged in Corporate Social Responsibility yet they are suffering from financial crisis, fraud and other unsocial causes. In this article, an example has been taken about the company Satyam Computer Services. The company has won several awards in the area of CSR which includes rural communities' commitment and services like healthcare, education and water.

(Bibhu Parshed, 2012), article presented that CSR is the face of industry face of doing trade. Bibhu said that today, corporate houses took CSR as a medium for fulfillment of profit greed, further the article explored that today companies are investing in different areas like child labor, ground water, food, education, employment etc. but nobody is aware about the essential need of world's poor. The article suggested that profit earning is a natural fact of companies but CSR is beyond the natural and statutory obligation of the companies.

Regarding a closer observation of this connection, the literature review paper by (Aguinis and Glavas 2012) offers a good starting point, since – within their 'Individual Level of Analysis' (p. 12) – the authors identify further empirical papers

confirming employee commitment , but also related variables like improved employee relations , employees' increased organizational identification ,employees organizational citizenship behaviour employees' engagement and creative involvement , employees' in-role performance, employee retention and firm attractiveness to prospective employees as outcomes of CSR. However, (while in Aguinis and Glavas, 2012), overview the authors differentiate between the mentioned employee-related internal and further external outcomes, they present these outcomes in response to CSR as a whole, i.e. they do not explicitly distinguish between the internal and external CSR dimensions themselves. Nonetheless, there are a few in sight full studies that empirically examine the internal dimension of CSR, aspects of internal CSR or related variables as well as their relationship with employees 'organizational commitment. In this regard, while Meyer et al. (2002) do indeed not name internal CSR itself as a concept, their meta-analysis still includes related influential factors of employee's organizational commitment. In more detail, their results yield organizational support and justice as well as transformational leadership perceived by employees as strongly correlating with affective commitment.

The existent literature suggests that there is an overemphasis on the externally oriented and often PR-driven approach to CSR in contrast to the internally integrated and employee-driven CSR practice which has been rather neglected (Mory, Wirtz & Gottel, 2015). However, employees are considered to be one of the most important stakeholder groups and play a significant role in the success and growth of an organization. Internal CSR programs can enhance employee morale and productivity, attract potential employees and enhance corporate reputation (Lee, Park&Lee, 2015).

(Poudel, 2015) study on "Relationship between Corporate Governance and Corporate Social Responsibility: Commercial Banks". The research paper aims to show the relationship between corporate governance and corporate social responsibility disclosure in Nepalese commercial banks. In simple terms corporate governance is the system by which companies are governed. It is asset of rules and behaviors according to which company are managed and controlled. Corporate social responsibility or sustainability is an important feature in contemporary business addresses different aspects like business ethics, stakeholder's management and social performance. Effective corporate governance is expected to support effective and efficient corporate

social responsibility within commercial banks. The study reveals that different variables associated with corporate governance practices are positively and significantly correlated with the level of corporate social responsibility initiatives based on all three models.

Internal CSR practices have more impact on engaging employees rather than external CSR. In this regard, during the last years, some researchers have started to address how CSR affects employees, through the field of organizational behavior and human resources (Gupta and Sharma, 2016).

(Bal Ram Chapagain, 2021) Examines the effect of CSR practices on a firm's reputation and profitability by taking separate measures of internal CSR practices, external CSR practices, and aggregated CSR practices in the Nepalese context. Hence, the effect of internal, external, and aggregated CSR practices on a firm's reputation and profitability in the context of a least developed country in the global south.

There is a growing need to shed more light onto the impact of internal CSR practice on employees and their behaviour in the workplace. The chapter draws empirical evidence from a research study that was carried out with the aim of exploring the perceptions of 200 employees working banking sectors. The study was aimed at exploring the employees perceptions in relation to the implementation of four dimensions of internal CSR practice. These dimensions are: (1) health and safety, (2) labour relation (3) employee training and development, and (4) work-life balance.

2.2.2 Review of previous theses

Indeed, CSR has been studied by researchers since the 1950s (Carroll, 1999), but there is a lot of confusion in the way CSR is defined, why and whether it should be implemented and the way in which it should be practiced within corporations.

CSR has been studied extensively by academics and practitioners alike. It's a term associating businesses with corporate citizenship and self-regulation. It enables businesses to comply with legal frameworks, public policy and ethical standards. At the heart of CSR is the notion of benefiting the society (McWilliams & Siegel, 2001). The EU definition of CSR is: "A concept where by companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Commission Green Paper, 2001).

(Roberts and Markley 2011) posit that the aim of CSR is to “maximizing the creation of shared value for...owners shareholders and for their other stakeholders and society at large. It is rather difficult to provide a universally accepted definition since the topic has been described as elusive, broad and complex (Mohr, Webb, & Harris, 2001).

They are practiced by businesses not only merely to comply with legal and governmental frameworks but also in order to responsibly recognize and satisfy the interest and well-being of internal stakeholder groups. External CSR practices focus on the local community, business partners and suppliers, customers, public authorities and NGOs representing local communities, and the environment such as philanthropy, volunteerism and environmental protection (European Commission, 2001).

(Meyer et al., 2002), do indeed not name internal CSR itself as a concept, their meta-analysis still includes related influential factors of employees' organizational commitment. In more detail, their results yield organizational support and justice as well as transformational leadership perceived by employees as strongly correlating with affective commitment. In the same vein, Lee and Bruvold, (2003), investigate 'perceived investment in employee development' (p. 981) based on social exchange theory. Thereby, they observe potential effects of these perceptions on both affective and continuance commitment, yet can only confirm the former one.

Corporations engage in activities which impact several internal and external stakeholder groups and CSR highlights the importance of ensuring that these activities do not harm and instead create mutual benefit and value for both the business and all the stakeholders involved.

(Brammer et al. 2007), in turn, relate more specifically to CSR in presenting a model, based on social identity theory, which specifies significant effects of external CSR and two aspects of internal CSR, namely procedural justice and employee training, on organizational commitment. Yet, since their study also only focuses on the affective component of organizational commitment and solely on two single aspects of internal CSR, it does not give a comprehensive insight into the elements of the internal dimension of CSR and its impact on employees.

The difficulty in developing a single, universally accepted definition for CSR is due to the plethora of views within the academic literature, which create confusion (Godfrey & Hatch, 2007).

(Turker 2009) suggests that internal CSR practices are directly related to the physical and psychological working environment of employees whilst posits that internal CSR reflects a concern for the health and well-being of employees, their training and participation in the business, equality in job opportunities, and addressing work-family relationships.

In concluding, all of the mentioned studies call for further and more in depth research on internal CSR. In this regard, the application of a more complex empirical procedure, like structural equation modeling, seems to be beneficial for the development of the research agenda. While there are indeed further studies that empirically examine the connection between overall CSR and organizational commitment (e.g. Lo, Egri, & Ralston, 2008; Rego, Leal, Cunha, Faria, & Pinho, 2010), these studies likewise only highlight the relationship between CSR and organizational commitment; they do also not provide any insight into what actually constitutes internal CSR development proper conceptualization of this significant dimension of CSR. Accordingly, having identified existing research as well as this research gap and potential, we focus on conceptualizing and operationalizing internal CSR in the following and additionally verify its impact on both affective and normative organizational commitment.

(Ali, Rehman, Ali, Yousaf, and Zia 2010) suggest that CSR has internal and external practices. Internal CSR addresses the need of employees by highlighting diversity in the workplace, by promoting the health and safety of the workforce, as well as the provision of monetary and non-monetary rewards. These areas have been traditionally incorporated into the organizational HRM practice but what is new about them today is that they are integrated under a general effort to be responsible and ethical.

Several authors have expressed their views in terms of what constitutes internal CSR. Internal CSR practices are primarily directed towards employees and highlight the importance of investing in human capital (Ali et al., 2010). (Martinuzzi, Gisch-Boie, and Wiman 2010), stipulate that internal CSR integration is founded on fair and

efficient HRM practices such as workforce health and safety, employee respect and freedom, lack of discrimination and diversity in the workplace.

2.3 Research gap

There have also been few studies of CSR in the specific industries in Asia. (Al-bdour, Ellisha, and Lin; 2009) investigated the relationship between internal CSR practices and OC within the banking sector in Jordan. In Nepal, various research on CSR available. The works of Bal Ram Chapagain, (2021) explore the effects of internal, external and aggregated CSR practices on the firm's reputation and profitability. However, examining the relationship between internal CSR and organizational commitment is not found adequate in Nepalese context it is almost untouched one. Also, the variables used here are very rarely seen in a cluster. It can give new insight to the existing research.

CHAPTER III

RESEARCH METHODOLOGY

This chapter consists of explanation of methodology adopted for the study. It basically deals with the research design and plans initially, further it briefs about the sample size determination, and instruments that will use to collect the data, sources and method of data collection and finally the details about the data analysis tools and techniques are presented.

3.1 Research design

The study is aimed at finding the internal CSR that affect organizational commitment. Likewise, the research also tends to test the relationship between internal CSR and organizational commitment.

The research used the quantitative approach where the questionnaire was administered to the respondents to find the facts regarding organizational commitment of employees. The research follows the descriptive and analytical research design to describe the basic features of the data in a research. The descriptive research design is selected for the study to learn the profile of the respondents, presentation and description of the data collection, and to describe the characteristics of the respondents. Descriptive methodology is accepted methodology to be used because it is non-experimental in that it deals with the relationships existed between non-manipulated variables. The collected information is presented and analyzed using SPSS. The study has covered a wide range of factual questions about internal CSR and organizational commitment.

3.2 Population and sample

Sampling design is the blue print of the data collection and dissemination of data for the research. Since, the study is about the organizational commitment of employees; the population for the study comprises all the individual employees of commercial banks of Nepal. The census of the population is not desirable for this nature of study that is why a sample for the population has been selected. The sample size for this study includes 200 respondents. Those respondents are from Nepalese commercial banks.

In order to collect required information from the individual, the sampling design has carefully and properly chosen for the study. Convenient sampling has adopted for the study. Thus, to fill up the questions different commercial banks.

3.3 Data collection procedure

The study was conduct through the primary survey. The data was collected through the structured questionnaire from the various respondents in Kathmandu.

A survey was carrying out to collect opinion of employees of banks from questionnaire. All the questions included in the survey set was close ended i.e., it restricts the respondents within the given alternatives. The questionnaire was self-administered in nature where following method is used as per the situation. Questionnaire was printed and was given to the employees of banks of Kathmandu valley. For filling up the questions different commercial banks were visited.

3.4 Instrumentation of data

The data for the study was collected through the closed ended structured questionnaire. The demographic characteristic of employees and different internal CSR issues namely, labor relation, work life balance, health and safety and training and development related issues were incorporated in the questionnaire consisting single choice, multiple choices, ranking, Liker scale with 5 points scale will be included in questionnaire. Respondent will be asked to mark appropriate number on the scale from 1 (strongly agree) to 5 (strongly disagree) which indicate to what extent their investment decisions are affected by these factors. Hence, the questionnaire was prepared to measure the perception of the respondent with the view to measure either positive or negative response.

3.5 Reliability and validity of data

Reliability is the degree to which measures are free from error and therefore yield consistent results. Validity is the extent to which a test measure that we actually wish to measure. During the study, time to time visit with the expert instructor was done in order to ensure the reliability and validity of the study. Thus, the questionnaire preparation and distribution for data collection is ensure high reliability and validity because it was prepared in guidance of an expert, who oversaw the entire thesis development with pouring the set of standard in each step. To check the reliability of the data before data collection, Pilot testing was conducted with 10% of samples.

Table 3.1.*Reliability and validity of data*

Variables	Cronbach's alpha
Labour relation	.85
Work life balance	.75
Health and safety	.86
Training and development	.83
Organizational commitment	.88

*Source: SPSS Output***3.6 Data analysis tools and techniques**

The data was analyzed through the Statistical Package for Social Science (SPSS) software package and Microsoft Excel. SPSS is analytical and scientific software helps to organize the data, determine significant relationships and identify differences, similarities with and between different categories of respondents. For this research purpose, descriptive statistics, reliability analysis, regression, correlation test was performed in order to accomplish the objective of the study.

The structured questionnaire has been designed to conduct the survey. The questionnaire consists of single response and Likert5 scale questionnaire. Statistical tools are used for data analysis. Both qualitative and quantitative data analysis method is used with significance level set to 0.05. The following statistical tool is utilized for data analysis.

- Frequency and descriptive analysis.
- Inferential analysis (Pearson's coefficient of correlation, multiple regression analysis).

Pearson's correlation coefficient

Correlation can be measured by means of the correlation coefficient. Pearson's correlation coefficient is used in this research in order to examine the relationships between two or more research variables. If the value of the correlation coefficient is 1.0, then there is a perfect positive correlation between two variables (they increase together). In contrast, if the value of correlation coefficient is -1.0, it can be concluded

that there is a perfect negative correlation between two variables (one increases while the other decreases). In addition, there is no relationship between two variables if the value of correlation coefficient is zero.

Descriptive statistics

Descriptive statistics is used to explain the demographic characteristics of the respondents and the employees of the commercial banks. Descriptive analytical tools like frequency, percentage and mean is used. The analyzed data is presented by use of percentages, frequency tables. Average rank analysis also used to analyze reason of retention in commercial bank.

Regression analysis

The general purpose of multiple regressions is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable. In statistical modeling, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. A correlation analysis can only tell whether or not a strong relationship exists between two variables. But even if a correlation coefficient indicates that a strong relationship exists between two variables, the exact shape of the relationship between the two variables cannot be determined. In this case, regression analysis provides more information about the slope of the relationship. It is used to describe the nature of a relationship and to make predictions. Multiple regressions were used to explore the impact of independent variables (Labour relation, work -life balance, Health and safety, Training and development) on dependent variable: social (organizational commitment).

Where,

\hat{Y} = Organizational commitment (dependent variable)

X_1 = Labour Relation

X_2 = Work-Life Balance

X_3 = Health and Safety

X4 = Training and Development

Statistically regression equation can be

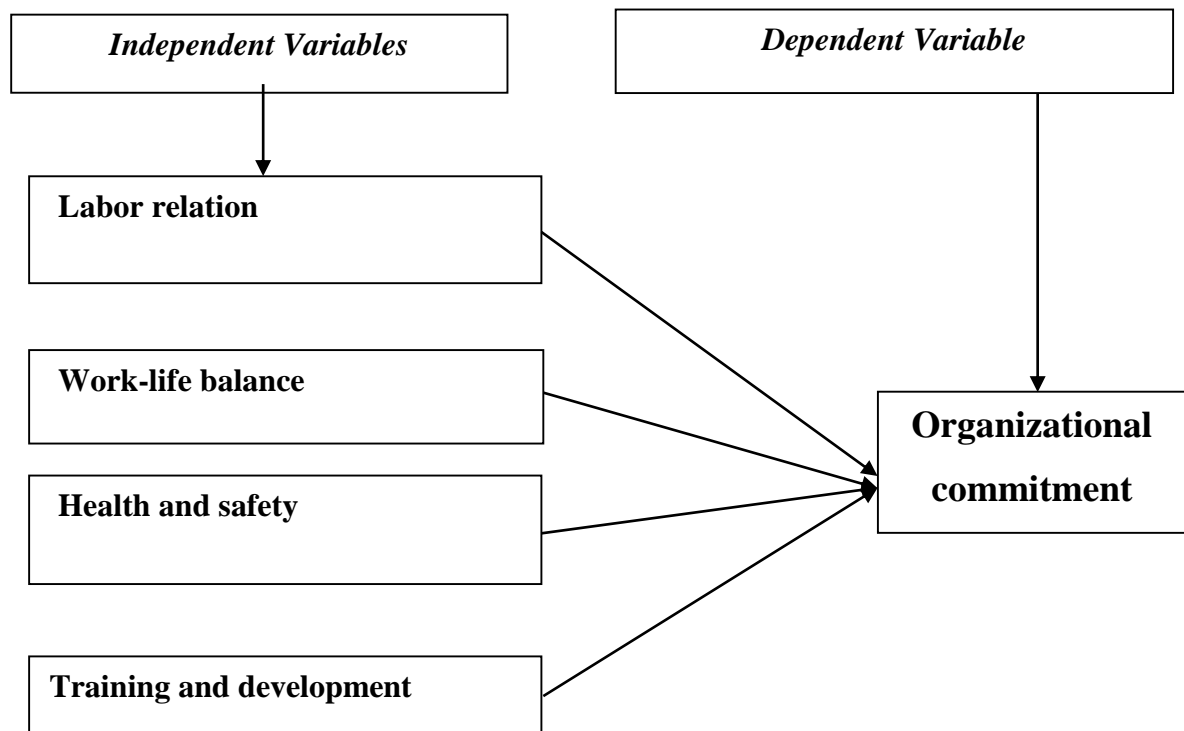
Written as: $\hat{Y} = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e_i$.

A = Constant

$\beta_1, \beta_2 \dots \beta_5$ = Regression coefficients of Factor 1 to Factor respectively

E_i = Error term

3.7 Research framework and definition of variables



Source: Adapted from Nguyen Ngoc Thang and Yves Fassin, (2017)

Figure 3.1: Conceptual Framework of the Study

3.7.1 Defining variables

Research purpose is to answer the specific questions. For answering such underlying questions, we develop and define variables. There are two kinds of variables in this research:

Independent variables: Also called predictor, independent variables are those which the researcher changes deliberately in order to observe the relationship with other variables. It is also called controlled variables. The independent variables in this research are:

Labor relation: Labor relations are the term used to define the process between employers and employees, management and unions in order to make decisions in organizations. The decision refers to wages, working condition, hours of work, and safety at work, security and grievances.

Work-life balance: Work-life balance refers to the level of prioritization between personal and professional activities in an individual's life and the level to which activities related to their job are present in the home.

Health and safety: As an employer, it is your responsibility to maintain a safe and healthy workplace. A safety and health management system, or safety program, can help you focus your efforts at improving your work environment. Whatever you call it, your plan describes what the people in your organization do to prevent injuries and illnesses at your workplace.

Training and development: Training and development refers to educational activities within a company created to enhance the knowledge and skills of employees while providing information and instruction on how to better perform specific tasks.

Dependent variables: The variables which are measured during research are called dependent variables. Here the dependent variable is organizational commitment.

In simple words, it is the strength of the attachment an employee feels towards an organization. It may be measured by the degree to which an individual is ready to adopt organizational values and goals. It may be measured by the degree to which an employee fulfills his/her job responsibilities. And it may also be measured by behavior observed in the workplace.

Affective commitment

Affective commitment or how much an employee actually *likes* or feels part of an organization has a tremendous effect on employee and organizational performance. High levels of affective commitment in employees will not only affect continuance

commitment, but also encourages the employee to try to bring others into the talent pool of the organization. An employee with high levels of affective commitment acts as a brand ambassador of the organization. On the other hand, an employee with high continuance commitment (due to lack of alternatives), but poor affective commitment may harm the organization by criticizing it in his/her social circles.

Continuous commitment

When continuance commitment is not completely driven by affective commitment, it usually boils down to the costs that an employee associates with leaving the organization. Continuance commitment is also driven to a great extent by organizational culture, and when an employee finds an organization to be positive and supportive, he/she will have a higher degree of continuance commitment. Important organizational factors like employee loyalty and employee retention are components of continuous commitment.

Normative commitment

Normative commitment builds upon duties and values, and the degree to which an employee stays in an organization out of a sense of obligation. There are times in small companies, when payments are delayed, and the employees have to suffer pay cuts or deferred pay, but they stay on, because they do not want to leave an employer during bad times. Normative commitment comes from a sense of moral duty and the value system of an individual. It can be a result of affective commitment, or an outcome of socialization within the workplace and commitment to co-workers.

CHAPTER IV

RESULT AND DISCUSSION

After data were collected through questionnaire, the collected data were entered into the computer for the purpose of data analysis and management. SPSS and MS excel have been used for the purpose of analyzing and interpreting the data. Different tables were generated using SPSS to get detail information about the findings.

4.1 Data presentation and analysis

This section includes the analysis of respondents with regards to their demography i.e. gender, age and education level. The responses of respondents are presented according to the question patterns with observed frequencies. This section shows the frequency distribution of respondents involved with respect to their age, gender and education level. Likewise, this section also includes the analysis of the most influencing factor for organizational commitment under different variables.

Table 4.1

Frequency of respondents by educational level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slc	5	2.5	2.5	2.5
	Plus two	26	12.7	13.0	15.5
	Bachelore	105	51.5	52.5	68.0
	Master	63	30.9	31.5	99.5
	Above master	1	.5	.5	100.0
	Total	200	98.0	100.0	
Missing	System	4	2.0		
Total		204	100.0		

Source: Field survey

Table 4.1 shows that out of 200 respondents by respondents education qualification in the table, 2.5% has completed SLC, 13% has completed plus two, 52.5 % has

completed their undergraduate, 31.5 % have completed their post graduate and 0.5% has completed above Master Degree.

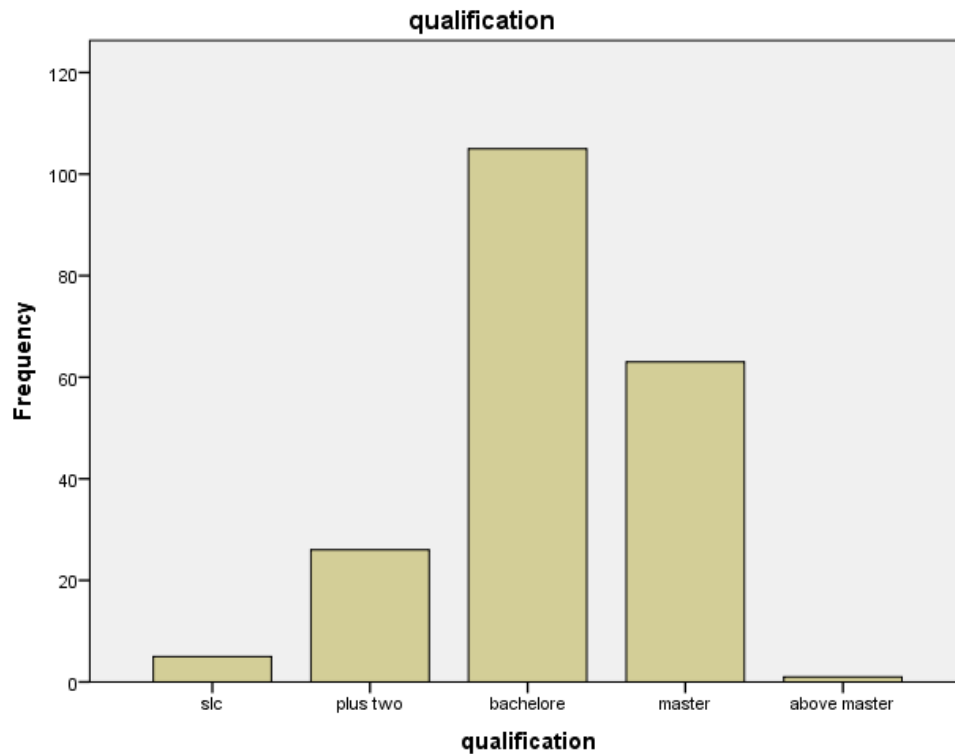


Figure: 4.1

Bar Diagram of Respondents by Education Qualification

Figure 4.2 illustrates the frequency of respondents by education qualification in bar diagram, it shows that out of 200 respondents by respondents education qualification in the table, 2.5% has completed SLC, 13% has completed plus two, 52.5 % has completed their undergraduate, 31.5 % have completed their post graduate and 0.5% has completed above Master Degree.

Table 4.2*Frequency of respondents by gender*

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	144	70.6	72.0	72.0
	Female	56	27.5	28.0	100.0
	Total	200	98.0	100.0	
Missing	System	4	2.0		
Total		204	100.0		

Source: Field survey

Table 4.2 shows the frequency distribution of respondents by Gender. Out of 200 respondents 72% were male and 28% were female.

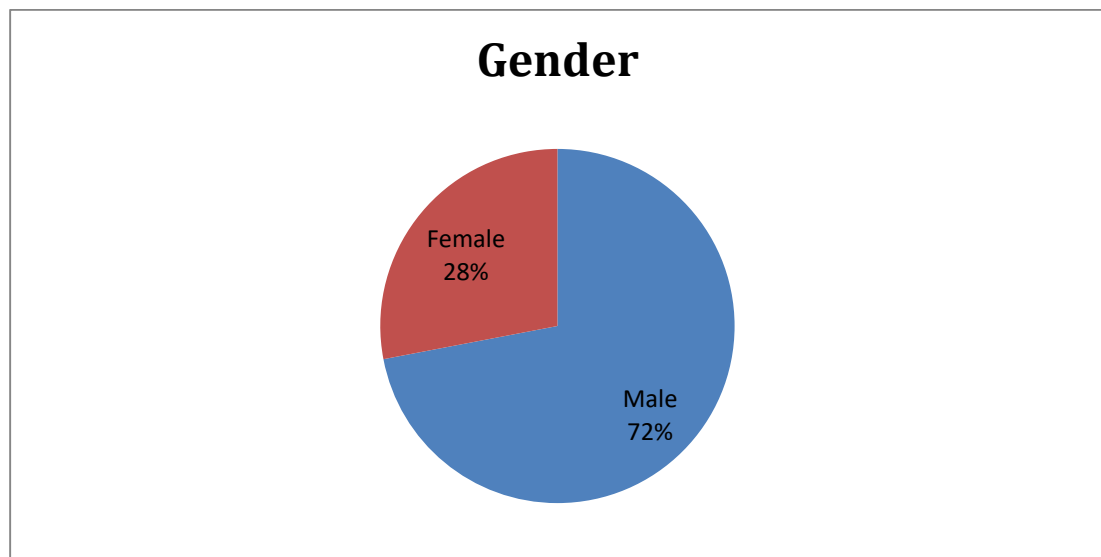


Figure: 4.2

Pie Chart of Respondents by Gender

Figure 4.2 shows the respondents by gender in pie chart, it shows out of 200 respondents 72% was male and 28% were female.

4.1.1 Descriptive analysis

4.1.2 Status of internal CSR practice in Nepalese commercial banks.

Descriptive analysis is a summary statistics that quantitatively describe or summarize features of a collection of information. In this study, mean is measured as measure of central tendency and standard deviation is measured as measure of variability of different variables of the study like Labor relation, work life balance, health and security, training and development

Table 4.3

Descriptive statistics of labor relation

Cod e	Opinion Statement	Mean	Std. Deviation
LR1	I can fully utilize their knowledge and skill in the organization.	3.30	1.541
LR2	I can freely discuss job related issues with their supervisor.	3.10	1.734
LR3	My organization provides the equal employment opportunity for all employees.	2.05	1.435
	Labour Relation	2.83	1.57

Table 4.3 shows the mean score for the statement “I can fully utilize their knowledge and skill in the organization.” has 3.30 mean with standard deviation of 1.541 which means respondent only slightly agree with the given statement while the statement “My organization provides the equal employment opportunity for all employees.” is 2.05 with standard deviation 1.435 which means Respondent agree with the given statement.

Table 4.4*Descriptive statistics of social interaction*

Code	Opinion Statement	Mean	Std. Deviation
WB1	I feel very energetic after work.	3.55	1.435
WB2	I can choose part-time work at my organization.	3.65	1.546
WB3	I look forward to being with the people i work with each day.	2.45	1.568
	Work-Life Balance	3.23	1.51

Table 4.4 shows the mean score for the statement “I can choose part-time work has at my organization” 3.65 mean with the standard deviation of 1.546 which means respondent slightly disagree with the statement while the statement “I look forward to being with the people I work with each day” has 2.45 mean with the standard deviation 1.568 which means respondent slightly agree with the given statement.

Table 4.5*Descriptive statistics of health and security*

Code	Opinion Statement	Mean	Std. Deviation
HS1	My organization provides good health care in the work place.	2.95	1.568
HS 2	My organization provides stress management for employees.	4.35	1.317
HS 3	My organization provides medical insurance for employees.	2.6	1.614
HS 4	My organization provides professional counselling service on health and safety.	4.17	1.266
	Healthy and Safety	3.53	1.44

Table 4.5 shows the mean score for the statement “My organization provides stress management for employees” has 4.35 mean with the standard deviation of 1.317 which means respondent slightly disagree with the statement while the statement “My

organization provides good health care in the work place.” has 2.60 mean with the standard deviation 1.614 which means respondent agree with the given statement.

Table 4.6

Descriptive statistics of training and development

Code	Opinion Statement	Mean	Std. Deviation
TD1	My organization provides career counselling and planning assistance to the employees.	3.20	1.635
TD2	My organization is fully supportive of a career management programme for the employees.	2.90	1.718
TD3	My organization provides financial support for my training.	3.21	1.613
TD4	My organization provides a systematic programmed that regularly assesses employee's skill and interest.	3.20	1.782
	Training and Development	3.13	1.68

Table 4.7 shows the mean score for the statement “My organization provides career counseling's and planning assistance to the employees.” has 3.20 mean with the standard deviation of 1.635 which means respondent agree with the statement while the statement “My organization provides financial support for my training.” has 2.45 mean with the standard deviation 1.399 which means respondent agree with the given statement.

4.1.3 Status of organizational commitment practice in Nepalese commercial Banks.

Table 4.7

Descriptive statistics of organizational commitment

Code	Opinion Statement	Mean	Std. Deviation
OC1	I would be very happy to spend the rest of my career with my company.	2.900	1.613
OC 2	I really feel as if this company's problems are my own.	3.480	1.543
OC 3	I am not afraid of what might happen if I quit my job without having another one lined up.	3.225	1.528
OC 4	It would be very hard for me to leave my company right now, even if I wanted to.	3.200	1.506
OC5	I feel that I have too few options to consider leaving this company.	3.200	1.507
OC6	I think that people move from company to another company too often.	3.650	1.427
OC7	I need to remain moral obligation because I believe that loyalty is important.	2.900	1.6133
OC8	I was taught to believe in the value of remaining loyal to one company.	3.050	1.565
	Organizational Commitment	3.20	1.35

Table 4.7 shows the mean score for the statement “I think that people move from company to another company too often.” has 3.650 mean with the standard deviation of 1.427 which means respondent agree with the statement while the statement “I would be very happy to spend the rest of my career with my company.” has 2.900 mean with the standard deviation 1.613 which means respondent agree with the given statement.

4.1.4 Correlation analysis

In this statement, in order to measure the strength of this relationship, a Pearson correlation analysis is conducted. Correlation is a statistical tool used to measure the association between two measured quantities. The value of correlation range from -1 (100% negative association or perfect inversion) to +1 (100% positive association or perfect agreement). A value of zero indicates the absence of association. Correlation coefficient of internal CSR and organizational commitments of Nepalese commercial Banks.

Table 4.8

Correlation

	OC	LR	WR	HS	TD
OC	1				
LR	.797	1			
WR	.889	.832	1		
HS	.843	.869	.979	1	
TD	.939	.879	.985	.967	1

Source: field survey

Correlation is significant at 0.05 level (2-tailed).

Correlation is significant at 0.05 level (2-tailed).

Table 4.8 reveals that the correlation coefficient between internal CSR and organizational commitment. Correlation between internal CSR and organizational commitment is observed labour relation, work life balance, health and security, training and development respectively (0.797, 0.889, 0.843, 0.939) at 5percent level of significant. The outcome indicates a positive association between internal CSR and organizational commitment. There is positive relation between internal CSR and organizational commitment which mean increase in organizational commitment and internal CSR activities will increase of commercial banks.

Hence, this study found that there is positive correlation between internal CSR and the organizational commitment of the banks.

4.1.5 Regression analysis

Regression analysis was done to find out the effect of predictors on the dependent variable. Linear regression were calculated and presented with F and t-value.

Multiple Linear Regression Model

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e_i$$

\hat{Y}	=	Dependent variable
X_1	=	Labour relation
X_2	=	Work-Life Balance
X_3	=	Health and safety
X_4	=	Training and Development
A	=	Constant
$\beta_1, \beta_2 \dots \beta_5$	=	Regression coefficients of Factor 1 to Factor 4 respectively

Table 4.9*Coefficient analysis*

Model	Unstandardized Coefficient		Standardized coefficient	T	Sig.	Collinearity Statistics	
	Beta	Std.Error	Beta			Tolerance	VIF
(Constant)	2.98	.43		6.843	.000		
Labour Relation	.89	.33	.248	2.666	.009	.858	1.165
Work-Life Balance	.47	.21	.210	2.192	.030	.805	1.242
Health and Safety	.06	.20	.030	-.337	.736	.918	1.090
Training and Development	.24	.31	.071	-.769	.444	.879	1.138

a. Dependent variable: Organizational commitment

The value of VIF is less than Five (5) so there is no multi collinearity and we can run the regression.

Sources: SPSS Data

On the basis of above findings, the following model has been

$$\hat{Y} = 2.98 + 0.899X_1 + 0.477X_2 + 0.069X_3 + 0.242X_4$$

In the regression analysis, the beta coefficients are used to explain the relative importance of the independent variables in contribution to the variance in dependent variable. The results presented in Table 4.9, shows that Labour relation ($\beta_1 = 0.889$, $p = 0.000$) carries the heaviest weight for organizational commitment, followed by Work-life balance ($\beta_2 = 0.477$, $p = 0.030$), Training and development ($\beta_4 = 0.242$, $p = 0.444$). The increase in labour relation, work-life balance, Training and business development enhance the organizational commitment too. Thus the result of multi regression analysis shows the positive relationship

between independent variable and dependent variable.

4.2.1 Model summary

Table 4.10

Model summary of organizational commitment

Model	R	R square	Adjusted square	Std. Error of the Estimate
1	.448	.200	.165	.67977

Sources: SPSS Data

Predictors (constant), Labour relation, Work-life balance, Health and safety, Training and development.

Table 4.11 shows the regression analysis. We know that R^2 measures how much of the variation in the dependent variable can be explained by the independent variables. In this study, we have found $R^2 = 0.20$. It means 20% of variation of organizational commitment has been obtained because of the changes made by independent variable (Labour relation, Work-life balance, Health and safety, Training and development).

4.2 Findings

- i. The findings of this study show that all dimension of internal CSR are positively related to organizational commitment. Internal CSR practice i.e. Labour relation, work-life balance, Health and security, Training and development categorized under the high order needs of esteem and self-actualization. The attainment of these needs can strongly affect the level of organizational commitment. A possible explanation for this result is that people come to organization with some needs, skills and expectations. They look forward to work in an environment. Where they can use their abilities and satisfy their needs and if an organization provides these opportunities to its employees.
- ii. The finding this study indicate the important of maintaining a health and security working environment for predicting employees organizational commitment. This suggest that employees who perceive and feel the work environment to be adequate safe and healthy will then value possibly leads to developing positive attitude towards various job components, which

ultimately results in higher organizational commitment. Argued that organizational needs to invest resources in ensuring that the work environment is pleasant to manageable by employees. By ensuring that equipment are functioning correctly and that there is adequate work space, employees will feels more secure and settled in their surrounding and will become more committed to the organization. The result of this study was consistent with the finding in the study by who found that good and safe working condition has positive and significant effect on organizational commitment among employees.

- iii. The result of this study shows that work-life balance has a positive and significant relationship with organizational commitment. The higher level of work-life balance initiatives is more likely to display higher level of organizational commitment. The result of this study concern with who found a significant relationship between work-life balance and organizational commitment. A probable explanations is that employees who perceived that their banks are providing legal requirements such as special leve to take care dependents, flexible work schedules, maternity leve and child care facilities, would help them to balance between home and work responsibilities, could lead to high organizational commitment.

Table: 4.11

Summary of Descriptive findings

Variables	Mean	Std. Deviation
LR	2.83	1.57
WB	3.23	1.51
HS	3.53	1.44
TD	3.13	1.68
OC	3.20	1.35

Descriptive statistics that showed the four dimensions such as labour relation (mean score 2.83), work-life balance (mean score 3.23), health and safety (mean score 3.53), training and development (mean score 3.13). This finding highlights a potential risk in that if the banks fail to identify and respond to their employee's needs and concerns, the employees will fell unhappy and dissatisfied and these feelings can impact

negatively on their motivation and productivity. There is a need to ensure that all dimensions of internal CSR are effectively implemented and managed in order to avoid any friction between the employees and owners.

In response to the research problem there is a positive impact of banks internal corporate social responsibility practices on employees and organizational commitment. Health and safety was found to have highest contribution organizational commitment, thus banks pay special attention to internal CSR.

4.3 Discussion

The growing imperative for business organizations to pursue socially responsible Strategies (Kapstein, 2001) has raised questions about the impact of such strategies on the behavior of external and internal stakeholders. This research investigates the impact of internal corporate social responsibility on organizational commitment. The relationship between internal corporate social responsibility and organizational commitment is investigated within a model that discriminates by gender and draws on social identity theory. The empirical results suggest that employee perceptions of corporate social responsibility have a major impact on organizational commitment. Such results are particularly important in the light of the observed relationships between organizational commitment, labour retention, health, and staff performance (Meyer et al., 2002).

In addition employees who perceive that the remuneration and compensation system is fair will have strong confidence in the banks capacity to continue treating them fairly in the future. Such an expectation of persistent fairness signaled by a just remuneration and compensation system will help improve employee's attitudes toward the banks as a whole. The result coincide with studies conducted by Peterson, D.K. (2004). In their study, they found that employees who perceived that they were treated fairly by their company tended to develop and maintain communal relationship with the company.

In order to use CSR as a competitive advantage and make CSR initiatives succeed, the roles of employees are crucial (Golob et al., 2013; Kataria et al., 2013). If employees are to be able to implement initiatives, take responsible decisions and work as marketers for their company's CSR, awareness and engagement of the companies

CSR initiatives must be in place. The findings of this study show that employees in all three companies have great awareness on the respective companies' CSR initiatives, even though there are minor discrepancies in one company.

Taken together the contribution of CSR to organizational commitment is at least as great as job satisfaction. The results also suggest that internal CSR is positively related to organizational commitment. This is an interesting result because external CSR is both discretionary and provides at best an indirect benefit to employees; supporting a conceptual framework which emphasizes the contribution of social identity theory. In addition to its role in external stakeholder management, external CSR appears, there, to offer indirect benefits to internal stakeholders through organizational commitment. Consistent with the earlier literature, procedural justice and training provision are both seen to contribute positively to organizational commitment (Meyer et al., 2002). These results are subject to significant gender variations, which appear to reflect female preferences for discretionary behavior and fair working practices. Thus women may show stronger preferences for internal CSR and procedural justice while men have stronger preferences for training provision.

CSR is a sustainable strategy for the business organization. It will increase the reputation and goodwill of the company. Despite the growing interest in CSR around the world, studies in CSR in Nepalese context are very limited. Studies to date in the Nepalese context are mostly focused either on the attitude and views on CSR. This study basically aimed at analyzing the relationship between internal CSR and organizational commitment of Nepalese commercial banks. This study has utilized both primary and secondary sources of data. The secondary source of data also has been employed to understand CSR and profitability of Nepalese commercial banks. The primary source of data has been used to examine the opinion of respondents with respect to CSR activities of banks. For the purpose of primary data collection, a set of pre-specified questions have been mainly utilized as the instrument.

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

In this study, the main purpose was to understand and analyze the impact of corporate social responsibility practices on organizational commitment in Nepalese commercial banks. Based on the literature review, various relevant independent variables and moderating variable were identified. The independent variable includes internal CSR and dependent variables organizational commitment. Specifically, this study examine the impact of internal CSR and organizational commitment. The conceptual framework of the study was developed based on dependent and independent variables identified through literature review. The overall plan of a research study was presented in third chapter. Convenience sampling was used as data collection procedure. The data was collected with the help of questionnaire. The study was conducted based on the sample size 200. The questionnaire was made available to the respondents through mail and through direct distribution of questionnaire in different commercial banks. This was done as per ease of respondents as well as the researcher. The participants were asked to comment on the format and appropriateness of questions, and to suggest any items that they believe to be included in the questionnaire. This was done to check the validity of research and questionnaire. In view of their suggestions, several amendments were incorporated into some questions that improved the clarity. Similarly, reliability scores are expressed numerically as a coefficient. This was tested with the help of Cronbach's alpha which resulted that the research to be reliable. This pilot test had assured the reliability and validity of the research which had important role to decide whether to carry the study further or not.

The research is descriptive and explanatory in nature. The overall research method is conducted through the collection of primary data. With reference to the demographic profile, the study focused on two components: gender, education level and occupation. Out of 200 respondents in this survey, 144 were male i.e. 72% and 56 were female i.e. 28%. Similarly, education level 200 respondents by respondents education qualification in the table, 2.5% has completed SLC, 13% has completed plus two, 52.5 % has completed their undergraduate, 31.5 % have completed their post graduate and 0.5% has completed above Master Degree.

5.2 Conclusion

The chapter blends both the findings that emerged from a literature review in the area of CSR and an empirical study. The result of the research study contribute to the literature on internal CSR and organizational commitment by providing insight into how the employees that the participated in the study perceived elements of internal CSR used to implement the central idea of corporate social responsibility that is addressing the needs and concerns of internal stakeholders beyond what is required by law. The study was conducted with Nepalese commercial banks.

The study revealed that the corporations that were studied use various human resources management tools, some of which the literature reviewed show them being an integral part of the internal CSR. The study produced some descriptive statistics that showed the four dimensions such as labour relation (mean score 2.83), work-life balance (mean score 3.23), health and safety (mean score 3.53), training and development (mean score 3.13). This finding highlights a potential risk in that if the banks fail to identify and respond to their employee's needs and concerns, the employees will fell unhappy and dissatisfied and these feelings can impact negatively on their motivation and productivity. There is a need to ensure that all dimensions of internal CSR are effectively implemented and managed in order to avoid any friction between the employees and owners.

This study has explored the relationship between internal corporate social responsibility and organizational commitment of Nepalese commercial banks. The results have significant implications for the implementation of CSR strategies within Banks. First the positive relationship between each aspect of internal CSR and organizational commitment emphasizes the payoff in term so for organizational commitment that may flow from corporate investments in CSR.

The standardized coefficients emphasize the contribution of each aspect and imply that the contribution of procedural justice is as large as that flowing from job satisfaction. Benefits of corporate community contributions are not restricted to external reputation and external stakeholder management but may also be reflected in the behavior of internal stakeholders. This emphasizes the importance that firms should attach to the communication of CSR policies and in particular external CSR policies such as corporate community policies to employees. Third, the results suggest

that the effects of CSR on corporate commitment vary with the type of policy and the individuals' gender. Gender variation in the relationship between each aspect of CSR and organizational commitment suggests that organizations with large female labour forces should pay particular attention to procedural justice and external CSR while firms with large male workforce should focus on the provision of training. The gender distinction is of particular importance in a context where women form an increasing proportion of both the labour force and senior management positions.

5.3 Implication

5.3.1 General implications

The study is subject to two possible limitations. First, both employee perceptions of CSR and organizational commitment are obtained from a single source.

The results are therefore, at least potentially, subject to common methods bias. However, since our analysis focuses on the impact of different forms of CSR on organizational commitment, rather than the aggregate relationship between CSR and organizational commitment, the impact of common methods bias on our results is likely to be small. In any case social identity theory assumes that it is employee perceptions of CSR which are relevant (Peterson, 2004) and it is these measures which this study uses. Second, the use of data drawn from a company-sponsored questionnaire of its own employees may result in biased estimates. However, the impact of the source on the results is likely to be limited. The data were collected by an external agency and our primary concern is with variations between types of CSR and gender rather than aggregate relationships where biases are most likely to occur. In any case the use of this source permits access to a large data base and, therefore, avoids the statistical problems associated with the omission of relevant variables.

5.3.2 Implication for future research

Finally we offered some suggestion for future research. First, this study collected information from 200 employees in Nepalese commercial banks. The sample size may be not representative of the banking and financial institutions in Nepal. Future research needs to collect data from a large and more representative sample. Second, this study focused on investigating the effect of internal CSR on organizational commitment in Nepalese commercial bank only. We recommend that future research

examine the relationship between CSR and organizational commitment in other sectors.

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Appendix1

QUESTIONNAIRE

Personal Information

Name:

Education Qualification:

Below SLC

SLC

Plus Two

Bachelor Degree

Master Degree

Above Master Degree

Gender:

Male

Female

Age:

Below 20

20 to 25

25 to 30

30 to 40

40 and above

Marital Status:

Married

Single

Internal CSR and Organizational commitment Information

Awareness of investors about Organizational commitment

Strongly Agree = 1 , Agree = 2 , Slightly Agree = 3 , Slightly Disagree=4 , Disagree = 5 Strongly Disagree = 6.

Particulars	1	2	3	4	5	6
Internal CSR						
Labour relation						
I can fully utilize their knowledge and skill in the organization.						
I can freely discuss job related issues with their supervisor.						
My organization provides the equal employment opportunity for all employees.						
Work-life balance						
I feel very energetic after work.						
I can choose part-time work at my organization.						
I look forward to being with the people i work with each day.						
Health and security						
My organization provides good health care in the work place.						
My organization provides stress management for employees.						
My organization provides medical insurance for employees.						
My organization provides professional counselling service on health and safety.						
Training and development						
My organization provides career counselling and planning assistance to the employees.						
My organization is fully supportive of a career management programme for the employees.						

My organization provides financial support for my training.						
My organization provides a systematic programme that regularly assesses employee's skill and interest.						
Organizational commitment						
I would be very happy to spend the rest of my career with my company.						
I really feel as if this company's problems are my own.						
I am not afraid of what might happen if I quit my job without having another one lined up.						
It would be very hard for me to leave my company right now, even if I wanted to.						
I feel that I have too few options to consider leaving this company.						
I think that people move from company to another company too often.						
I need to remain moral obligation because I believe that loyalty is important.						
I was taught to believe in the value of remaining loyal to one company.						