

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE  
MASTER OF BANKING AND FINANCE PROGRAMME**

**THE EFFECT OF INTERNAL CORPORATE SOCIAL  
RESPONSIBILITY ON EMPLOYEE COMMITMENT IN  
AYA BANK**

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AYA BANK**

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## **ABSTRACT**

This study focuses on internal CSR practices on employee commitment in AYA bank. The main objectives of the study are to identify the internal CSR practices of AYA bank and to analyze the relationship between internal CSR (workplace diversity, health and wellbeing, social dialogue, compensation and benefit and human right) and employee commitment in AYA bank. Descriptive and quantitative research methods are utilized. Both primary and secondary data are also used in this study. The primary data is collected from 150 employees of AYA bank with structure questionnaire. Secondary data were collected through journals, websites and books on the related topics. Among five internal CSR practices of AYA bank, health and wellbeing, compensation and benefit, and human rights have significantly and positively influenced on employee commitment while workplace diversity and social dialogue have no significant effect on employee commitment. The result indicated that the internal CSR practices are critical to effect in employee commitment in AYA Bank except for workplace diversity and social dialogue.

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# CHAPTER I

## INTRODUCTION

To achieve sustainable business results, employee commitment is critical for every organization. The employee feels satisfied with the work and happy that they are segment of the business, and their workers love what they do. Ramsay and Finney (2006) also showed that committed workers are 1.3 times greater in their prospects than less committed employees and that extremely committed staff are five times less likely to leave the business on their own voluntarily. In order to achieve outstanding operational performance, organizational commitments must be combined. Therefore, businesses need to have highly committed workers to get benefit in particular by using the expertise, knowledge, and abilities of the employees to increase business efficiency. There are several ways in which the organization can improve employee commitment and loyalty, such as fair wages, job security, working conditions, recognition and appreciation, communication, health, and career growth (Foley & Maunders, 1977). According to ISO 26000, these factors are regarded as internal CSR since they focused on taking care of employees of companies. The problem is, however, that scholars pay less attention to internal CSR (Cornelius, et al., 2008). Some researchers focus only on the field of external CSR, the social impact on societies, and outside stakeholders. Therefore, the relationship between organizations' involvement and internal CSR needs to be investigated for a better understanding.

CSR's benefits for businesses such as retaining or enhancing the credibility and brand image of the organization require a social license to operate for minimizing the company's business risk, increasing access to resources, market expansion, reduce costs, improve stakeholder ties, improving regulatory relations, boosting employee morale and productivity (Wibisono, 2007). Although CSR has grown in developed countries and has been considered a western philosophy over the past few decades, CSR has also been increasingly taken into consideration by Asian developing countries such as Myanmar as well as local and international companies (Maung & Chotiyaputta, 2018). In Myanmar, currently the multinational enterprise supervision of systematic and effective CSR implementation and sustainability in business activities, as it has international links, assistance, guidance, and pressure on its parent company (Hohnen, 2007). The CSR Special Planning is needed as a requirement for Myanmar Investment Commission (MIC)

permits for certain sectors under Pyidaungsu Hluttaw law No 21/2012 – Foreign Investment Law (Burma-English) (2012) and Myanmar Citizens Investment Law (2013) (DICA, 2016). In Myanmar, the main push for CSR enforcement and responsible banking business is by foreign companies with higher standards of CSR, along with other NGOs, civil society, and local governments. Banks increasingly recognize that they are prepared to accept responsibility for the social and environmental consequences of their global trajectory to ensure their success and adequacy in the future with a good reputation.

The internal CSR practices that effect on commitment to the business's success. (Wang, et al., 2020). The banking industry has a weighty result on society through influencing the price and value of financial assets, monitoring borrowers, and establishing a payment system. Therefore, the banking sector is appraised to be the most vulnerable to the effects of CSR because of the banking industry's unique and complicated set of stakeholders. A bank's reputation depends on its social responsibility, which influences its ability to recruit and retain high-quality personnel for long-term growth and improvement of the workplace.

In the Banking sector in Myanmar, AYA Bank is the second largest bank and possessed more than 3.2 million customers and the total number of 265 branches opened. AYA is committed to implementing global structure in corporate governance including internal and external corporate governance and compliance best practices in its management and operations, the question of how employees perceive and react to AYA's internal CSR dimensions remains deficient. In consideration of this gap, this study explores how AYA bank's employees respond to the bank's internal CSR dimensions through their commitment.

## **1.1 Rationale of the Study**

Most organizations are conscious that CSR is a high-profile project that the business world sees as strategic (Porter, et al., 1974). Several studies show that socially responsible companies benefit from advantages such as customer satisfaction and favorable customer reviews (Brown, et al., 2006). The direct impact of perceived internal and external CSR and the affective commitment of workers has been investigated. (Brammer & Rayton, 2007). Internal CSR has a stronger relationship with the employee's commitment than external CSR through various measures to create the link between the perceived internal and external CSR. They underlined the value of organizational fairness and equality. They also noticed that CSR's contribution to organizations' commitment is

very significant. They implied corporate social responsibility efforts are just as critical as job satisfaction. It should therefore be regarded as an important predictor of employee commitment. Turkish researchers (2009) conducted a similar study as quoted in (Zafar & Ali, 2016). To assess the relationship between the perceived CSR and employee contribution, the researcher analyzed the different types of social and non-social stakeholders (e.g. Community, future generations, and the environment). Results showed that all sorts of CSR develop a positive connection with employee commitment. In the research, found that CSR does not exist as a strong predictor of government involvement. The author indicated that it could be because of the element of legality (Zafar & Ali, 2016). The workers may not view this as a socially responsible action or a legal obligation. This is contrary to what other studies have noticed.

In previous studies, it is clear that the legal aspect of CSR has a significant positive effect on commitment (Maignan, 2001). However, the efficiency of CSR activity on internal stakeholders (i.e. employees) is largely ignored. Moreover, while several previous studies have underlined the ties between CSR and organization (Riordan, et al., 1997; Peterson, 2004), the analysis of CSR in Myanmar banks has been relatively poorly investigated in CSR programs that affect the organization's commitment to employees is still unknown. Scholars also ignored the self-assessment by employees of CSR initiatives and thus need to be questioned whether employees recognize them mainly through self-assessing or mirrored evaluations of the CSR initiatives.

The CSRs of AYA Bank include responsibilities and activities in the areas of human rights, work practices, governance of organizations, fair business practices, community engagement, social and economic development, consumer advantages, and environmental issues. While AYA Bank is determined to take these obligations and practices with well-designed strategies, schedules, processes, execution, collective measures, and tracking for the greatest benefit of all, the difference in awareness still exists between banks ' internal social responsibility and corporate organizational commitment.

AYA bank's internal CSR strategies are applied to the existing operating principles to create and promote behavior that generates value. AYA bank has strong ICSR practices, however, the bank's internal report stated that workplace diversity and compensation and benefit factors are at risks, i.e., AYA bank does not provide well structure of workplace diversity and compensation and benefits for its employees.

AYA Bank is worth studying that plays an important key role in improving the societies through its banking systems in Yangon, Myanmar. Since banking seems to be the most sensitive to the impact of CSR, this research is conducted to study whether AYA bank's CSR activities of workplace diversity, health and wellbeing, social dialogue, compensation and benefit, and human right have an impact on employee three types of commitments. By carrying out this study, AYA Bank will know if it is currently implemented CSR activities are effective enough for its employees to commit to the organization since banks need to be socially responsible to build their reputation to retain their employees in the organization. Thus, my thesis is to study the impact of internal corporate social responsibilities on employee commitment to AYA bank.

## **1.2 Objectives of the Study**

The objectives of this study are as follows:

1. To identify internal CSR practices of AYA bank and
2. To analyze the relationship between internal CSR and employee commitment in AYA bank

## **1.3 Scope and Method of the Study**

This study only emphasizes on the internal CSR practices of AYA Bank and the relationship between internal CSR and employee commitment in AYA bank. The study uses both primary and secondary data. The study focuses on the perception of employees in related to the internal corporate social responsibility practices (workplace diversity, health and wellbeing, social dialogue, compensation and benefit, and human right) of the bank.

The primary data is collected from 150 employees that is 57% from AYA bank's selected four regional-size branches in Yangon by distributing survey questionnaires with Five Point Likert Scales. Secondary data is exploited via journals, websites, and books on related topics. For the analysis of data, descriptive statistics, correlation, reliability, and multiple regression analysis are used with the assistance of SPSS version 23.

#### **1.4 Organization of the Study**

In this paper contains five chapters. Chapter 1 presents the introduction of the study which includes rationale, objectives, scope, methods of the study, and organization of the study. Chapter 2 includes the theoretical reviews of internal CSR practices, employees commitment, and the association connecting internal corporate social responsibilities and employees commitment. Chapter 3 contains the background and internal CSR practices of AYA bank in Myanmar. In Chapter 4, data presentation, analysis and interpretation on internal CSR practices and employee commitment are conducted. Chapter 5 presents the findings, recommendations, and limitations of the study.

## **CHAPTER II**

### **THEORETICAL BACKGROUND**

This chapter introduces the definition and theoretical background of internal corporate social responsibility, components of internal corporate social responsibility (workplace diversity, health, and wellbeing, social dialogue, compensation and benefit, human right), employee commitment (affective, continuance, normative), the relationship between internal CSR and employee commitment and conceptual framework of the study.

#### **2.1 Corporate Social Responsibility**

Company's positive impact on robust society and the environment via its operations, products, and services, as well as its interactions with important stakeholders, is what is meant by corporate social responsibility (CSR) (Katsoulakos & Katsoulakos, 2006). To maintain a healthy connection with the community and environment in which an organization works, corporate social responsibility is critical (Williams & Siegel, 2001). There are four components of CSR, according to Carroll (1979), which are based on the following: economic, legal, ethical, and discretionary (Carroll, 1979). The word "social responsibility" refers to a company's long-term commitment to making a positive difference in the lives of its employees, their families, and the communities in which they operate (Holme & Watts, 2002). Social obligation, social responsibility, and social responsiveness are Sethi's (1975) three dimensions of CSR. To fulfill one's social responsibilities, one must engage in both legal and market-oriented activities. Fulfillment of legal requirements is a kind of social obligation. While earning money, the legal requirement serves as a marketing tool. To be socially responsible is acting in a way that meets society's needs and expectations. The proactive and anticipatory activities done by businesses to fulfill society's demands and desires are referred to as social responsiveness (Sethi, 1975).

Several theories underlie the idea of corporate social responsibility, including the institutional theory, resource-based perspective of the firm, firm theory, agency theory, and stakeholder theory (Lindgreen and Swaen, 2010). From the viewpoint of the stakeholder theory, CSR is directly linked to every key stakeholder including any organization or people who influence the aims of the company. All stakeholders' interests

should be given equal weight under the stakeholder theory. According to the theory of the social contract, a firm has an obligation to society in addition to its shareholders' expectations (Ghillyer, 2014). Social contract theory states that a firm has a commitment to society rather than just shareholders since it relies on the public for survival and development. Customers, workers, shareholders, vendor partners, and community partners are all stakeholders. According to Wong and Wong (2015), "corporate social responsibility" (CSR) refers to acts taken by a firm to benefit society as a whole rather than just its shareholders and completing its legal obligations (Wong & Wong, 2015).

According to Carroll (1979), corporate social responsibility is modeled after the expectations of society. He outlined the four pillars of CSR as follows: economic responsibility, ethical responsibility, social responsibility, and philanthropic responsibility. The economic responsibility includes profits, ethical responsibility includes justice and moral expectations, social responsibility includes social rules and regulations, and philanthropic responsibility includes voluntary actions (Carroll, 1979). Carroll (1991) later offered a pyramid model to explain the four responsibilities, since companies may not be aware of or have the resources to carry out these tasks. Economic responsibilities are regarded to be a vital part of the pyramid since they are thought to be essential for every firm. On peak of the pyramid, there have ethical, legal, and philanthropic values (Carroll, 1991). As a result, corporate social responsibility established the ethical conduct of organizations. Organizations can construct and sustain strong and healthy relationships with their stakeholders, especially workers, which, in turn, contribute to the creation of a competitive advantage as well as a superior corporate reputation of dependability and honesty (Ali, 2011).

## **2.2 Internal Corporate Social Responsibility**

Internal Corporate Social Responsibility is to provide a direction may grow and enhance its commitment to socially responsible practices within the marketplace in which it utilize. Internal corporate social responsibility is centered on the workers and the employer-employee relationship. The primary motivation for small and medium-sized enterprises (SMEs) to participate in CSR is a concern for the health and well-being of their workforce (Spence & Lozano, 2007). Internal corporate social responsibility (ICSR) refers to the actions that corporations choose to take in order to meet the expectations of their employees, actively fulfill and improve organizational equality regarding employees (like improving the well-being and satisfaction of employee

health), and ensure workers safety as well as the growth and development of employees (Kim, et al., 2018; Brammer, et al., 2007). Internal corporate social responsibility is forcefully binded to employee mental and physical health via the provision of welfare services for workers, and the fundamental purpose of CSR to serve the needs of employees rather than those of the corporation (Farooq, et al., 2017). According to Ehnert et al (2014), an internal CSR action is an activity that a business engages in to meet the expectations of its workers and employees. These expectations might include things like health and welfare, training, participation, and so on (Ehnert, et al., 2014). In addition, Amann and Stachowicz-Stanusch (2013) highlighted other than corporations may accomplish as internal CSR such as workplace health and safety, work environment, development of worker skills, fair reward system, and so on. It is widely held that a firm will get real outcome advantages from internal CSR in the arrangement of increased staff dedication and retention (Amann & Stachowicz-Stanusch, 2013).

Internal CSR refers to CSR initiatives that are concerned with the mental and bodily working environment of the company's workers (Turker, 2009). It is connected to the welfare of workers, including their health and safety, the opportunity for training and development, equality of opportunities, engagement in the structure of the company, work-family interactions, etc. Similarly, internal corporate social responsibility (ICSR) may also comprise a company organization exercising its responsibilities to its workers in a charitable manner and being attentive to providing for the particular social requirements and preferences of its employees. In addition, ICSR emphasizes the professional and personal growth of its staff members. This capacity development might include more than just strategic workforce training; it could also provide workers opportunity to better themselves via charitable activities, contributing to the growth of the organization's human capital (Junejo, et al., 2018). There are so many internal CSR practices, however, this study only focuses on five aspects of internal CSR; workplace diversity (Albdour, Ali & Lin, 2010), health and wellbeing (Shibeika, 2015), social dialogue (Thang & Fassin, 2016), compensation and benefit (Jusoff et al., 2008), and human right (Albdour, Ali & Lin, 2010).

### **2.2.1 Workplace Diversity**

Because of the remarkable shift that has taken place in the working circumstances over the last several years, the cultivation and enhancement of workplace diversity emerged as an issue of critical importance for organizational management. Workplace diversity associate to the workplace and mention to employees who have different characteristics and behavior. Workplace diversity also refers to employees who have different human being experiences and cognizable method to problem-solving. Surprisingly, ensuring diversity in the workplace does not only involve employing people from a various of backgrounds; rather, it also involves ensuring that all workers participate in equal measure. Many businesses continue to struggle with the difficulty of managing diversity in the workplace. Even if it has no restrictions and does not recognize organizational borders, some business professionals believe that diversity in the workplace is a significant problem because of its magnitude. Nevertheless, a company that places a priority on diversity may expand its creative capacity and its base of skills, as well as become more inventive and competitive. When firms acknowledge and value diversity, their effectiveness, productivity, and ability to remain competitive over the long term will all improve (Adu-Gyamfi, et al., 2021).

Workforce diversity refers to a strategy that employs diversity and inclusion efforts to assist and include employees from an extensive scope of backgrounds in all roles within an organization. In order to build and execute a workplace diversity program that encourages perceiving differences as an origin of value, it is vital to have a working knowledge of the practical applications of diversity management in businesses. Differences among individuals affect how they are accepted, how well they perform, how satisfied they are, or how far they progress in an organization; the goal of the organization must transform these differences into resources and make them sources of strength rather than liabilities and weaknesses. In addition, diversity in the workplace impacts every HR function together with the outcomes for employees (Hays-Thomas, 2016).

### **2.2.2 Health and Wellbeing**

According to Friend and Kohn (2010), the sustainability and protection of human and facility resources in the workplace are the primary concerns of health and wellbeing in the workplace. To put it in the simplest terms, the firm is essential to verify the health

and safety of its workers in order to reduce the risk of fatalities and injuries among those workers. In addition, one of the primary concerns of health and well-being is the enhancement of the quality and effectiveness of organizational operations. If an employee enjoys and feels safe in their working environment, they are more likely to feel worth and safe keeping for by their employer, which in turn may result in increased loyalty and job satisfaction. They have a responsibility to voice their concerns regarding the firm's health and wellbeing policies since they are heavily impacted by the CSR activities conveyed for the organization. According to Santoso (2014), the work environment may be both physically and psychologically demanding. The equipment, the building, the lighting, the temperature, the noise, and the radiation all contribute to what is known as the bodily working environment. The integrity and dignity of workers, as well as their ability to communicate easily with one another and ensure that they are safe, are all aspects of the functional working environment. Therefore, there is to be no harassment or any other unlawful conduct. Having a healthy and happy workforce is beneficial to an organization's productivity, work quality, and overall performance. Therefore, it is possible for any company that does not fund in its workers' effective health and well-being to have negative effects such as high rates of absenteeism, low levels of productivity, and poor overall performance (Santoso, 2014).

### **2.2.3 Social Dialogue**

Social dialogue is an essential tool to achieve economic and social harmony as well as effective governance. Promotion of peaceful labor relations, fair and decent working conditions, job creation, inclusive development, and competitiveness plays a vital role. The greatest powerful means by which the organization can improve living and working circumstances, as well as forward the cause of social fairness, is via the facilitation of social dialogue. The method of social dialogue is very beneficial for the formulation of policies that are tailored to the priorities of the business. In addition to this, it provides a solid foundation for establishing the commitment of companies and employees to joint action, which the government needs to get through the crisis and for a sustainable recovery (ILO, 2013). In its broadest and most general sense, the term "social dialogue" appears to be little more than another name for "industrial relations," which typically involve some form of collective negotiating as well as other strategies for attempting to reach an agreement between the employer and employee representatives (Eurofound, 2009). A second interpretation of the term differentiates it from collective

bargaining by referring to an exchange of information and points of view. While such an interaction may eventually make successful negotiation more likely, it does not refer to the negotiation process itself. It denotes a certain institutional setup that hope to encourage interaction that results in positive total or agreed outcomes. In a similar vein, it may signify a normative orientation toward the promotion of social collaboration and the avoidance of conflict (Yusuf, et al., 2021). A well-known strategy for enhancing working conditions is called social dialogue, and it involves productive negotiations and collaborative efforts on the segment of both employers and workers. The only way for social dialogue to be successful is for all parties engaged to have a thorough comprehension of its advantages and a clear understanding of what those advantages are.

#### **2.2.4 Compensation and Benefit**

The issue of compensation is a complicated one that has a considerable impact on the performance of a business. To put it another way, compensation is both a cost or an expenditure and a significant tool for obtaining competitive advantages. The term "compensation" refers to the sum of all the benefits that are given to employees in exchange for their labor. The overarching goals of providing employees with compensation are to recruit, inspire, and retain workers. According to Robbins (1983), organizational compensation may comprise a wide variety of dissimilar types of incentives and benefits, including salary, incentive payments, and many other benefits and services (Robbins, 1983). Not only does compensation represent an individual's ability to return advantages to organizations, but it also does so as a reflection of the individual's talents in such companies. It is of the utmost importance to attract potential employees and instill a sense of motivation in current workers so that overall productivity may be raised (Ivancevich, et al., 1989). If an employee perceives that he or she is being paid too little, the worker will probably put in less effort, either by working more slowly or by taking more time off. Therefore, employee decision-making processes on whether or not to remain with their businesses and whether or not to embrace responsibility are influenced by compensation.

A benefit is any variety of earnings offered by an organization other than allowances that are paid for in whole or in part by the employer. Wages and salaries are the most common forms of employee benefits (Jusoff et al., 2008). The establishment of healthy corporate industrial relations is also dependent on the provision of benefits. Retirement plans for the elderly, programs to assist patients in hospitals, social security,

paid time off, and vacations are some examples (Cohen, 1993). An employee benefits program is considered both a required and sufficient working condition in Herzberg's two-factor theory (which examined motivation and hygiene in the workplace). The workers' job motivation, and thus their output, will be impacted by the hygiene factor (Hong, et al., 1995). Therefore, the benefits provided to employees become necessary if the satisfaction of employees is to be maintained and the commitment of employees is to be strengthened. Benefit programs include social security and workers' compensation, while discretionary programs such as health benefits, pension plans, paid time off, tuition reimbursement, recognition, etc. (Cascio, 2003; Bernadin, 2007).

### **2.2.5 Human Rights**

There is a connection between the economic, social, and environmental dimensions of business activities and human rights. For instance, the economic side is affected by labor rights, such as the need that businesses to provide equitable salaries. There is a connection between the social dimension and human rights, such as the right to be free from discrimination. In addition, the environmental impacts of business operations may affect a variety of human rights, such as the right to a clean environment and purified water to drink. It is normally recognized that national governments have the main duty for the implementation of international human rights norms; nevertheless, there is a growing consensus that companies also have an essential part to play in this process. There are several ways in which corporations affect human rights. These effects have gotten increasingly serious over the last several decades as a consequences of the growth of both the economic power and political influence of businesses, as well as the greater involvement of corporations in the provision of services that were once supplied by governments. Companies have come to realize that respecting the human rights of individuals who interact with the company in a certain manner is an essential component of being a decent corporate citizen. This realization has led to widespread implementation of the policy. This might be direct contacts, such as employees or customers, or indirect contact, such as workers of suppliers or individuals living in regions impacted by the activity of a firm (Lakra, 2014).

### **2.3 Employee Commitment**

The term "commitment" refers to the condition that a person is in when they have embraced a certain set of behaviors to attain the desired aim. That affect workers develop

their own identities and demonstrate an interest in the important work going on around them at their places of employment is an indicator of their level of commitment (Meyer, et al., 2012). According to Kanter (1986), a commitment is conceived of as cohesion commitment, which characterized the individual's contribution of action and emotion to the group. Buchanan (1974) defined commitment as partisan commitment, which occurs when individuals demonstrate the connection to the organization's aims and values and execute their responsibilities that can cause congruent with those goals and values. The sentiments and beliefs of workers were shown to have a link with the company, which is shown by their level of commitment. Not only does employee commitment need objectives and values to be compatible with those of the business, but it also necessitates a need, a desire, and a duty to demonstrate a connection to the company (Buchanan, 1979). Two aspects may be used to characterize organizational commitment. The first is a behavioral component, while the second is an attitude-based aspect. An attitudinal approach is used when an employee is tied to an organization either mentally or emotionally and exhibits the want to remain with the company. This desire to stay with the organization is shown by the employee (Meyer, et al., 2012). To put it another way, an employee's degree of dedication to the company is an example of their level of commitment, which is another way of defining commitment. In addition, organizational commitment can be defined as an employee's readiness to put in long hours and significant effort toward the accomplishment of the organization's desire, as well as an employee's obtaining of the organization's core values and strong desire to continue working for that organization (Khan & Iqbal, 2020). Affective commitment, continuation commitment, and normative commitment are the three aspects of commitment that have received a lot of attention from different scholars in their respective studies (Allen & Meyer, 1990).

### **2.3.1 Affective Commitment**

A person's level of affective commitment to their employer may be measured by the extent to which they experience emotions such as loyalty, warmth, belongingness, and so on in connection with their work. Affective commitment, as defined by Jaros et al. (1993), is an individual's mental connection, identity, and engagement in the organization (Jaros, et al., 1993). The affective commitment is defined by Mathew and Shepherd (2002) as consisting of three components: the belief in and acknowledgement of the organization's goals and values; a willingness to focus one's efforts on assisting the

organization in achieving its goals; and the desire to maintain organizational membership (Mathews & Shepherd, 2002). Affective commitment may be defined as the workers' identification with an organization and its goals, as well as their decision to continue participation in order to give to the organization's success in achieving those goals (Naser, 2007). Affective commitment, further, is interpreted by Meyer and Herscovitch (2001) as the employee involvement and affiliation with the organization. As a result, employees become inherently motivated or participate in a way of movement that spread from an distinguishing, corporation, and addition with the organization's goals and values (Meyer & Herscovitch, 2001). Affective commitment may thus be measured by an employee's desire to continue with the business as well as an employee's favorable sentiments about the organization. Affective commitment is what decides whether or not an employee wants to continue working for a business because the employee actually wants to (Mercurio, 2015).

### **2.3.2 Continuance Commitment**

Employees who have joined a company and have made the decision to remain because they have no other option or are aware of the costs associated with quitting the company are said to have made continuance commitment (Dixit & Bhati, 2012). The workers' views on the costs associated with the organizations that are currently in operation are scrap of the continuance commitment (Nawab and Bhatti, 2011). The commitment to continue operations is grounded on the expenses and benefits involved with continuing to operate the organization. Continuance commitment refers to an individual's evaluation of whether or not the costs associated with leaving the company are greater than the expenses associated with staying (Jaros, 2007). Therefore, workers who see the costs of leaving the company as being larger than the costs of staying will often remain since the continuing commitment is based on the anticipated cost, which includes both the economic and social react of leaving the business. As a result, the engagement to work status is driven by financial considerations and is founded on the value that an employee obtains from their employer in comparison to the expenses associated with leaving that employer (Quagraine, et al., 2019).

### **2.3.3 Normative Commitment**

Normative commitment is the desire of a person to continue to be a member of an organization because of the belief that it is ethically appropriate to remain loyal and

stay (Wang, et al., 2010). Employees that have normative commitment remain with the company because they believe that it is something that they ought to do for ethical grounds (Meyer & Allen, 1991). Employees who remain in an organization because they have the sentiments that they are supposed to do so are demonstrating what is known as normative commitment. Normative commitment is a sense of obligation to continue working with organizations. Rafiei et al. (2014) proposed that those who have a greater normative commitment possess a stronger sense of responsibility to stay a part of the organization. Normative commitment is shown by workers who remain in a company because they believe that doing so is something that is expected of them (Rafiei, et al., 2014). As a result, normative commitment is founded on responsibilities, and it is measured that the workers believe they are required to continue working for the firm (Tolentino, 2013). The concept of normative commitment refers to workers' feelings that they are obligated to remain with their company and contribute to its goals because of their identification with it. In this study ,the combination of all types of commitment is used because any commitment grant to the organization success.

#### **2.4 Relationship between CSR Activities and Employee Commitment**

According to Đorđević et al. (2019), organizational justice influences employee commitment, and workers who think that their organizations are relatively fair will also be more devoted and progressively driven to do more for their firms (Đorđević, et al., 2019). Research results revealed that employees place a high value on a company's social responsibility initiatives, which in turn manage to have a favorable influence on the level of commitment shown by workers (Bachhaus, et al., 2002; Tian & Robertson, 2019). According to the research conducted by Backhaus et al. (2002), employers' attractiveness to job seekers and workers is boosted the most by CSR features relating to environmental and natural resource protection, local community involvement, and respect for cultural diversity (Backhaus, et al., 2002). Turker (2009) found that social responsibility components positively correlated with employee commitment in firm in a sample of 269 Turkish employees (Turker, 2009). An organization's level of commitment to its workers and customers may be predicted by a company's CSR practices. In accordance with the Tian and Robertson (2019), organizational commitment may be affected by workers' perceptions of CSR (Tian & Robertson, 2019). In a study of 280 workers from five export-oriented manufacturing enterprises in China, Hofman and Newman (2014) examined the connection between employee views of CSR and their organizational

commitment. CSR policies toward internal stakeholders have a favorable effect on employee commitment to the firm, according to the researchers' findings (Hofman & Newman, 2014).

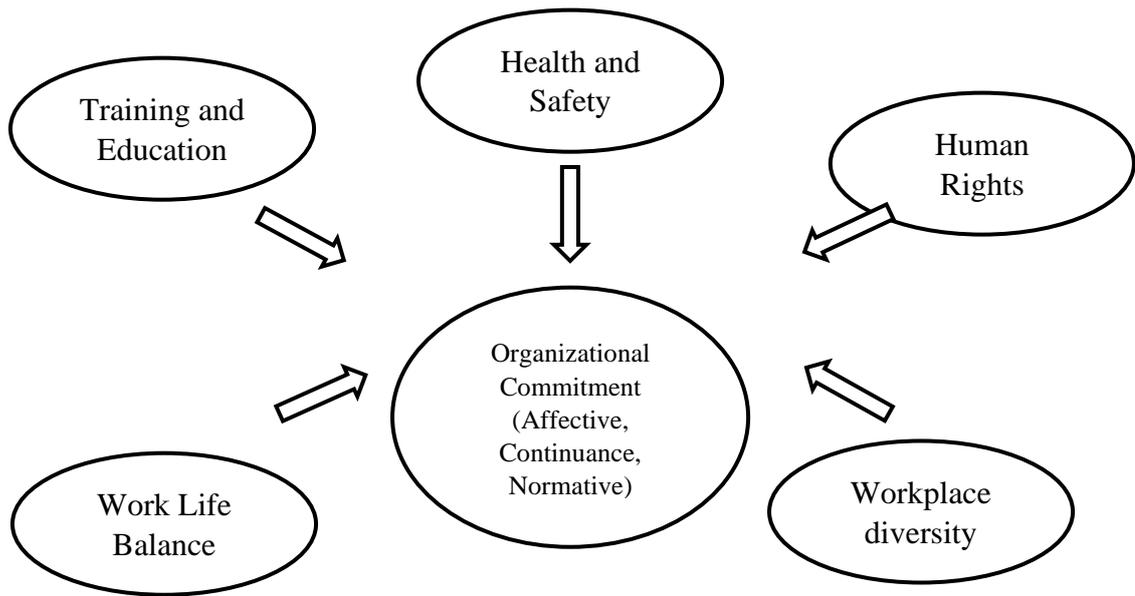
In contrast, employee views of CSR activities as regards to external stakeholders had no or only a modest influence on the commitment of the firm. A company's reputation and image may be improved not just by external stakeholders, but also by its own employees, who is willing to identify more readily if CSR is put into practice. Employees might take pride in working for business that practices social responsibility. Many of these practices will be held accountable by them, particularly those involving workers in terms of career advancement, equitable compensation and incentive pay, effective communication and a great work environment (Maric, et al., 2021). Employees might be additional performed to the firm if they are more emotionally invested in it.

## **2.5 Previous Studies**

Several researchers made a research on the relationship between internal CSR practices and employee commitment. Their finding and discussion are as follows.

Al-bdour, A. Ali., E. Nasruddin, S.K. Lin. (2010) made a research on the part of Jordan Banking Sector. The objective of this research is to scrutinize the relationship between internal CSR practices and organizational commitment based on the social exchange theory (SET) and scrutinize the effect of five dimensions of internal CSR practices on organizational commitment. The research utilized structured questionnaire tested to 336 frontline employees. The conceptual framework of this study is shown in Figure (2.1).

**Figure (2.1) Previous Studies in Jordan Banking Sector**

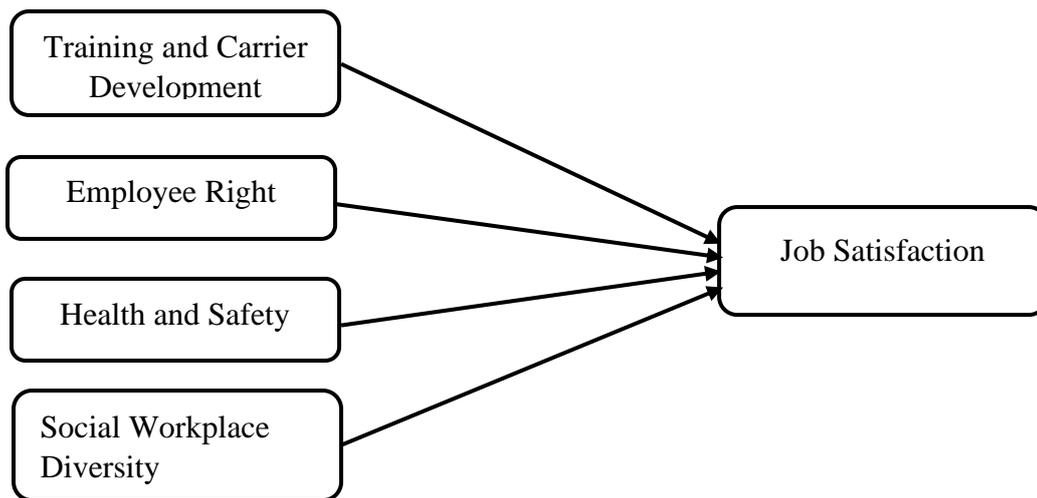


Source: Al-bdour, A. Ali., E.Nasruddin, S.K. Lin. (2010)

The Al-bdour (2010) indicated that all internal CSR dimensions are significantly and positively related to affective and normative commitment. Furthermore, the research also indicated that all internal CSR dimensions have no significant relationship with continuance commitment.

Shibeika (2015) made research on the result of internal CSR on Job Satisfaction on the part of Sudan Banking Sector. That study's objective is to probe the relationship between Internal CSR practices and job satisfaction based on the stakeholder theory and to probe the impact of five dimensions of Internal CSR practices. The study utilized designed questionnaire tested on a selected of 375 employees. The conceptual framework of this study is shown in Figure (2.2).

**Figure (2.2) Previous Studies in Sudan Banking Sector**

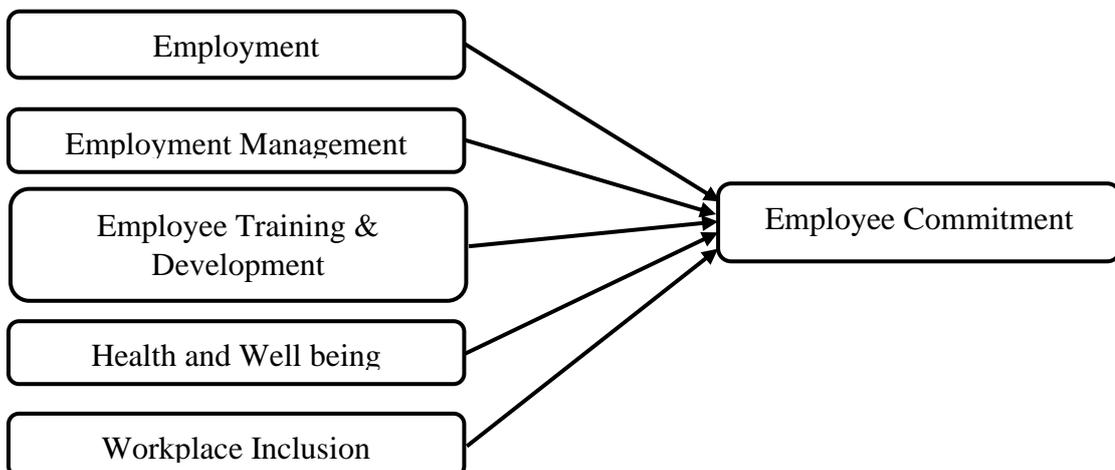


Source: Shibeika (2015)

Shibeika (2015) indicated that Internal CSR is pragmatic influenced job satisfaction of employees. Especially, there are actively positive relation between training and career development, health and safety, social work environment, employee right, employee welfare and workplace diversity and Job Satisfaction.

Priyadharsan and Sakunthala (2015) focused internal corporate social responsibility impact on employee's commitment on a case of Jay Jay Trinco (Pvt) Ltd. That study's objective is to identify the relationship between internal corporate responsibility and employee commitment. The study utilized designed questionnaire distributed to 150 employees of different designation in Jay Jay Trinco (Pvt) Ltd. Figure (2.3) shows the conceptual framework of this study.

**Figure (2.3) Previous Studies in the Jay Jay Organization**

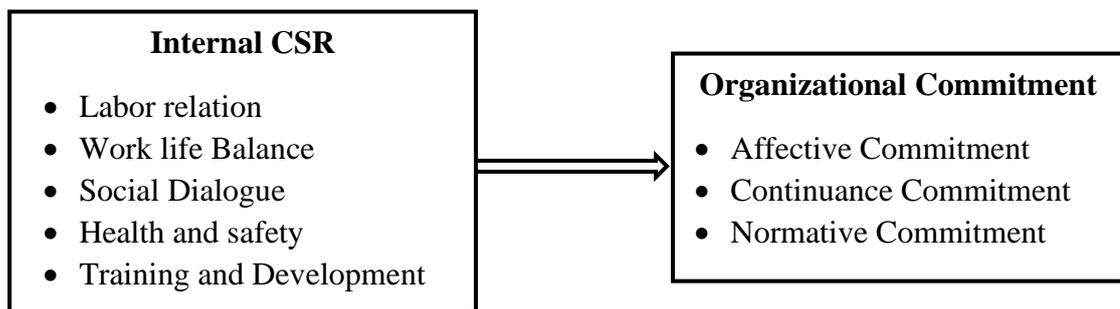


Source: Priyadharsan.S and Sakunthala.S (2015)

The researcher found that all variables are moderately and positively support to the employee commitment. It represented that organizations can help their employee commitment through concern themselves in social activities for occurrence, know any requirement of the employees and attaining them, working for greater environment, concern in employee welfare, producing excellent quality products for customers.

Thang and Fassin (2016) made an analysis the impact of Internal Corporate Social Responsibility on Organizational Commitment from Vietnamese Service Firms. That study's objective to examine the relationship between internal corporate social responsibility (CSR) and organizational commitment in the Vietnamese service sector. Figure (2.4) shows the conceptual framework of this study.

**Figure (2.4) Previous Studies in the Vietnamese Service Firm**



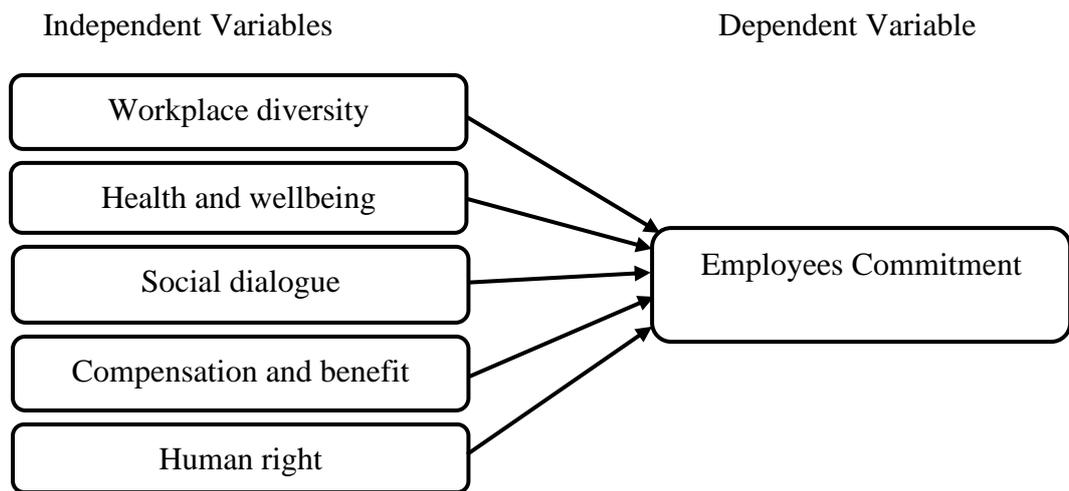
Source: Thang and Fassin (2016)

According to the findings, the researcher indicated that internal CSR has a pragmatic relation with organizational commitment and especially in labor relations, health and safety, and training and education had a significant positively effect on organizational commitment whereas work-life balance and social dialogue have no significant association with organizational commitment.

## 2.6 Conceptual Framework of the Study

Based on the theoretical background and the previous studies, the conceptual framework for this study is constructed and shown in Figure 2.5. This study is anticipated that the internal CSR (workplace diversity, health and wellbeing, social dialogue, compensation and benefit and human right) have a momentous relationship with the employee commitment of AYA Bank.

**Figure (2.5) Conceptual Framework of the Study**



Source: Own Compilation, 2022

From the above conceptual framework, the components of internal CSR such as workplace diversity, health and wellbeing, social dialogue, compensation and benefit and human right are considered as independent variables. Employee commitment is considered as dependent variable. This study is tested by using Multiple regression analysis (SPSS) to know the effect of the relationship between the internal CSR practices and employee commitment. The measured variable for both internal CSR and employee commitment are acquired from previous studies and AYA's current internal CSR practices. In this study, workplace diversity and compensation and Benefit are considered with six items, Health & Wellbeing, Social Dialogue (Governance) and Human Right are considered with seven items. All this items are involved in the structured questionnaires which is shown in appendix. The results are expected to provide significant and useful benefit for AYA bank.

## 2.7 Working Definition

Working definition of internal CSR practices and employee commitment are defined. Table (2.1) definition of key terms used in this study.

**Table (2.1) Definition of Key Terms**

No.	Variable	Working Definition
1	<b>Workplace diversity</b>	It is accepted for the workplace environment where people of varied backgrounds, experiences, and perspectives coexist.
2	<b>Health and wellbeing</b>	Physical health, mental and emotional stability , and positive relationship with others are the constituent parts of health and wellbeing.
3	<b>Social dialogue:</b>	Negotiations, consultations, cooperative activities, discussions, and information exchange connecting employers and employees.
4	<b>Compensation and benefit:</b>	Both monetary and non-monetary benefits that are offered by the company to employees.
5	<b>Human right</b>	The human right is an important part of both national and international legal systems. Human rights may be seen as ethical standards or as guidelines for specific behaviors of humans.
6	<b>Employee Commitment</b>	Employee's readiness to put in long hours and significant effort toward the accomplishment of the organization's goals and objectives, as well as an employee's acceptance of the organization's core values and strong desire to continue working for that organization.

## **CHAPTER III**

### **PROFILE OF AYA BANK**

This chapter is to identify AYA Bank's CSR practices and provide background information of the bank. Accordingly, this chapter covered AYA Bank's background, its vision, mission and employees, organizational structure, and its internal corporate social responsibility activities.

#### **3.1 Background of AYA Bank**

Based by branch number, asset size, and deposit volume, AYA Bank is the second-largest commercial bank in Myanmar. Opening its doors for business on August 11, 2010, in Naypyitaw, AYA Bank has seen tremendous expansion since its establishment. There are 265 AYA Bank branches by the end of the year 2020.

The shareholders of AYA Bank are proud and grateful to have won the title of "Best Private Bank in Myanmar" every year from 2013 to 2017. The corporate governance, risk management, and compliance policies of AYA Bank are fast evolving to align with international standards. To guarantee long-term sustainable development for the communities it provides, the bank has invested heavily in Learning & Development, which has recruited and kept talented staff with local and worldwide exposure. Consistent demand from a large and devoted customer has been a major factor in the bank's sustained development and prosperity over the years. According to its portfolio, AYA Bank had MMK (140) Billion in paid-up capital, MMK (7) Trillion in assets, and MMK (309) Billion in equity.

The AYA Bank is a affiliate of the United Nations Global Compact (UNGC), which means it has agreed to use the UNGC's guidelines for effective corporate governance and compliance in all of its business processes. AYA bank's core business concept is to serve its customers' banking and financial service needs comprehensively via programs that foster economic development and personal flourishing. AYA Bank has successfully converted 52% of its active customer base to Digital Banking, demonstrating leadership in the movement toward cashless transactions and payments. Management's efforts to digitalize, improve its human resource base, and launch new products and services through all market niches have resulted in constant, real value creation for strategic investment partners. The bank's ongoing emphasis process on customer loyalty,

industry-leading service, and the apply of technology to attract and keep new customers has led to a dramatic increase in the bank's customers. In order to maintain stability and growth, the bank plans to additional build up its governance, risk, and compliance framework (AYA Bank, 2021).

### **3.2 AYA Bank's Vision, Mission and Employees**

With the goal of becoming Myanmar's top commercial bank, AYA Bank is always looking for talented people who are driven by the same values of excellence and innovation that guide AYA bank. According to AYA Bank, its "Human Capital" is the identical asset it has, since it is the driving force behind the fulfillment of the bank's objective. This highlights the critical nature of the bank's capacity to continue certain relationships with its employees. The primary objective of AYA Bank is to become the most successful financial institution in Myanmar by generating high return for all of its stakeholders over the long term. AYA bank's corporate values are;

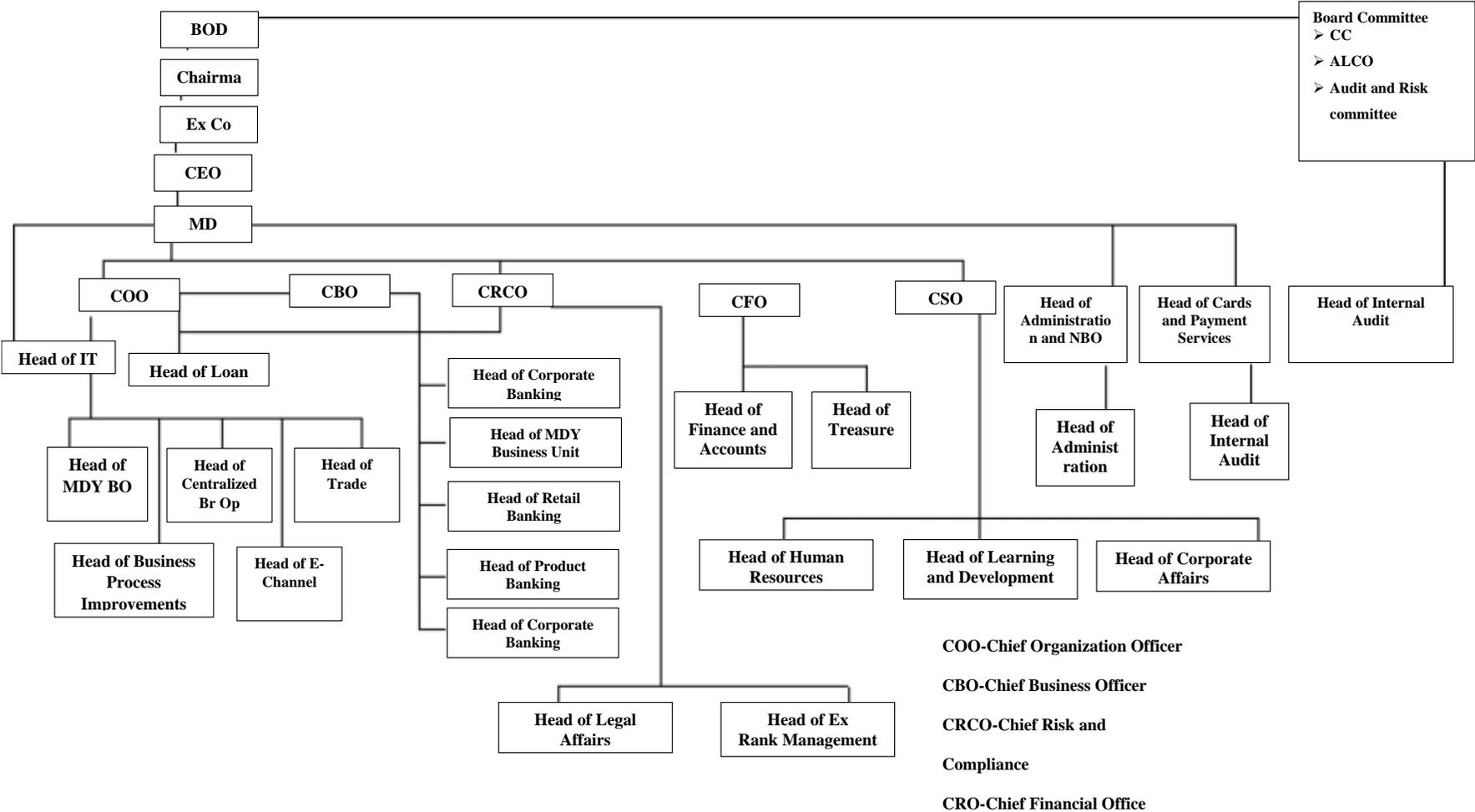
- Excellence
- Team
- Honesty
- Integrity
- Care
- Sincerity

The Allowances and Benefits that AYA bank provides its employees are important, but the bank also places a premium on investing in their professional growth in order to foster long-term partnerships with its employees. The employees of AYA Bank are encouraged to continue their education via bank-sponsored trainings and by being given time for independent study. Employee engagement is an essential segment of the bank's strategy for building long-lasting relationships with customers. Currently, the bank is implementing a number of engagement programs, such as weekly team volunteering at the Yankin Pediatric Hospital (donated by the Ayeyarwady Foundation), department-wide networking dinners, monthly newsletters in which employees are encouraged to contribute their own articles, and so on. Human Resources at AYA Bank have been in close communication with the Corporate Affairs Team, and they have plans to enhance the Bank's Employee Engagement Program in the near future (AYA Bank, 2021).

### **3.3 Organizational Structure of AYA Bank**

The following figure (3.2) illustrates AYA Bank's organizational structure. There are a total of 9 Directors on the Board of Directors: the Executive Chairman, the Managing Director, four additional Executive Directors, and three Independent Non-Executive Directors. The Board's duties and responsibilities include formulating the long-term vision and strategic objectives for the company, evaluating the effectiveness of management, and putting in place a system of good and effective internal controls.

**Figure (3.1) AYA Bank's Organizational Structure**



Source: AYA Bank

As may be seen in the figure above, BOD is the row that comes in first. The chairman shall convey the business direction that has been defined by the Board of Directors, using the strategic goals of the Board as a guide. The Chairman serves as a motivator and guides the Bank in effectively conveying and displaying its business principles. The managing director is directly responsible for increasing the bank's profitability and profile, as well as ensuring that appropriate risk management and operational controls are applied at the ground level. In addition, the managing director is in charge of overseeing day-to-day operations. There are five Chief level executives who report directly to the Managing Director. The day-to-day scheme of the organization are controlled and managed by the chief level executives in order to accomplish the organization's goals.

### **3.4 Internal CSR Activities of AYA Bank**

The bank strives to be a trusted partner to the people and the community not only for the people's banking and financial needs, but also as a partner who is always there for the community when the need arises. The bank's slogan is "Your Trusted Partner," and it states that the bank's goal is to live up to this slogan. Since July of 2010, Ayeyarwady Bank has contributed a substantial amount of resources to a variety of social projects and has actively promoted the engagement of the Bank's employees in those activities. Since 2010, the Bank has relied on Ayeyarwady Foundation to provide as the face of all of its corporate social responsibility efforts. Ayeyarwady Bank's efforts have been concentrated mostly on the healthcare sector in order to contribute to the Foundation's overarching goal of helping in the growth of the nation in a kind of spheres, including education, healthcare, social, and sporting activities. A healthy corporate culture and a socially responsible mindset on the segment of staff members may be established entirely thanks to the management team at AYA Bank, who have put relevant policies into place. Customers and the community stand to benefit from a reduction in risks and an improvement in quality if a commitment can be shown to become a socially responsible banking organization between management and staff, and if accountability and creditability can be demonstrated through matters that are competent within the organization (AYA Bank, 2020).

### **Workplace diversity**

This policy is designed by AYA Bank to guarantee that all of its employees may enjoy a working environment that is free from illegal harassment, discrimination, and retaliation. AYA Bank is dedicated to a work environment in which all individuals are managed with admire and dignity. The bank puts forth every effort that may be considered reasonable to ensure that all parties involved are acquainted with these policies and are aware that any complaint that violates such policies will be examined and promptly handled if found to be valid. There are policies for equal employment opportunity, retaliation and harassment (AYA Bank, 2022).

### **Health and wellbeing**

AYA Bank is dedicated to providing a risk-free workplace for the benefit of its workers since they know that their health and safety in the workplace has a direct impact on the Bank's operational performance. The Bank and its employees work together on health and safety. All of the staffs are strongly encouraged to work together and follow all health and safety standards to keep everyone as safe as possible. Creating a safe working environment is a peak primacy for AYA Bank, hence the company pledges to adhere to all applicable regulations and safety recommendations. When it approach to health and safety, Health and Safety Committee is in charge of establishing objectives, creating guidelines, establishing adequate control systems, and allocating resources to make sure those standards are really implemented and continually improved. The guidelines in the health and safety standards help to cut down on workplace diseases and injuries (AYA Bank, 2022).

### **Social dialogue**

As part of its social dialogue obligation, AYA Bank supports unions and protects employee ability to engage in collective bargaining. The bank has annual employee meetings at which it collects employee concerns in order to engage in a frequent discussion with its employees. Additionally, AYA bank commits to report employee evaluations and to collaborate with regulatory authorities to develop public labor policies. Furthermore, AYA Bank follows the union's wage setting regulations. (AYA Bank, 2022)

## **Compensation & Benefit**

In order to foster long-term partnership with its workforce, AYA Bank invests both of the financial stability of its employees through competitive compensation and benefits, and in their personal growth through the encouragement a culture of learning and the provision of various forms of professional development. The bank's employee receives salaries, wages, and incentives in accordance with AYA's pay and benefit regulations. All of AYA Bank's employees get competitive pay, benefits and an allowance. Promotions are achievable inside the company, and high performers are recognized and rewards. (AYA Bank,2022)

## **Human Rights**

AYA Bank acknowledges that the responsibility of a private company is to admire human rights. Despite this, AYA Bank enthusiastically embraces the significant part that it performs in the protection and guaranteeing of human rights. The Human Rights Policy of AYA Bank encourages significant attention of human rights matters throughout the bank and enhances the bank's proficiency to recognize and manage human rights issues in the following part applicable to the company's business: employees, security providers, community engagement, and customers (AYA Bank, 2022)

These policies are to foster a socially responsible culture that is represented in the formulation of a long-term business plan that benefits all stakeholders (customers, suppliers, workers, shareholders, business partners, stakeholders, environment, and society). Economic, social, ethical and environmental sustainability are at the heart of AYA Bank's CSR and ICSR strategies, which also aims to bridge the gap between nonprofit and for-profit missions (AYA Bank, 2022).

## **Ethical consideration in Business Principles**

Employees at AYA Bank are obligated to keep all client information, bank records, and other sensitive information secure from illegal access. Employees of AYA Bank are not allowed to make or accept cash or other valuables from clients, stakeholders, government officials, or other persons in order to unlawfully influence decisions or get perks in order to attract or maintain business. In addition, AYA bank does its utmost to ensure its staff members' safety and well-being at all times, both during and outside of regular business hours, wherever they may be doing Bank business or attending Bank-sponsored events or other activities that have some impact on their jobs. AYA Bank is a

leader in responsible workplace practices and is dedicated to protecting the rights of all of its employees regardless of their race, ethnicity, religion, sexual orientation, gender identity, age, or disability. Bank rules and procedures at AYA are made in line with international standards and ethical considerations (AYA Bank, 2020).

## **CHAPTER IV**

### **ANALYSIS ON THE EFFECT OF INTERNAL CORPORATE SOCIAL RESPONSIBILITY ON EMPLOYEE COMMITMENT IN AYA BANK**

This chapter shows the outcomes of the study and their interpretations. This chapter includes research methodology, the demographic data of the respondents, analysis on internal CSR of AYA bank, employee commitment in AYA bank. Finally, the regression analysis on the effect of internal CSR activities on employee performance in AYA Bank is provided.

#### **4.1 Research Methodology**

The main objective of this paper is to analyze the effect of internal corporate social responsibility on employee commitment in AYA bank. In order to carry out the objectives, this study used primary data collection method to obtain whether internal corporate social responsibility have any effect on employee's commitment in AYA bank. Hence, this study uses quantitative research method to find answers to the study's questions while gaining new information and knowledge relating to AYA bank's internal corporate responsibility and employee commitment.

In order to analyze the effect of internal corporate responsibility on employee commitment, this study uses descriptive research method. As a tool of research instrument, structured questionnaire is used to obtain data. Then, were put into Google Form and the survey questionnaires are distributed to AYA bank's 150 employees that is 57% of AYA bank's selected four regional-size branches in Yangon through Google links via Emails, Viber and Facebook Messenger. The study adapts the questionnaire from various past studies related to the topic.

The questionnaire mainly used Likert scale measurement for all the variables. The question is organized into 3 parts. Part 1 consists of respondents' demographic data. Part 2 consists of AYA bank's internal CSR activities and part 3 consists of employee commitment on AYA bank. A 5-point Likert scale has been used in three of those sections to measure internal CSR activities on employee commitment.

- Average mean score between 1.00 and 1.80 Strongly disagree.
- Average means score between 1.81 and 2.60 Disagree.

- Average means score between 2.61 and 3.40 Neutral.
- Average means score between 3.41 and 4.20 Agree.
- Average mean score between 4.21 and 5.00 Strongly agree.

The sample size for this study is 150 employees using simple random sampling method to obtain the information. After collecting the desired data, the processed data are further analyzed by SPSS. With descriptive analysis, this study will include frequency, percentage and inferential analysis such as multiple linear regression analysis.

#### 4.2 Demographic Profile of Respondents

This section presents the profiles of the respondents who participated in this study. The section covers respondents' gender, age, educational level, job responsibility and work experience. All the data acquired from the questionnaires collected are interpreted and summarized in frequency distribution and percentage distribution. The frequency analysis of selected customers' demographic profile is shown as below.

**Table (4.1) Demographic Profile of Respondents**

Description		Frequency	Percent
Gender	Male	64	42.7
	Female	86	57.3
Age	Between 20 to 30	54	36.0
	Between 31 to 40	62	41.3
	Between 41 to 50	27	18.0
	Over 51	7	4.7
Educational level	High school or below	6	4.0
	Bachelor	100	66.7
	Diploma	16	10.7
	Master or above	28	18.7
Job responsibility	Front office operation	64	42.7
	Back office operation	86	57.3
Working experience	Below 1 year	5	3.3
	1 – 5 years	76	50.7
	5 – 10 years	54	36.0
	Over 10 years	15	10.0

Source: Survey Results (2022)

According to above table (4.1), 42.7% of respondents are males and 57.3% are female. Thus, the study's respondents are almost female. Age of the respondents are divided by 4 groups which are between 20 to 30, between 31 to 40, between 41 to 50 and over 51. According to the results, 36% of the respondents are at the age of between 20 to 30, 41.3% are at the age of between 31 to 40 and 4.7% of the respondents are over 51 years old. This express that the bulk of the respondents' age group falls between 31 to 40 years old.

Educational level of the respondents is divided into 4 categories; High school or below, Bachelor, Diploma and Master or above. Based on the results, 4% of the respondents have High school or below educational level, 66.7% have Bachelor degree, 10.7% have Diploma degree an 18.7% have Master or above degree. This indicates that most of the respondents are Bachelor degree holders. Respondents' job responsibility is divided into two which are front office operation and back office operation. The results express that 42.7% work in front office operation and 57.3% work in back office operation. Working experience is divided into 4 categories. According to the results, 3.3% of the respondents a below 1-year experience, 50.7% of the respondents are working for 1 to 5 years in the bank, 36% of the respondents are working for 5 to 10 years in the bank and 10% of the respondents are working for over 10 years in the bank. This express that the majority of the respondents are working for 1 to 5 years in AYA bank.

### **4.3 Reliability Analysis**

Before testing the effect of the internal corporate social responsibilities on employee commitment, it should be checked their reliability of each dimension. In this study, Cronbach's alpha value is used as a measure of the internal cohesion of the scales used in the questionnaire. If alpha value is low (near zero), then at least one of items are unreliable and must be identified via item analysis procedure. The Cronbach's alpha value is considered good above 0.7. The results of reliability tests are as follows:

**Table (4.2) Reliability Test for Construct Variables**

<b>Sr No.</b>	<b>Description</b>	<b>N of items</b>	<b>Cronbach's Alpha</b>
1.	Workplace diversity	6	0.781
2.	Health and wellbeing	7	0.884
3.	Social Dialogue	7	0.873
4.	Compensation and benefit	6	0.845
5.	Human right	7	0.888
6.	Employee commitment	9	0.919

Source: Survey Results (2022)

According to Table (4.2), all the variables have alpha value above 0.7, suggesting very good internal consistency and reliability for the scale with this sample.

#### **4.4 Respondents' Perception on AYA Bank's Internal Corporate Social Responsibilities**

This section presents respondents' perception on AYA bank's internal corporate social responsibilities which are workplace diversity, health and wellbeing, social dialogue, compensation and benefit and human right. Measurement of perception level is conducted by mean and standard deviation. The 150 employees from AYA bank were asked to describe their rating upon the perception on AYA bank's internal corporate social responsibilities.

##### **4.4.1 Employee Perception on Workplace Diversity**

Employee perception on workplace diversity are tested with 6 statements and overall mean value is explored. The mean value for each statement of workplace diversity and overall mean value are presented in Table (4.3).

**Table (4.3) Employee Perception on Workplace Diversity**

<b>Sr No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1.	AYA bank treats all employees fairly irrespective of an individual's race, sex, and religion	3.61	0.653
2.	AYA bank conducts diversity training programs with compulsory participation for all employees	3.73	0.473
3.	AYA bank supports female employees to fill administrative jobs	3.77	0.561
4.	AYA bank ensures employee diversity in terms of gender (male and female)	3.63	0.549
5.	AYA bank understands how crucial diversity is to its future success	3.63	0.549
6.	AYA bank invests many time and energy into building diverse teams	3.73	0.623
<b>Overall Mean</b>		<b>3.68</b>	

Source: Survey Results (2022)

According to above table (4.3), the respondents agreed that AYA bank treats its all employees fairly irrespective of an individual's race, sex, and religion with the mean score of 3.61. They also agreed that AYA bank conducts diversity training programs with compulsory participation for all employees with the mean score of 3.73. Further, with the mean score of 3.77 and 3.63, and 3.73 respectively, AYA bank supports female employees to fill administrative jobs and AYA bank ensure its employee diversity in terms of gender, AYA bank understands diversity is how crucial to its future success and AYA bank invests a lot of time and energy into building diverse teams. The overall mean value of workplace diversity is 3.68 which express that the respondents are agreed with which AYA bank supports workplace diversity of its employees.

#### 4.4.2 Employee Perception on Health and Wellbeing

The descriptive statistics like mean and standard deviation for health and wellbeing on internal corporate social responsibility are presented in Table (4.4). Health and wellbeing are divided into 7 statements in order to significant the employee response rating.

**Table (4.4) Employee Perception on Health and Wellbeing**

<b>Sr No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1.	AYA bank provides health and welfare activities such as medical, and meal facilities	3.78	0.802
2.	AYA bank provides transportation facilities for its employees	3.90	0.474
3.	AYA bank provides adequate space for work with facilities supported	3.77	0.697
4.	AYA bank offers first aid training for its employees	3.51	0.825
5.	AYA bank provides adequate breaks for employee wellbeing	3.52	0.809
6.	AYA bank has specific rules and regulations to prevent the accidental problems	3.53	0.825
7.	When I am stressed, my supervisors help me to support my mental wellbeing	3.33	0.808
	<b>Overall Mean</b>		<b>3.59</b>

Source: Survey Results (2022)

Table (4.4) shows respondents' response rate on health and wellbeing of AYA bank's employees. According to the results, AYA bank provides health and welfare activities such as medical and meal facilities with the mean score of 3.78. Moreover, with the mean score of 3.90, 3.77, 3.51, 3.52, 3.53 respectively, AYA bank provides transportation facilities for its employees, it provides adequate space for work with facilities supported, it offers first aid training for its employees, it provides adequate breaks for employee wellbeing and AYA bank has specific rules and regulations to

prevent the accidental problems. However, the respondents do not know whether their supervisors help them to support their mental wellbeing when they are stressed or not. The overall mean of health and wellbeing is 3.59 which designate that the respondents are agreed with which AYA bank supports health and wellbeing of its employees.

#### 4.4.3 Employee Perception on Social Dialogue

The descriptive statistics like mean and standard deviation for social dialogue on internal corporate social responsibility are presented in Table (4.5). Social dialogue is divided into 7 statements in order to significant the employee response rating.

**Table (4.5) Employee Perception on Social Dialogue**

<b>Sr No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1.	AYA bank allows the right of freedom of collective bargaining	3.27	0.793
2.	AYA bank provides support for trade union	3.63	0.649
3.	AYA bank organizes employee meetings to collect complaints from employees each year	3.17	0.781
4.	AYA bank organizes frequency dialogue with employees	3.37	0.709
5.	AYA bank commits to report the individual employee evaluation to the employee	3.46	0.711
6.	AYA bank participates in making public policy on labor with governance agencies	3.47	0.673
7.	AYA bank negotiates wage-setting arrangements with trade union	3.43	0.560
<b>Overall Mean</b>		<b>3.42</b>	

Source: Survey Results (2022)

The results shows that the bulk of the respondents agreed with which AYA bank provides support for trade union, the bank commits to report the individual employee evaluation to the employee, AYA bank participates in making public policy on labor with governance agencies and AYA bank negotiates wage-setting arrangements with trade union with the mean score of 3.63, 3.46, 3.47 and 3.43 respectively. However, most of the respondents do not realize whether AYA bank allows the right of freedom of collective bargaining or not and they do not realize whether the bank organizes employee

meetings to collect complaints from employees each year or not with the mean scores of 3.27 and 3.17 respectively. Further, the bulk of the respondents stated that they also do not know whether the bank organizes frequency dialogue with employees or not with the mean score of 3.37. The overall mean of social dialogue is 3.42 which designate that the respondents are agreed with which AYA bank supports social dialogue of its employees.

#### 4.4.4 Employee Perception on Compensation and Benefit

The descriptive statistics like mean and standard deviation for Compensation and benefit on internal corporate social responsibility are presented in Table (4.6). Compensation and benefit is divided into 6 statements in order to significant the employee response rating.

**Table (4.6) Employee Perception on Compensation and Benefit**

<b>Sr No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1.	AYA bank has compensation policies and benefits practices that affect me	3.27	0.633
2.	AYA bank provides salaries, wages, and incentives for my job and responsibility	3.21	0.756
3.	AYA bank provides fair compensation and benefit to all employees	3.14	0.568
4.	AYA bank provides an allowance in line with expectations	3.17	0.588
5.	AYA bank offers promotions to its employees	3.27	0.684
6.	AYA bank implements a reward system for employees who are excellent with their job	3.24	0.766
	<b>Overall mean</b>		<b>3.22</b>

Source: Survey Results (2022)

According to table (4.6) showed that the respondents are neutral with compensation and benefit factor. This express that the majority of the respondents do not know whether AYA bank’s compensation policies and benefits practices have effect on them or not, whether the bank provide salaries, wages and incentives for their jobs and responsibilities or not, whether the bank offers fair compensation and benefit to all

employees or not, whether the bank provides an allowance in line with expectations or not and whether the bank implements a reward system for employees who are excellent with their job or not with the mean scores of 3.27, 3.21, 3.14, 3.17, 3.27 and 3.24 respectively. The overall mean of compensation and benefit is 3.22 which indicates AYA bank has weak compensation and benefits system to its employees. Therefore, this factor should be improved in order to grow employee commitment.

#### 4.4.5 Employee Perception on Human Right

The descriptive statistics like mean and standard deviation for human right on internal corporate social responsibility are presented in Table (4.7). Human right is divided into 7 statements in order to significant the employee response rating.

**Table (4.7) Employee Perception on Human Right**

<b>Sr No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1.	AYA bank provides equal opportunities for all employees (e.g. Training, scholarship, qualifying, etc.)	3.40	0.666
2.	AYA bank pays proportionate salary to the effort that expanded at works	3.37	0.710
3.	AYA bank provides fair compensation for all employees	3.32	0.822
4.	AYA bank implements core values extend to respect for human rights throughout the bank's operations and conducts	3.47	0.501
5.	AYA bank has policies, processes, and procedures to identify and prevent potential human rights impacts on its employees	3.50	0.565
6.	AYA bank accepts the freedom of speech (suggestions and feedback) from staff	3.36	0.830
7.	AYA bank offers training to its employees on the company's Code of Business Conduct and Ethics on an annual basis	3.55	0.619
	<b>Overall Mean</b>		<b>3.43</b>

Source: Survey Results (2022)

Table (4.7) shows respondents' response rate on human right of AYA bank's employees. The outcome designated that most of the respondents agreed on which AYA bank implements core values extend to respect for human rights throughout the bank's operations and conducts, AYA bank has policies, processes, and procedures to identify and prevent potential human rights impacts on its employees and AYA bank offers training to its employees on the company's Code of Business Conduct and Ethics on an annual basis with the mean scores of 3.47, 3.50 and 3.55 respectively. Even so, the majority of respondents stated that they do not know if AYA bank provides equal opportunities for all employees or not with the mean score of 3.40, followed by AYA bank pays proportionate salary to the effort that expanded at works (3.37), AYA bank provides fair compensation for all employees (3.32) and AYA bank accepts the freedom of speech (suggestions and feedback) from staff (3.36). Overall mean of human right is 3.43 which is neutral. This shows that the respondents feel neutral with how AYA bank provides human rights to its employees.

#### **4.5 Employee Commitment in AYA Bank**

This section presents employee commitment in AYA bank. All the data acquired from the questionnaires collected are summarized in frequency distribution and percentage distribution which is shown as follow.

**Table (4.8) Employee Perception on Commitment**

<b>Sr No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1.	I enjoy discussing AYA bank with people outside it	3.46	0.563
2.	I feel as if AYA bank's problems are my own	3.56	0.670
3.	AYA bank has a special deal of personal meaning for me	3.62	0.652
4.	It would be very hard for me to leave AYA bank right now	3.36	0.717
5.	Too much in my life would be confused if I decided I wanted to leave AYA bank now	3.23	0.761
6.	One of the major reasons I continue to work for AYA bank is that I believe that loyalty is important and therefore suffer a sense of moral obligation to remain	3.51	0.792
7.	AYA bank deserves my commitment and loyalty	3.33	0.774
8.	I owe a great deal to AYA bank	3.26	0.755
9.	I would be very happy to spend the rest of my career with AYA bank	3.45	0.840
	<b>Overall mean</b>	<b>3.36</b>	

Source: Survey Results (2022)

Table (4.8) shows the employee commitment in AYA bank. The results indicate that the majority of the respondents enjoy discussing AYA bank with people outside it, they feel as if AYA bank's problems are their own and AYA bank has a special deal of personal meaning for them with the mean scores of 3.46, 3.56 and 3.62 respectively. Moreover, they also stated that the major reason of working in AYA bank is that feel a sense of moral obligation to remain and they would be very happy to spend the rest of their career with AYA bank with the mean scores of 3.51 and 3.45. However, the bulk of the respondents feel neutral about their leaving from AYA bank, effects of leaving from AYA bank, their commitment level and responsibility. The overall mean of employee

commitment is neutral which means the employees do not know whether they have commitment towards AYA bank or not.

#### 4.6 Relationship between Internal Corporate Social Responsibilities and Employee Commitment

The correlation coefficient is a numerical measure of some type of correlation, meaning statistical relationship between two variables. The correlation coefficient is assumed in the range from -1 to +1, where -1 indicates the perfect negative correlation and +1 indicates perfect positive correlation.

**Table (4.9) Correlation between Internal Corporate Social Responsibilities and Employee Commitment**

Correlations						
	Workplace diversity	Health and wellbeing	Social dialogue	Compensation and benefit	Human right	Employee commitment
Workplace diversity	1	.635**	.520**	.381**	.375**	.222**
Health and wellbeing	.635**	1	.588**	.479**	.591**	.323**
Social dialogue	.520**	.588**	1	.713**	.787**	.323**
Compensation and benefit	.381**	.479**	.713**	1	.658**	.352**
Human right	.375**	.591**	.787**	.658**	1	.740**
Employee commitment	.222**	.323**	.463**	.352**	.740**	1
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: Survey Data (2022)

Note; \*\* and \* indicate 1% and 5% significance level, respectively

Table (4.9) describes the relationship between internal CSR and employee commitment. According to the table, the correlation between workplace diversity and employee commitment is at 0.222 and significant at 1% level, meaning there is a weak

positive relationship between workplace diversity and employee commitment. The correlation between health and wellbeing and employee commitment is at .323 and significant at 1% level, meaning there is a weak positive relationship between health and wellbeing and employee commitment. The correlation between social dialogue and employee commitment is at .463 and significant at 1% level, meaning there is a moderate positive relationship between social dialogue and employee commitment. The correlation between compensation and benefit and employee commitment is at .352 and significant at 1% level, meaning there is a weak positive relationship between compensation and benefit and employee commitment. The correlation between human right and employee commitment is at .740 and significant at 1% level, meaning there is a highly positive relationship between health and wellbeing and employee commitment. As a result, all variables are positively correlated and significant at 1% level.

#### **4.7 The Effect of Internal Corporate Social Responsibilities on Employee Commitment**

Multiple regression analysis is conducted to access the effect of internal corporate social responsibilities on employee commitment. It is vital to consider which elements of internal corporate social responsibilities can significantly explain employee commitment in the bank. The result of multiple regression analysis is shown in Table (4.10).

**Table (4.10) Multiple Regression Analysis on the Effect of Internal Corporate Social Responsibilities on Employee Commitment**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.991	3.883		2.831	0.005
Workplace diversity	0.146	0.227	0.055	0.642	0.522
Health and wellbeing	0.172***	0.170	0.095	1.009	0.001
Social dialogue	0.081	0.167	0.058	0.484	0.629
Compensation and benefit	0.167**	0.157	0.099	1.062	0.003
Human right	1.088***	0.154	0.786	7.072	0.000
R Square	0.423				
Adjusted R square	.650 <sup>a</sup>				

Source: SPSS Output (2022)

\*\*\* Significant at 1% level

\*\* Significant at 5% level

According to Table (4.10), the results of multiple regression analysis showed that all of the coefficients in the model are jointly significant which is indicated by the value of F-statistics. In addition, individual coefficients have expected positive signs. Among of the five variables, three variables of internal corporate social responsibilities in the model namely health and wellbeing, compensation and benefit and human right are significant at 5% level while workplace diversity and social dialogue are not significant. The more increased in health and wellbeing, compensation and benefit and human right factors, the more AYA bank can achieve employee commitment in the bank. If the score of health and wellbeing is increase by 1 unit while other things remain unchanged, then the level of employee commitment will increase by 0.172 units. If the score of compensation and benefit is increase by 1 unit while other things remain unchanged, then the level of employee commitment will increase by 0.167 units. Further, If the score of human right is increase by 1 unit while other things remain unchanged, then the level of employee commitment will increase by 1.088 units. As the performance of regression model, the model can explain about 42% of the variation of the internal corporate responsibilities on employee commitment.

## **CHAPTER V**

### **CONCLUSION**

This chapter presents the summary of findings on analysis of the effect of internal corporate social responsibility on employee commitment in AYA bank. This chapter also discusses suggestion and recommendation based on findings in order to improve AYA bank's internal corporate social responsibility practices and employee commitment relating to it. Last but not least, this chapter also presents limitation of the study and need for further research.

#### **5.1 Findings**

The objective of this paper is to analyze internal CSR practices of AYA bank and to analyze the relationship between CSR activities and employee commitment in AYA bank. Employee is acknowledgement to be critical aspect of the organization. The organization has assimilated the reality that the employee future profitability depends on their willingness to assume working environment responsibilities. The organization has to illustrate congruous policies to establish their employee ethical, social, environmental benefit. The study affirms the significant relationship between internal CSR and employee commitment and the development of internal CSR practices are important to show the employees performance in production and job satisfaction that is to achieve strategic goals and organization performance.

The demographic characteristics of the respondents in this study are explored with variables such as gender, age, educational level, job responsibility and work experience. Regarding with gender, the results express that the majority of this study's respondents are female. Most of the respondents are at the age of between 31 to 40 years old. Most of the respondents have Bachelor degree. Further, most of the respondents work in back office operation. The bulk of the participants have been working in AYA bank for 1 to 5 years while the minority of the respondents have been working in AYA bank for below 1 year.

The first objective of this study is to identify internal CSR practices of AYA bank. This study has divided 5 sub-factors under AYA bank's internal corporate social responsibilities, namely workplace diversity, health and wellbeing, social dialogue, compensation and benefit and human right. In workplace diversity, most of the

respondents are agreed that AYA bank supports workplace diversity for its employees. In health and wellbeing, the findings stated that respondents are agreed that AYA bank supports health and wellbeing of its employees. In social dialogue factor, the majority of the respondents agreed that AYA bank supports social dialogue of its employees. However, in compensation and benefit and human right factor, most of the respondents were neutral about them which means the respondents do not know whether AYA bank provides well or not in compensation and benefit and human right practices.

Second objective of this research is to analyze the relationship between CSR activities and employee commitment in AYA bank. The conceptual framework depicts the relationships between variables of the study. The results from the relationship between internal CSR activities and employee commitment reveal the significant of the interrelationships of the constructs in the model. The multiple regression analysis points out that increase in employee commitment may contribute to independent variables of internal CSR activities. According to the multiple regression result, shows that internal CSR activities of health and wellbeing, compensation and benefit, and human rights are significantly and positively influencing employee commitment while workplace diversity and social dialogue have no significant effect on employee commitment.

## **5.2 Suggestions and Recommendations**

As the country's second-largest private bank, AYA Bank serves both domestic and foreign customers via its widespread branch network and comprehensive range of corporate, retail, and commercial banking products and solutions. Employee commitment to the job will increase if the bank invests in employee's mental health so that they can continue to give high-quality service to customers. In order to increase workplace diversity factor, AYA bank should make more effort on treating all employees fairly regardless of their race, sex or religion. This awareness of culture difference must be embedded in AYA bank by explaining the opportunities of having workplace diversity in the bank such as diverse team can bring new ideas to the bank or they can grow the quality of a company's reputation by showing that the bank is inclusive and welcoming. Secondly, the bank's health and wellbeing factor should be improved. To do so, AYA bank should provide international first aid training for its employees and provide

adequate schedule for their breaks and time offs. Furthermore, AYA bank should give leadership trainings to the supervisor level so that they know how to support their colleagues' wellbeing.

Even though the findings stated that social dialogue has an effect on employee commitment in AYA bank, it is still an important factor since it protects and promote the interests of workers by extending democracy and human dignity to the workplace. This can help to reduce the workplace complexity. AYA bank improve its social dialogue factor by allowing the right of freedom of collective bargaining between the bank and its employees, organizing yearly meeting to collect the complaints from employees, communicating frequently with its employees and issue appropriate framework of labor policy for the bank.

Moreover, AYA bank needs to improve its compensation and benefit structure since respondents do not know whether they are provided by compensation and benefit factor in the bank. It is vital to improve this factor since compensation and benefit is significantly impacting on increasing employee commitment. Therefore, AYA bank needs to publicize compensation policies for its all employees and let them know the bank provides fair compensation and benefit system for all. Moreover, AYA bank should make fair promotions and allowance structure so that employees will be more effected to the bank. Furthermore, AYA bank also needs to improve human right factor since it is significantly impacting on employee commitment. AYA bank is required to respect for human rights in all of its activities by prohibiting discrimination and include policies on indigenous peoples, resettlement and labor rights that meet international legal standards. Moreover, AYA bank should apply Ethical code of conducts to identify a set of values to guide how employees work together or engage with the customers in all of its business aspects.

### **5.3 Limitation of the Research and Need for Further Studies**

The respondents in this research are AYA bank's employees, hence, the results cannot be applied to other bank's employees or other bank's internal CSR practices. Another limitation is that the respondents filled out the questions based on their perception of AYA bank's internal CSR practices, hence, there might be a lack of specific data. Moreover, due to the time limitation, the researcher could not conduct all of the AYA bank's employees. However, this study can be the base for other researchers who

intendents to investigate the same study area. Moreover, it is recommended that further researcher should use large sample size in order to get more specific data and give it more time for data gathering processes. Moreover, further researchers should use different dependent variables such as employee performance, psychological well-being, work engagement, etc. to find relationships with internal CSR activities. It is recommended that further studies should be done in other private or government banks to know if internal CSR activities have any effect on employee commitment in different context.

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# APPENDIX

## Survey Questionnaire

Dear Sir/Madam

I request you to answer the following questions. The questions are purely for academic purpose and do not intend to distribute any person in one way or another. The title of the research is “The Effect of Internal CSR Practices on Employee Commitment”. Your contribution in answering these questions will assist me in writing a thesis which is a partial fulfillment of the requirements for the Master Degree of Master of Banking and Finance of Yangon University of Economics.

### **Part 1: Demographic Profile**

1. Gender

- Male
- Female

2. Age

- Between 20 to 30
- Between 31 to 40
- Between 41 to 50
- Over 51

3. Educational level

- High school or below
- Bachelor
- Diploma
- Master or above

4. Which operation do you have to handle in your branch?

- Front Office operation
- Back Office operation

5. How long have you been working in AYA bank?

- Below 1 year
- 1 – 5 years
- 5 – 10 years
- Over 10 years

**Part 2: AYA bank's internal CSR activities**

No.	Description	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
Workplace Diversity						
1	AYA bank treats all employees fairly irrespective of an individual's race, sex, and religion	1	2	3	4	5
2	AYA bank conducts diversity training programs with compulsory participation for all employees	1	2	3	4	5
3	AYA bank supports female employees to fill administrative jobs	1	2	3	4	5
4	AYA bank ensures employee diversity in teams of gender (male and female)	1	2	3	4	5
5	AYA bank understands how crucial diversity is to its future success	1	2	3	4	5
6	AYA bank invests a lot of time and energy into building diverse teams	1	2	3	4	5

	Health and Wellbeing					
1	AYA bank provides health and welfare activities such as medical, and meal facilities	1	2	3	4	5
2	AYA bank provides transportation facilities for its employees	1	2	3	4	5
3	AYA bank provides adequate space for work with facilities supported	1	2	3	4	5
4	AYA bank offers first aid training for its employees	1	2	3	4	5
5	AYA bank provides adequate breaks for employee wellbeing	1	2	3	4	5
6	AYA bank has specific rules and regulations to prevent the accidental problems	1	2	3	4	5
7	When I am stressed, my supervisors help me to support my mental wellbeing	1	2	3	4	5

Social Dialogue (Governance)						
1	AYA bank allows the right of freedom of collective bargaining	1	2	3	4	5
2	AYA bank provides support for trade union	1	2	3	4	5
3	AYA bank organizes employee meetings to collect complaints from employees each year	1	2	3	4	5
4	AYA bank organizes frequency dialogue with employees	1	2	3	4	5
5	AYA bank commits to report the individual employee evaluation to the employee	1	2	3	4	5
6	AYA bank participates in making public policy on labor with governance agencies	1	2	3	4	5
7	AYA bank negotiates wage-setting arrangements with trade union	1	2	3	4	5

	Compensation and benefit					
1	AYA bank has compensation policies and benefits practices that affect me	1	2	3	4	5
2	AYA bank provides salaries, wages, and incentives for my job and responsibility	1	2	3	4	5
3	AYA bank provides fair compensation and benefit to all employees	1	2	3	4	5
4	AYA bank provides an allowance in line with expectations	1	2	3	4	5
5	AYA bank offers promotions to its employees	1	2	3	4	5
6	AYA bank implements a reward system for employees who are excellent with their job	1	2	3	4	5

	Human right					
1	AYA bank provides equal opportunities for all employees (e.g. Training, scholarship, qualifying, etc.)	1	2	3	4	5
2	AYA bank pays proportionate salary to the effort that expanded at works	1	2	3	4	5
3	AYA bank provides fair compensation for all employees	1	2	3	4	5
4	AYA bank implements core values extend to respect for human rights throughout the bank's operations and conducts	1	2	3	4	5
5	AYA bank has policies, processes, and procedures to identify and prevent potential human rights impacts on its employees	1	2	3	4	5
6	AYA bank accepts the freedom of speech ( suggestions and feedback) from staff	1	2	3	4	5
7	AYA bank offers training to its employees on the company's Code of Business Conduct and Ethics on an annual basis	1	2	3	4	5

**Part 3: Employee commitment to AYA bank**

No.	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	I enjoy discussing AYA bank with people outside it	1	2	3	4	5
2	I feel as if AYA bank's problems are my own	1	2	3	4	5
3	AYA bank has a great deal of personal meaning for me	1	2	3	4	5
4	It would be very hard for me to leave AYA bank right now	1	2	3	4	5
5	Too much in my life would be disrupted if I decided I wanted to leave AYA bank now	1	2	3	4	5
6	One of the major reasons I continue to work for AYA bank is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain	1	2	3	4	5
7	AYA bank deserves my commitment and loyalty	1	2	3	4	5
8	I owe a great deal to AYA bank	1	2	3	4	5
9	I would be very happy to spend the rest of my career with AYA bank	1	2	3	4	5