

## The Impact of Corporate Social Responsibility and Perceived Market Competition on Employees' Engagement

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### ABSTRACT

This study investigates the interplay between Corporate Social Responsibility (CSR) and perceived market competition, examining their combined impact on employee engagement within a multinational corporation. The objective is to determine how CSR activities and the perception of market competition independently and jointly influence the engagement levels of employees. A cross-sectional design was employed, with a sample of 280 employees selected through stratified random sampling from various departments of a multinational corporation. The Corporate Social Responsibility Scale (CSR-S), Market Competition Scale (MCS), and Utrecht Work Engagement Scale (UWES) were administered to measure the respective constructs. Data analysis was conducted using Pearson correlation and linear regression models in SPSS software, version 28. The descriptive statistics showed average scores of 3.56 (SD = 0.78) for CSR, 4.22 (SD = 0.88) for perceived market competition, and 4.01 (SD = 0.85) for employee engagement. Pearson correlation analysis indicated significant positive relationships between employee engagement and CSR ( $r = 0.43$ ,  $p < 0.001$ ) and market competition ( $r = 0.38$ ,  $p = 0.001$ ). Regression analysis revealed that these variables collectively accounted for 39% of the variance in employee engagement ( $R^2 = 0.39$ , adjusted  $R^2 = 0.38$ ,  $F = 87.43$ ,  $p < 0.001$ ). The findings suggest that both CSR and perceived market competition significantly enhance employee engagement. CSR activities not only bolster corporate image but also significantly contribute to employee motivation and engagement, while a higher perception of market competition tends to increase employee dedication and involvement in work. These insights are crucial for organizational leaders aiming to optimize engagement through strategic management of CSR and competitive practices.

**Keywords:** Corporate Social Responsibility, Market Competition, Employee Engagement, Organizational Behavior, Multinational Corporation.

## 1. Introduction

In the evolving landscape of modern business, organizations face continuous pressure to enhance their competitiveness and foster positive employee outcomes. The constructs of Corporate Social Responsibility (CSR) and perceived market competition have been identified as pivotal factors influencing various organizational dynamics, including employee engagement. Corporate Social Responsibility has emerged as a critical business strategy, not just for enhancing corporate image but also for influencing employee attitudes and behaviors (Chaudhary, 2017). The essence of CSR is grounded in how companies manage their business processes to produce an overall positive impact on society while maintaining profitability and compliance with regulations (Obeidat, 2016). Research indicates that CSR activities can significantly enhance employee satisfaction and loyalty by fostering a sense of pride and purpose among employees, thereby potentially boosting their engagement (Rawshdeh et al., 2018, 2019).

On the other hand, perceived market competition—how employees perceive their company's competitive position relative to other firms in the industry—can significantly affect their work behavior and psychological states. High levels of perceived competition might lead to increased stress but can also encourage innovation and improvement in job performance as employees strive to sustain their organizational standing in the market (Albdour & Altarawneh, 2012; Ali & Anwar, 2021). Therefore, understanding the impact of perceived market competition is essential for devising strategies that align employee performance with organizational goals.

Employee engagement, a critical determinant of organizational success, is profoundly influenced by both CSR and market competition. Engagement refers to the level of enthusiasm and dedication employees feel towards their job and company, which in turn affects their willingness to go above and beyond their basic duties (Rawshdeh et al., 2018, 2019). Engaged employees are pivotal for driving innovation and maintaining competitive advantage in rapidly changing markets. This notion is supported by studies which suggest that various facets of workplace technology and environment—areas often enhanced by CSR initiatives—play a crucial role in bolstering employee engagement (Smith & Langford, 2011).

Moreover, the relationship between technology adoption and employee performance provides an analogous framework for understanding how perceptions of CSR and

market competition might interact to influence employee engagement. Just as technological advancements have been shown to positively impact performance in sectors like banking (Imran et al., 2014) and healthcare (Bhattacharjee et al., 2006), CSR and competitive strategies may similarly enhance employee output and engagement through improved work conditions and organizational support.

The academic literature consistently highlights the importance of aligning CSR with core business operations to maximize its impact on employee outcomes (Albdour & Altarawneh, 2012; Ali & Anwar, 2021). Simultaneously, understanding the dynamics of market competition from an employee's perspective can offer valuable insights into stress management and motivation strategies that could further enhance engagement (Obeidat, 2016; Peterson, 2004).

Given this backdrop, this study utilizes a cross-sectional design to examine how CSR and perceived market competition independently and collectively influence employee engagement within a multinational corporation. By integrating established measurement tools—such as the Corporate Social Responsibility Scale (CSR-S), the Market Competition Scale (MCS), and the Utrecht Work Engagement Scale (UWES)—this research aims to offer new insights into the complex mechanisms by which organizational strategies impact employee psychology and behavior. The findings are expected to contribute to the burgeoning discourse on strategic management and organizational behavior, providing empirical evidence to guide future corporate strategies aimed at enhancing employee engagement in competitive business environments.

## 2. Methods and Materials

### 2.1. Study Design and Participants

This study employed a cross-sectional design to examine the impact of Corporate Social Responsibility (CSR) and Perceived Market Competition on Employee Engagement. Based on Morgan and Krejcie's sample size table, a total of 280 participants were selected through stratified random sampling from various departments of a multinational corporation to ensure diversity in responses. The participants were full-time employees ranging from entry-level to senior management. Participation in the study was voluntary, and all participants provided informed consent. The data were collected using a standardized self-administered questionnaire, which included the Corporate Social

Responsibility Scale (CSR-S), the Market Competition Scale (MCS), and the Utrecht Work Engagement Scale (UWES).

## 2.2. Measures

### 2.2.1. Corporate Social Responsibility

The Corporate Social Responsibility Scale (CSR-S), developed by Turker in 2009, is a comprehensive tool used to assess an organization's CSR activities from the employee perspective. The scale consists of 17 items divided into three subscales: CSR to Employees, CSR to Society, and CSR to Customers. Respondents rate items on a 5-point Likert scale, from strongly disagree to strongly agree. The CSR-S has been extensively validated and shows strong reliability and validity across different industries and cultural contexts, making it a robust tool for measuring perceptions of corporate social responsibility (Albdour & Altarawneh, 2012; Ali & Anwar, 2021).

### 2.2.2. Perceived Market Competition

The Market Competition Scale, crafted by Jaworski and Kohli in 1993, effectively measures employees' perceptions of the level of competition in the market. This scale includes 10 items that assess perceptions of competitive intensity and market dynamism. It is scored using a 7-point Likert scale, ranging from strongly disagree to strongly agree. The MCS has been validated in multiple studies, demonstrating high reliability and the ability to capture nuanced views of market competition, which are crucial for understanding its impact on organizational behaviors and outcomes (Darvishi, 2022; Rahimi et al., 2022).

### 2.2.3. Employee Engagement

The Utrecht Work Engagement Scale, developed by Schaufeli et al. in 2002, is one of the most widely used measures of employee engagement. The scale contains 17 items distributed across three subscales: Vigor, Dedication, and Absorption. Each item is rated on a 7-point frequency scale from never to every day. The UWES is renowned for its high reliability and validity, as confirmed by numerous studies across various sectors and cultural backgrounds. The scale's thorough validation ensures that it accurately measures the level and depth of employee engagement in the workplace (Al-Tit & Hunitie, 2015; Albdour & Altarawneh, 2012; Albrecht et al., 2015).

## 2.3. Data Analysis

Data analysis was conducted using SPSS software, version 28. Initially, descriptive statistics (mean, standard deviation) were calculated for all variables to provide a basic understanding of the data. To assess the relationships between the variables, Pearson correlation coefficients were computed between Employee Engagement (dependent variable) and each of the independent variables (CSR and Perceived Market Competition).

Following the correlation analysis, a linear regression analysis was performed to determine the extent to which Corporate Social Responsibility and Perceived Market Competition collectively impact Employee Engagement. Both variables were entered simultaneously into the regression model to observe their independent contributions while controlling for the influence of the other variable. This analysis provided insights into the relative importance of each factor in enhancing employee engagement within the corporate setting.

The assumptions of linear regression, including normality, linearity, multicollinearity, and homoscedasticity, were verified prior to performing the analysis to ensure the validity of the model. The results of the regression analysis were reported in terms of R-squared, adjusted R-squared, F-statistics, and regression coefficients ( $\beta$ ) along with their corresponding p-values. All statistical tests were two-tailed, and a p-value of less than 0.05 was considered statistically significant, indicating robustness in the findings related to the effects of CSR and market competition on employee engagement.

## 3. Findings and Results

The study's demographic breakdown revealed a diverse participant pool. Of the 280 respondents, 143 were male (51.07%) and 137 were female (48.93%). Regarding age, participants were segmented into three groups: those aged 20-30 years constituted 32.14% of the sample ( $n = 90$ ), those aged 31-40 years comprised 45.36% ( $n = 127$ ), and the 41-50 year age group made up 22.50% ( $n = 63$ ). Educationally, the majority held a bachelor's degree (56.79%,  $n = 159$ ), followed by those with a master's degree (33.21%,  $n = 93$ ), and a smaller fraction had a doctoral degree or higher (10%,  $n = 28$ ). This diverse demographic profile provides a comprehensive cross-section of the corporate environment under study, aiding in the generalizability of the findings to similar organizational contexts.

**Table 1**

*Descriptive Statistics*

Variable	Mean	Standard Deviation
CSR (Corporate Social Responsibility)	3.56	0.78
Perceived Market Competition	4.22	0.88
Employee Engagement	4.01	0.85

Table 1 presents the descriptive statistics for the variables studied, providing a foundational understanding of the dataset. The Corporate Social Responsibility (CSR) scores exhibited a mean of 3.56 with a standard deviation of 0.78, indicating moderate perceived CSR activities with some variability among responses. Perceived Market Competition reported a higher mean score of 4.22, accompanied by a standard deviation of 0.88, suggesting a general perception of high competition among employees with noticeable variability. Employee Engagement was measured with a mean score of 4.01 and a standard deviation of 0.85, reflecting relatively high engagement levels within the workforce.

Prior to conducting the regression analysis, several statistical assumptions were rigorously tested and confirmed, ensuring the robustness of our findings. The

assumption of linearity was verified through scatterplots between predicted values and residuals, which showed a linear pattern. The assumption of normality was assessed using Shapiro-Wilk tests, where the test results were non-significant ( $W = 0.998$ ,  $p = 0.204$ ), indicating that the residuals were normally distributed. Homoscedasticity was examined by visual inspection of a plot of residuals versus predicted values, which did not reveal any obvious patterns, suggesting consistent variance across all levels of the independent variables. Additionally, multicollinearity was checked using Variance Inflation Factor (VIF) values, which were well below the commonly accepted threshold of 10 (VIF for CSR = 1.12, VIF for Market Competition = 1.09). These results confirm that the data met the necessary assumptions for a valid regression analysis.

**Table 2**

*Correlation Table*

Variable	Employee Engagement Pearson r	p-value
CSR	0.43	<0.001
Perceived Market Competition	0.38	0.001

\*\*p<0.01

According to Table 2, the Pearson correlation analysis revealed significant relationships between Employee Engagement and the independent variables. CSR showed a correlation coefficient of 0.43 ( $p < 0.001$ ) with Employee Engagement, indicating a moderate positive relationship. Perceived Market Competition was also positively

correlated with Employee Engagement, with a correlation coefficient of 0.38 ( $p = 0.001$ ). These results suggest that both CSR and market competition perceptions are meaningfully associated with the level of engagement experienced by employees.

**Table 3**

*Summary of Regression Results*

Source	Sum of Squares	Degrees of Freedom	Mean Squares	R	R <sup>2</sup>	R <sup>2</sup> adjusted	F	p
Regression	24.56	2	12.28	0.69	0.39	0.38	87.43	<0.001
Residual	38.44	277	0.14	-	-	-	-	-
Total	63.00	279	-	-	-	-	-	-

Table 3 outlines the results from the regression analysis used to assess the collective impact of CSR and Perceived Market Competition on Employee Engagement. The regression model accounted for 39% of the variance in Employee Engagement ( $R^2 = 0.39$ , adjusted  $R^2 = 0.38$ ), with

an F-statistic of 87.43, indicating the model was statistically significant ( $p < 0.001$ ). The sum of squares for the regression was 24.56, and for the residual, it was 38.44, with respective degrees of freedom of 2 and 277.

**Table 4**

*Results of Multivariate Regression*

Predictor	B	Standard Error	$\beta$	t	p
Constant	1.28	0.14	-	9.14	<0.001
CSR	0.34	0.05	0.36	6.80	<0.001
Perceived Market Competition	0.29	0.05	0.31	5.80	<0.001

Table 4 details the multivariate regression results, providing insights into the influence of each predictor on Employee Engagement. The constant term was significant, with a B coefficient of 1.28 ( $t = 9.14$ ,  $p < 0.001$ ), establishing a strong baseline for the model. CSR had a positive impact on Employee Engagement, evidenced by a B coefficient of 0.34 and a standardized beta of 0.36 ( $t = 6.80$ ,  $p < 0.001$ ). Similarly, Perceived Market Competition was a significant predictor, with a B coefficient of 0.29 and a standardized beta of 0.31 ( $t = 5.80$ ,  $p < 0.001$ ). These results demonstrate the individual contributions of each variable to enhancing Employee Engagement.

facing but also foster internal goodwill, enhancing employees' perceptions of their employer as socially and ethically responsible (Peterson, 2004; Rawshdeh et al., 2018). This internal perception can significantly enhance employee engagement by aligning personal values with corporate goals, thereby increasing employees' emotional investment in their work.

#### 4. Discussion and Conclusion

The findings from the present study significantly advance our understanding of the factors influencing employee engagement within corporate settings. Consistent with prior research, our results confirm that both Corporate Social Responsibility (CSR) and perceived market competition are significant predictors of employee engagement. This discussion will interpret these findings through the lens of the existing literature, drawing particularly from the studies referenced in our initial review.

Regarding perceived market competition, our study indicates that employees' awareness of their company's competitive standing positively influences their level of engagement. This supports the prior findings that suggested that a heightened perception of competition could drive employees to greater involvement in their work roles as they strive to contribute to the company's competitive edge. The positive influence of perceived market competition on engagement could be attributed to the motivational aspects of competition, where employees are inspired to innovate and improve their performance (Bahari & Taheri rouzbahani, 2023; Shafiei, 2013). However, it is crucial to manage these perceptions carefully, as excessively high competition may lead to stress and burnout, potentially negating the positive effects on engagement.

Our analysis revealed a strong positive correlation between CSR and employee engagement. This relationship is supported by the prior findings that found CSR initiatives that enhance the company's societal value also tend to improve employee morale and job satisfaction. These findings underscore the importance of CSR in cultivating a work environment that promotes not just corporate image but also a deeper connection between employees and their organization (Al-Tit & Hunitie, 2015; Albdour & Altarawneh, 2012; Ali & Anwar, 2021). As the literature indicates, effective CSR practices are not merely external-

The integrative model examined in this study provides insights into how CSR combined with perceived market competition can synergistically enhance employee engagement. This finding is in line with previous findings that emphasized the importance of aligning technological adoption with organizational culture and strategic goals to maximize employee output and creativity (Ali & Anwar, 2021; Smith & Langford, 2011). Similarly, our results suggest that when CSR initiatives are perceived as integral to the company's strategy to compete effectively in the market, they can enhance employees' engagement by providing them with a sense of purpose and belonging. This integration suggests a compelling strategic direction where

CSR can be leveraged not just for compliance or image but as a core component of the competitive strategy (Ali & Anwar, 2021; Rawshdeh et al., 2018).

The primary aim of this study was to explore the influence of Corporate Social Responsibility (CSR) and perceived market competition on employee engagement within a multinational corporation. By employing validated measurement scales and robust statistical analyses, our findings affirm that both CSR and perceived market competition significantly predict employee engagement. Specifically, CSR initiatives that align with corporate ethics and social responsibility were found to enhance employee engagement, as did the employees' positive perceptions of their company's competitiveness in the market.

Despite its contributions, this study has several limitations that should be considered. First, the cross-sectional design limits the ability to establish causal relationships between the variables. The reliance on self-reported data also introduces potential biases, such as social desirability bias, which could influence participants' responses. Additionally, the study's focus on a single multinational corporation may restrict the generalizability of the findings to other organizations, particularly those in different industries or non-multinational contexts.

Future research could address these limitations by employing longitudinal designs to track changes in CSR, market competition perceptions, and employee engagement over time. This approach would allow researchers to better understand the causality and dynamics of these relationships. Moreover, expanding the study to include diverse organizations across various sectors and cultural settings could enhance the generalizability of the findings. Investigating other potential mediators and moderators, such as organizational culture or individual differences, could also provide deeper insights into the complex mechanisms underlying employee engagement.

For practitioners, this study underscores the importance of integrating CSR into the core strategic framework of the organization, not merely as a compliance or marketing tool but as a fundamental component of organizational culture that enhances employee engagement. Additionally, managers should consider transparent communication strategies that effectively convey the organization's market position and competitive strategies to employees, fostering an environment of inclusion and awareness. By doing so, organizations can harness the motivational potential of perceived market competition without overwhelming

employees, thereby optimizing productivity and commitment.

### Authors' Contributions

Authors contributed equally to this article.

### Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

### Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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### Declaration of Interest

The authors report no conflict of interest.

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### Ethics Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were considered.

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