IMPACT OF PERCEIVED CORPORATE SOCIAL RESPONSIBILITY ON MARKET ORIENTATION IN SYSTEMATICALLY IMPORTANT BANKS; THE MEDIATING ROLE OF ORGANIZATIONAL COMMITMENT

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ABSTRACT
Market orientation is viewed in both ways as a culture and a behavior, it cannot be manifested without organizational commitment not only by top management, but also by all employees within the organization. Corporate Social responsibility is seen as a concept in which companies voluntarily integrate social and environmental concerns into their business operations and into the interaction with their stakeholders. This study examined the research problem, to what extent the effects of Organizational Commitment on the relationship between the perceived Corporate Social Responsibility and Market Orientation of Systematically important Banks. Hence, this research was carried out with the ultimate research objective, to determine whether Organizational Commitment mediates the relationship between perceived Corporate Social Responsibility and Market Orientation in banking industry. Furthermore conceptual model has been developed to link the study variables and dimensions. Thus a hypothesis was formed to test the mediating role of Organizational Commitment on the relationship between perceived Corporate Social Responsibility and Market Orientation. Hence quantitative methodology was applied for this research study and 203 questionnaires were collected data from the employees of banks in Batticaloa district. Further Descriptive, Correlation, and Regressions analysis have been used for the analysis purpose. Findings have shown that Perceived Corporate Social Responsibility, Organizational Commitment, and Market orientation of Systematically important Banking industry are at higher level. Furthermore it was also found that there is a significant positive relationship between the study variables. Major finding of this study was Organizational Commitment partially mediate the relationship between perceived Corporate Social Responsibility and Market orientation of Systematically important Banking industry in Batticaloa district. These findings would be useful for the managers in banking industry to concern perceived Corporate Social Responsibility to bring the organization as a market-oriented organization while generating Organizational commitment in the industry. This will leads to the satisfaction of employees as well as customers whereas this ensures the long term survival of the business organization in the competitive market.

Key words: Market orientation, Organizational Commitment and Perceived Corporate Social Responsibility

INTRODUCTION
Today market orientation is the canon of attention to researches. But still no agreement has been reached on real nature of market orientation. Market orientation (MO) has been considered as a cultural, behavioral or combination of both (Taheri & Ghasemi, 2015). A new challenge for marketing managers is the human resource management. In this situation, there is a need to combine marketing theories with the human resource management (Lings, 2004). The employees should be treated as internal customers. This approach helps organizations effectively manage their employees. As a result, improve the relationships with employees, the relationships with external customer be more effectively.

In the current era, Corporate Social Responsibility (CSR) has gained much attention from companies and considered as a high-profile strategy while over the years, CSR has been explored from different perspectives - normative, institutional, stakeholder, integrative, political, transactional - and this multifaceted approach greatly contributed to our understanding of CSR, even if it still remains an “essentially contested concept” (Gond & Moon, 2011). Firms engage in CSR activities due to pressure from society and media in order to get a good image in society and retention of employees (Bhattacharya & Korschun, 2008). These firms consider employees as internal customers and the success of firm depends on their motivation and commitment. Organizational commitment refers to the affiliation of employees with their organizations and it is widely studied the concept in organization psychology (Cohen, 2004) Committed employees believe in organization’s mission and vision and want to contribute to it (Allen & Meyer, 1990).
The CSR leads through organizational commitment to market orientation because market orientation can't be achieved in the absence of organizational commitment (Zaman, Javaid, Arshad & Bibi, 2012). Companies use CSR as a marketing tool to gain customers’ satisfaction and evaluations and several studies have already investigated this relationship (Luo & Bhattacharya, 2006; Marin, Ruiz & Rubio, 2008). However, few studies have tried to investigate the effectiveness of perceived CSR on employees and this area is still evolving (Larson, Flaherty, Zablah, Brown & Wiener, 2018). Thus, this study focuses on the impact of Perceived Corporate Social Responsibility on Market Orientation while considering the Mediating role of Organizational Commitment in the financial industry specially systematically important banks.

**Problem Statement**

Market Orientation based on both cultural and behavioral views can't do without commitment for the managers and employees. However, the lack of commitment among employees may have a negative effect on Market orientation. So, to succeed in Market orientation, organizational commitment must be ensured. One way to create commitment among employees is that satisfying the expectations of employees. Most of the literature explains the CSR as the form of satisfying the expectations of stakeholder while the employees of the organization also identified as one type of key stakeholder.

Although, researchers emphasized to investigate the nexus between CSR and Organizational commitment (Rodrigo & Arenas, 2008) nonetheless CSR in Asia is still under research and unclear. Moreover, employees’ self-evaluation of CSR initiatives has been neglected or absent. Consequently, it would be helpful to consider employees’ self-evaluation of CSR. It is observed that manufacturing industries and firms which are involved in the emission of harmful waste into the environment have pressure for CSR and focusing on CSR activities to improve their image and legitimize their businesses (Moerman & Van Der Laan, 2005). In contrast, nonmanufacturing industries and firms especially banks may have less pressure for CSR as these create fewer social hazards as compared to manufacturing industries and firms. However, CSR activities are vital for both internal (employees) and external stakeholders (society). Firms engage in CSR activities due to pressure from society and media in order to get a good image in society and retention of employees (Bhattacharya & Korschun, 2008).

Therefore, there is a need for marketers to examine the Impact of Perceived Corporate Social responsibility on Market Orientation while checking the mediating role of Organizational Commitment. So that marketers can initiate measures to satisfy the social expectation of customers. But this relationship has not been confirmed in Sri Lankan context with special reference to Systematically Important Banks. This knowledge is lacking. Absence of this knowledge will leave marketers in ambiguity in adopting measures leading to CSR in organization.

Thus, there exists a clear knowledge gap. This knowledge gap becomes a problem to marketers in fostering socially responsible business behavior. Absence of such knowledge makes marketers unclear and difficult to satisfy expectations of the customers who are responsive to socially responsible issues. Researcher examines this problem in this study and attempts to fill this knowledge gap. Therefore, the following research question is advanced in this study.

"Does Organizational Commitment mediate the impact of perceived CSR on Market orientation in Systematically important banks in Sri Lanka?"

**Research Questions**

Lack of studies in this area has prompted the researcher to look closely at the antecedent of CSR and its effect on MO. Therefore, this study aims to empirically investigate the effect of corporate social responsibility on Market orientation. Moreover, the study aims to investigate the mediating effect of Organizational commitment on this relationship in banking sector. Hence, such understanding could contribute to improving the corporate social responsibility that leads to improve the Market orientation of firms. Therefore, this study will strengthen the existing body of knowledge by testing the relationships between corporate social responsibility, Organizational commitment and Market orientation in Systematically important banks in Sri Lanka. Furthermore, this study is of great value to the financial service sector since it shows bank managers how to create Organizational commitment and enhance Market orientation of banks through the corporate social responsibility.

Furthermore, the following research questions are developed in order to address the problem of this study.

1. What is the level of perceived CSR, Organizational Commitment and Market orientation in Systematically important banks in Sri Lanka?
2. What is the relationship between perceived CSR, Organizational Commitment and Market orientation in Systematically important banks in Sri Lanka?
3. What is the impact of Perceived CSR on Market orientation in Systematically important banks in Sri Lanka?
4. Does Organizational Commitment mediate the impact of Perceived CSR on Market orientation in Systematically important banks in Sri Lanka?

Research Objectives

1. Identify the level of perceived CSR, Organizational Commitment and Market orientation in Systematically important banks in Sri Lanka.
2. Identify the relationship between perceived CSR, Organizational Commitment and Market orientation in Systematically important banks in Sri Lanka.
3. Examine the impact of Perceived CSR on Market orientation in Systematically important banks in Sri Lanka.
4. Find out the mediating effect of Organizational Commitment on the relationship between Perceived CSR and Market orientation in Systematically important banks in Sri Lanka.

Scope of the Study

Banks play a critical role within the Sri Lankan financial system, as they are engaged in provision of liquidity to the entire economy, while transforming the risk characteristics of assets. According to the website of Central bank of Sri Lanka, the banking sector in Sri Lanka, which comprises Licensed Commercial Banks (LCBs) and Licenced Specialised banks (LSBs), dominates the financial system and accounts for the highest share of the total assets in the financial system.

This study focuses on Banking sector of Sri Lanka specially Licensed Commercial Banks because in terms of the asset base and the magnitude of services provided, the LCBs are the single most important category of financial institutions within the banking sector. LCBs dominate the financial system with the highest market share of the entire financial system's assets. Therefore, the health of Sri Lankan financial system depends to a large extent on the soundness of the LCBs, primarily on the performance and financial strength of the six largest LCBs, generally referred to as the Systemically Important Banks (SIBs).

At the end of June, 2019, the banking sector comprised 26 LCBs and 6 LSBs. Even though a large number of licensed banks exist in the country, the stability of the financial system is primarily dependent on the performance and financial strength of the six largest LCBs, consisting of the two state banks and the four largest domestic private commercial banks namely Bank of Ceylon, Commercial Bank of Ceylon, Hatton National Bank, People’s Bank, Sampath bank and Seylan bank. These six banks, which are generally, referred to as the Systemically Important Banks (SIBs), represented 75 per cent of the LCB sector assets, 63 per cent of the banking sector assets, and 36 per cent of the entire financial system’s assets of Sri Lankan financial markets.

LITERATURE REVIEW

Market Orientation

In literature, different researchers have recommended varying definitions for “Concept of Market Orientation”. Though many scholars forwarded their views on market orientation since 1960, it was recognized in the marketing literature after the scholarly work of Kohli and Jawarski (1990). They defined market orientation as the “organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it”. Following Kohli and Jawarski (1990) several other researchers have proposed their definitions on market orientation. Market orientation is a business philosophy where the focus is on identifying customer needs or wants and meeting them (Market Business News, 2018).

Even though many scholars have proposed different definitions, researchers commonly follow conceptualizations of either (Kohli & Jaworski, 1990; Narver & Slater, 1990). Both these definitions have gained wider acceptance in marketing literature. Though theoretical explanation and literature are same between the conceptualization of (Kohli & Jaworski, 1990; Narver & Slater, 1990) operationalization of market orientation differs in between. Kohli and Jaworski (1990) operationalized market orientation in terms of three components (1) intelligence generation; (2) intelligence dissemination; and (3) responsiveness; where as Narver
and Slater (1990) operationalized in terms of customer orientation, competitor orientation and inter functional coordination. Sørensen (2009) indicated that customers, competitors and inter functional coordination are major components of market orientation and it gives different types of information for decision makers. Furthermore, several other researchers such as Harris (2002) who explored into market orientation have agreed with the operationalization of Narver and Slater (1990).

**Dimensions of Market Orientation**

**Customer orientation**

Customer orientation is an essential component of market orientation. Thus, customer orientation is pivotal to all definitions of market orientation. Even though customer orientation is one of the behavioral components of market orientation (Narver and Slater, 1990), the origin of customer orientation is the marketing concept. customer oriented marketer must collect variety of information about their customers in order to generate knowledge on their wants and expectations. Therefore, scope of customer orientation can be further broadened. Sørensen (2009) proposed that the general purpose of customer orientation is to provide a solid basis of intelligence pertaining to current and future customers for executive actions. Hence customer orientation means generating knowledge and intelligence on their customers as a whole to create superior value for them.

**Competitor Orientation**

Narver and Slater (1990) described competitor orientation as “a seller understands the short-term strengths and weaknesses and long-term capabilities and strategies of both the key current and the key potential competitors” (p.21,22). In the recent literature Sørensen (2009) has suggested that the purpose of the competitor orientation is to provide a solid basis of intelligence pertaining to present and potential competitors for executive actions. Here the view points and arguments on competitor orientation have been almost the same in the history. Hence competitor orientation means understanding competitors’ strengths, capabilities and weakness in order to create superior value to their customers than their competitors.

**Inter-functional Coordination**

Narver and Slater (1990) defined inter-functional coordination as the “coordinated utilization of company resources in creating superior value for target customers” (p. 22). Their definition is narrowed in focus since they emphasized only on the coordinated resource utilization. Entire process or coverage of inter-functional coordination was not elaborated in this definition. Meanwhile Kohli and Jaworski, (1990) stressed the organization wide support in generation and dissemination of knowledge about customers and competitors. Thereby inter-functional coordination is a necessary condition if an organization wants to be customer oriented and competitor oriented. Kohli and Jaworski (1990) have further highlighted on organization wide responsiveness towards customer’s needs. Organization wide responsiveness also requires mutual support of all sections and departments for value creation. Hence based on the scholarly works of experts in the field, inter functional coordination can be understood as the support of all departments and functions to add value to their customers.

**Corporate Social Responsibility**

Corporate social responsibility refers to companies taking into account the interests of stakeholders beyond shareholders. From employees' point of view, CSR conveys positive values and demonstrates a caring stance, thus generating the belief that the company is trustworthy. Prior research suggests that CSR perceptions impact a variety of employee attitudes and behaviors, including trust in organizational leadership (Hansen et al. 2011). CSR is a method of self-regulating mechanism that entails firms to be socially responsible to all stakeholders and society (Freeman, 2010). Literature provides the evidence about significance and recognition of CSR globally (Chapple, Moon,2008; Kotler & Lee, 2008) however, the conceptualization of CSR is still divergent and a common opinion on CSR has not been reached among scholars due to differences in socio-economic factors between countries.

The concept of corporate social responsibility is based on the idea that not only public policy but companies, too, should take responsibility for social issues. In more recent approaches, CSR is seen as a concept in which companies voluntarily integrate social and environmental concerns into their business operations and into the interaction with their stakeholders. The idea of being a socially responsible company means doing more than comply with the law when investing in human resources and the environment. According to the widely cited definition of CSR, “the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time” (Carroll 1979, p. 500), some scholars propose that it goes beyond economic and legal responsibilities (Matten and Moon 2008;
McWilliams and Siegel 2001), whereas others distinguish CSR from economic, technical, and legal obligations (Aguilera, Rupp, Williams, & Ganapathi 2007; Sims 2003).

**Dimension of Corporate Social Responsibility**

Carroll (1979) quoted that “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (p. 500). In his elaboration on CSR, he identified four main responsibilities for business which are economic, legal, ethical, and discretionary responsibilities.

**Economic Responsibility**

A corporation has to meet its economic responsibilities in terms of reasonable return to investors, fair compensation to employees, goods at fair prices to customers, etc. Thus, meeting economic responsibility is the first-layer of responsibility and also the basis for the subsequent responsibilities. The fact remains that meeting economic responsibility is must for all corporations to survive in the time. Profit is the prime consideration of shareholders, investors and lenders, and they are also part of the society. Moreover, they are also stakeholders and they have interest in the operations of organization. As such organizations want to be productive, so that it will reduce wastage and provide goods and services for the consumption of society. Therefore, economic responsibility that encompasses profit and productivity becomes the fundamental responsibility for businesses.

**Legal Responsibilities**

The legal responsibility of business corporations demands that businesses abide by the law of land and play by the rule of the game. Laws are the codification of do’s and don’ts do’s in the society. Abiding by laws is the prerequisite for any corporation to be socially responsible. Corporate history is replete with instances where violation of laws disallowed corporations to run any longer. For instance, businesses are expected to abide with the laws relating environmental protection, consumer protection, labour rights and payments of tariffs etc. Thus, compliance of such laws will ensure the interest and satisfaction of different stakeholders. Therefore, obedience to laws is considered as a part of business responsibility.

**Ethical Responsibilities**

These responsibilities refer to obligations which are right, just, and fair to be met by corporations. Just abiding by law, procedure, and rule and regulations does not make business conduct always as ethical or good. The conduct of corporations that go beyond law and contribute to social wellbeing is called ethical. These norms, standards and expectations are not coded in laws but abiding to these will ensure concerns, rights and interests of various stakeholders. Moreover, in recent past there is a growing attention paid on the ethical aspects of business. Therefore, it is vital for businesses to adopt ethical considerations in to business.

**Discretionary Responsibilities**

The Greek word ‘philanthropy’ means literally ‘the love of the fellow human.’ The use of this idea in business context incorporates activities that are, of course, within the corporation’s discretion to improve the quality of life of employees, local communities, and ultimately society at large. Making donations to charitable institutions, building of recreational facilities for employees and their families, support for educational institutions, supporting art and activities, etc. are the examples of philanthropic responsibilities discharged by the corporations. It is important to note that the philanthropic activities are desires of corporations, not expected by the society. Therefore, in present business arena, it has become a normal practice for businesses to get involved in philanthropic activities. For example, businesses are providing funds for destitute people, social welfare programmes etc. to ensure social interest.

**Organizational Commitment**

Organizational commitment has been variously and extensively defined, measured and researched, but it continues to draw criticism for lack of precision and concept redundancy (Roja & Roast, 2007). Meyer and Allen’s (1991), three-component model of organizational commitment has been the dominant framework for organizational commitment research in the past decade because it is based on a more comprehensive understanding of organizational commitment (Erdheim, Wang & Zickar, 2006).

The major concern in organizational commitment is lack of consensus in construct definition. According to Mathieu and Zajac (1990), organizational commitment involves individual’s attachment, identification, and
involvement in an organization. Besides that, organizational commitment is more strongly affected by organizational factors such as leadership, culture, norms, and values of an organization (Sagie, 1997). In short, organizational commitment is defined as loyalty to a social unit Price. In tandem with that, Lee, Kim, Seo and Hight (2015) viewed organizational commitment as loyalty to the organization and mobilization of employees in the development of his or her goals, purposes, and infrastructure.

**Relationship between CSR, MO and OC**

In the conceptualization of market orientation (MO) and corporate social responsibility (CSR), researchers often theoretically or empirically investigate their antecedents or predictors and consequences or outcomes (Galbreath 2010; Zebal and Godwin 2011; Kocak et al. 2017).

In studying how CSR relates to market orientation, researchers have recently become interested in employees’ role (Bolton et al., 2011; Kim et al., 2010). Although scholarly discussions have been pointing to CSR being a participative and integrative process (McLagan, 1999), it often occurs that in practice top management dictates the desired values, without employee involvement (Bolton et al., 2011). As internal stakeholders, employees can have a significant impact on both the development and implementation of CSR strategy. Evidence, although limited, points to the positive relationship between CSR and affective organizational commitment (Brammer, Millington, & Rayton, 2007; Turker, 2009). Propositions such as “doing well by doing good” and “what is good for society is good for the company” prompted researchers to address the effect of CSR on various organizational outcomes, including workplace attitudes and behavior. The social exchange theory suggests that employees’ commitment will be based on their perception of the value and benefit they receive from the organizational membership (Collier & Esteban, 2007).

Two main theoretical frameworks have been forwarded to explain why the implementation of CSR practices might have a positive effect on the organizational commitment of employees. Social identity theory proposes that individuals derive their identity from the social groups to which they belong (Tajfel and Turner, 1985; Haslam, 2001; Haslam, Postmes and Ellmers, 2003). The membership of such groups, including the organization for which they work, influences their sense of self-worth and how they relate to others (Ashforth and Mael 1989; Dutton, Dukerich and Harquail, 1994). Individuals attempt to enhance their self-esteem by comparing the characteristics of the groups they belong to with those of other groups and tend to view the success of their organization as a matter of personal success (Ashforth and Mael 1989; Turker 2009).

Organizational justice theory has also been used to explain why employee perceptions of CSR toward stakeholders, especially internal stakeholders, might influence their work attitudes (Rupp et al., 2006). Rupp et al. (2006) argue that the perceptions employees develop as to the fairness of their employing organization influence their psychological attachment toward the organization. When developing perceptions as to the trustworthiness of their employing organization, employees judge the social concern embedded in the organization’s actions (procedural CSR), the outcomes of such actions (distributive CSR) and how individuals are treated as a result of these actions (interactional CSR). Positive perceptions of a firm’s CSR should result in favourable perceptions of organizational justice, which should in turn enhance feelings of emotional attachment (affective commitment) and obligation (normative commitment) toward the organization.

Indeed, empirical work provides evidence of a strong link between employee perceptions of organizational justice and both components of organizational commitment (Colquitt, Conlon, Wesson, Porter and Ng 2001; Cropanzano, Byrne, Bobocel and Rupp 2001). Over the last 10 years, a growing number of researchers have investigated the link between employee’ perceptions of CSR practices and their work attitudes (Maigian et al. 1999; Peterson 2004; Valentine and Fleischman 2008; Turker 2009b; Kim et al. 2010). More recent work by Kim et al. (2010) on Korean firms suggests that employee perceptions of CSR influence their identification with the company, which in turn influences their organizational commitment.

Based on the literature following Hypothesis are developed for this study

**H0:** The effect of perceived CSR on Market orientation is not mediated by organizational commitment.

**H1:** The effect of perceived CSR on Market orientation is mediated by organizational commitment.

### 3. CONCEPTUALIZATION AND METHODOLOGY

**Conceptualization**

Based on the survey of the literature, the following conceptual framework was developed. This conceptual framework explains the Impact of Perceived Corporate Social responsibility on Market Orientation; The Mediating role of Organizational Commitment.
The figure 1 depicts the Impact of Perceived Corporate Social responsibility on Market Orientation; The Mediating role of Organizational Commitment. As commonly known, conceptual framework connects constructs and variables (Mbengue & Derumez, 2001). According to figure 1, market orientation and corporate social responsibility are the constructs. Market orientation can be measured in terms of three variables that are customer orientation, competitor orientation and inter-functional coordination as recommended by Narver and Slater (1990). Therefore, customer orientation, competitor orientation and inter-functional coordination are considered as dependent variables. Meanwhile corporate social responsibility can be measured in terms of economic, legal, ethical and discretionary responsibilities as suggested by Carroll (1979). Thus, economic, legal, ethical and discretionary responsibilities are considered as independent variables. Hence, above conceptual framework establishes impact the variables of corporate social responsibility and with the variables of market orientation. The direction of impact between these two set of variables can be further explained with hypotheses development.

**RESEARCH METHODOLOGY**

**Methodology**
Researcher applied quantitative methodology for this study. Thus, survey method was used. Constructs such as market orientation, organizational commitment and corporate social responsibility are well defined and measurable. Therefore, researcher used quantitative methodology for this study.

**Table 1: Sampling framework**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Licensed commercial and specialized banks in Batticaloa District</th>
<th>Number of Employees</th>
<th>Percentage of Employees</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Bank of Ceylon</td>
<td>150</td>
<td>32%</td>
<td>68</td>
</tr>
<tr>
<td>02</td>
<td>Commercial Bank of Ceylon PLC</td>
<td>45</td>
<td>09%</td>
<td>20</td>
</tr>
<tr>
<td>03</td>
<td>Hatton National Bank PLC</td>
<td>60</td>
<td>13%</td>
<td>27</td>
</tr>
<tr>
<td>04</td>
<td>People’s Bank</td>
<td>140</td>
<td>29%</td>
<td>63</td>
</tr>
<tr>
<td>05</td>
<td>Sampath Bank PLC</td>
<td>45</td>
<td>09%</td>
<td>20</td>
</tr>
<tr>
<td>06</td>
<td>Seylan Bank PLC</td>
<td>35</td>
<td>07%</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>475</td>
<td><strong>100%</strong></td>
<td><strong>214</strong></td>
</tr>
</tbody>
</table>

(Source: Staff Directories of respective Banks)

**Questionnaire Formation**
Questionnaire was developed with the support of previous studies carried out by experts in the relevant subject areas. Thus, statements on the four variables of this study were derived from different authors. The following table shows the sources for the statement of the study questionnaire. These statements have been widely applied in many studies on measuring the construct of the study.
Table 2: Questionnaire Formation

<table>
<thead>
<tr>
<th>Name of Variable</th>
<th>Statements</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived CSR</td>
<td>13 Statements</td>
<td>Carroll, 1979; Lee et al., 2013</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>22 Statements</td>
<td>Narver and Slater, 1990</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>05 Statements</td>
<td>Cichy et al, 2009</td>
</tr>
</tbody>
</table>

(Source: Developed for the study purpose)

Data Analysis and Evaluation

Univariate analysis
Univariate analysis is appropriate for any single variable to explore individual qualities of its data. In this study, each of the study variables was measured with Likert’s scale of 1-5 on average. The measure of mean value of a variable/dimension is compared with the medium value 3 of the Likert’s scale, thus implying that a respondent is unbiased and this unbiased nature indicates that the respondent has the mean value of Xi = 3 of Likert’s scale. This study evaluated the level of individual characteristics of dimensions and variables by using the following criteria.

Table 3: Decision criteria for Univariate analysis

<table>
<thead>
<tr>
<th>Decision Criteria</th>
<th>Decision Attribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 ≤ Xi ≤ 2.5</td>
<td>Low Level</td>
</tr>
<tr>
<td>2.5 &lt; Xi ≤ 3.5</td>
<td>Moderate Level</td>
</tr>
<tr>
<td>3.5 &lt; Xi ≤ 5.0</td>
<td>High Level</td>
</tr>
</tbody>
</table>

Where Xi = mean value of an indicator/dimension/variable

(Source: Developed for the study purpose)

Bivariate analysis
Bivariate analysis used to measure the magnitude & direction of the relationship between the variables. The decision would be taken based on the amount of correlation coefficient (R) & its significance level. The significance level of the correlation coefficient is considered to explore the meaningful linear relationship & analyze the hypothesis formulated between the variable and dimensions of this study.

This study assessed the significant relationship of study variables, if the respective p-value is less than the 0.05. However, the correlation is considered meaningful to an extent as indicated in table 3.5 as in Senthilnathan and Tharmi (2012) and Sekaran (2000) beyond the significance of the correlation coefficient.

Table 4: Decision criteria for correlation analysis

<table>
<thead>
<tr>
<th>Range</th>
<th>Decision attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>r=0.5 to 1.0</td>
<td>Strong positive relationship</td>
</tr>
<tr>
<td>r=0.3 to 0.49</td>
<td>Moderate positive relationship</td>
</tr>
<tr>
<td>r=0.1 to 0.29</td>
<td>Weak positive relationship</td>
</tr>
<tr>
<td>r=-0.1 to -0.29</td>
<td>Weak negative relationship</td>
</tr>
<tr>
<td>r=-0.3 to -0.49</td>
<td>Moderate negative relationship</td>
</tr>
<tr>
<td>r=-0.5 to -1.0</td>
<td>Strong negative relationship</td>
</tr>
</tbody>
</table>

Note: Table 3.5 implies no correlation between two variables, if the range of r is: -0.1 < r < +0.1.

Testing hypothesis of correlation

H₀: There is no relationship between study variables (p ≥ 0.05)
H₁: There is a relationship between study variables (p < 0.05)

Decision: Accept H₁, if p < 0.05.
Multivariate analysis
The regression is an appropriate statistical multivariate analysis method in order to confirm or disconfirm the chosen hypotheses. The regression analysis has been used to determine the effect of independent variables on dependent variables. Further this analysis has been used to determine how 1 unit of independent variable result in the creation of dependent variable of the study.

Mediation analysis
According to the study of Dale Berger (2015) in his studies he cited Baron and Kenny (1986) who stated the criteria to accept the mediating variable. Accordingly, if M mediates an X-Y causal relationship then:
1) X significantly predicts Y (path c is significant)
2) X significantly predicts M (path a is significant)
3) M significantly predicts Y in the presence of X (path b is significant)
4) When M is in the model, the effect of X on Y is reduced (c’ is less than c).
With complete mediation, path c’ is zero.

FINDINGS AND DISCUSSION
According to the study purpose 214 questionnaires were issued to the employees of six banks in the study area, hence 203 questionnaires were received. Thus, the response rate of the study was 95%.

Reliability
Reviewing table 4.1 reveals that the values of Cronbach’s alpha for all the dimensions and variables are above 0.6. Thus, the whole questionnaire is considered reliable. Thereby, the researcher ensured reliability of both questionnaires.

Table 5: Reliability Analysis

<table>
<thead>
<tr>
<th>Dimension/Variable</th>
<th>Cronbach’s Alpha</th>
<th>Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility</td>
<td>0.799</td>
<td>13</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>0.932</td>
<td>22</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0.745</td>
<td>05</td>
</tr>
</tbody>
</table>

(Source: Survey data)

Demographic information

Table 6: Results of Demographic characteristic

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>89</td>
<td>44%</td>
</tr>
<tr>
<td>Female</td>
<td>114</td>
<td>56%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 - 29</td>
<td>112</td>
<td>54%</td>
</tr>
<tr>
<td>29 - 38</td>
<td>42</td>
<td>21%</td>
</tr>
<tr>
<td>39 - 48</td>
<td>37</td>
<td>18%</td>
</tr>
<tr>
<td>Above 49</td>
<td>14</td>
<td>07%</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A/L</td>
<td>92</td>
<td>45%</td>
</tr>
<tr>
<td>Graduate</td>
<td>36</td>
<td>18%</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>09</td>
<td>04%</td>
</tr>
<tr>
<td>CBF/IABF</td>
<td>38</td>
<td>19%</td>
</tr>
<tr>
<td>DBF/DABF</td>
<td>28</td>
<td>14%</td>
</tr>
</tbody>
</table>

(Source: Survey data)
Research Information

Objective 01: Identify the level of perceived CSR, Organizational Commitment and Market orientation in systematically important banks in Sri Lanka.

Descriptive analysis was carried out in order to find the answer for research question one.

Perceived Corporate Social Responsibility

The variable was measured with dimensions. Table 7 displays the mean and standard deviations for the dimensions of variables.

<table>
<thead>
<tr>
<th>Variable/Dimension</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Responsibility</td>
<td>3.37</td>
<td>0.64</td>
</tr>
<tr>
<td>Ethical Responsibility</td>
<td>3.91</td>
<td>0.46</td>
</tr>
<tr>
<td>Legal Responsibility</td>
<td>3.88</td>
<td>0.63</td>
</tr>
<tr>
<td>Discretionary Responsibility</td>
<td>3.84</td>
<td>0.50</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>3.75</td>
<td>0.43</td>
</tr>
<tr>
<td>Customer orientation</td>
<td>3.98</td>
<td>0.50</td>
</tr>
<tr>
<td>Competitor orientation</td>
<td>3.87</td>
<td>0.52</td>
</tr>
<tr>
<td>Inter- functional coordination</td>
<td>3.84</td>
<td>0.49</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>3.90</td>
<td>0.45</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>3.83</td>
<td>0.60</td>
</tr>
</tbody>
</table>

(Source: Survey data)

As presented in table 7, all dimensions of CSR have taken mean values of more than 3.5 which fall under the evaluative category of high level. Ultimately construct of CSR is with the mean value of 3.75 SD 0.43 that shows the high level of perceived CSR among the employees in Banks. As in table 7, CSR practices of SIBs are at higher level because mean value of CSR is 3.75. Hence the study reveals that SIBs are socially responsible. It indicates that their economic performance, legal compliance, ethical practices and social concerns are at higher level. Furthermore, out of four responsibilities of CSR, mean values of ethical (3.91) and legal (3.88) responsibilities are more than the values of economic (3.37) and discretionary responsibilities (3.84). Meanwhile the prime responsibility of a business is to be profitable and add value to shareholders who are the key stakeholders in a business. Only if an organization is profitable and increases its economic performance it can serve all other constituents in the organization and can fulfill other types of responsibilities. Similarly, legal compliance plays an important role in CSR construct. Without the support and approval of the legal authorities, no business can survive in environment. Therefore, legal system has to permit the existence of business entity and the economic performance of entities has to be achieved within the legal framework (Carrol, 1979; Maignan et al., 1999; Schwartz & Carroll, 2003). As opposed to this rule, SIBs are more committed to ethical and discretionary responsibilities than economic responsibility.

As presented in table 7, SIBs are highly market oriented since the mean value of market orientation construct is 3.90. It shows SIBs have incorporated the needs, wants and expectations of their customers. Thus, SIBs have introduced new products, value added services, technological developments and convenient delivery methods etc. in the past two decades. It has resulted in the higher level of market orientation in the banking sector. Meanwhile in-depth analysis of market orientation reveals that customer orientation (mean value of 3.98) is contributing more than other components for the market orientation in SIBs. Hence Sri Lankan banking sector is more customer oriented than competitor oriented. Key aspect of market orientation is to understand needs, preferences and expectations of their current and potential customers and adding value to them thereby customer orientation is the prime concern for market-oriented businesses (Kohli & Jawarski, 1990; Kohli et al., 1993; Narver & Slater, 1990). It has been emphasized in any definition on market orientation. Thus satisfying customers is the fundamental principle of market orientation (Day,1994; Deshpande, et al., 1993; Harris, 2002).

Table 7, shows that 3.83 mean value for the construct Organizational commitment. It reveals that banking employees are more committed to their bank, which is ensured through the high level of mean score. This means that the bank’s employees want to stay with the bank and feel emotionally attached to the job. Most of the employees show their preference to spend their rest of the time with their bank. Thus, the finding is matched with the finding of Ackfeldt and Coote, 2005.

Objective 02: Identify the relationship between perceived CSR, Organizational Commitment and Market orientation in Systematically important banks in Sri Lanka.
The table 8, shows the findings of correlation analysis between the Corporate social responsibility, Market orientation and Organizational commitment.

Table 8: Correlation Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>CSR</th>
<th>MO</th>
<th>OC</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>Pearson Correlation 1</td>
<td>.658</td>
<td>.674</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>MO</td>
<td>Pearson Correlation .658**</td>
<td>1</td>
<td>.701**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>OC</td>
<td>Pearson Correlation .674</td>
<td>.701**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
(Source: Survey data)

As shown in table 8, correlation value of CSR is positive (0.658) with the significant value less than 0.01, therefore there is a strong positive relationship between the construct of CSR and MO. The finding of this study reveal that the market orientation will be ensured while they concentrate on CSR of the organization. This finds match with the previous finds of Narver and Slater (1990).

According to the table 8, the correlation value between CSR and OC is 0.674 with the significant value less than 0.01, so that there is a strong positive relationship between the construct of CSR and OC among the employees of SBIs. This findings revealed that service sector employees’ perception of CSR has a positive effect on their level of organizational commitment. Prior researchers (Hofman PS, Newman A., 2014) also support these findings by documenting a positive relationship between CSR and organizational commitment. Employees are committed to their organizations if they recognize that their firms are implementing CSR activities. Consequently, this may enhance the performance of employees and ultimately firm overall performance.

Results presented in table 8, show that there is a strong positive relationship between OC and MO (r=.701, p<.01). This finding reveals that the SIBS Market orientation is developed when the commitment among the employees is ensured. These results match with the results of Suleiman and Agti, 2011, which shows that the organizational commitment has a direct and positive effect on the banks' market orientation.

Objective 03: Examine the impact of Perceived CSR on Market orientation in Systematically important banks in Sri Lanka.

Simple Regression analysis was performed to measure the impact between the variables of this study.

Table 9: Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Variables</th>
<th>B value</th>
<th>Significant value</th>
<th>R Square Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of CSR on MO</td>
<td>Constant</td>
<td>1.327</td>
<td>0.000</td>
<td>0.432</td>
</tr>
<tr>
<td></td>
<td>CSR</td>
<td>0.686</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Effect of CSR on OC</td>
<td>Constant</td>
<td>0.352</td>
<td>0.000</td>
<td>0.454</td>
</tr>
<tr>
<td></td>
<td>CSR</td>
<td>0.928</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Effect of OC on MO</td>
<td>Constant</td>
<td>1.865</td>
<td>0.000</td>
<td>0.492</td>
</tr>
<tr>
<td></td>
<td>OC</td>
<td>0.531</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Survey data)

Impact of Corporate Social Responsibility on Market Orientation

Table 9 shows that CSR has a regression coefficient of 0.686 with an associated significant value of 0.000. Therefore, it can be concluded that CSR has a significant effect on Market orientation of SBIs. This finds match with the findings of previous study done by Narver and Slater (1990). In addition to that, it can be stated that one unit increase in CSR will increase the Market orientation by 0.686 units. Further table 9 shows that 43.2% of the variation (R^2 = 0.432) in Market orientation is explained by CSR of SBIs.

Impact of Corporate Social Responsibility on Organizational Commitment

According to the table 9, shows that regression coefficient value of CSR is 0.928 with an associated significant value of 0.000. Therefore, it can be concluded that CSR has a significant effect on OC of SBIs. This finds match
with the findings of previous study done by Roudaki and Arslan (2017). In addition to that, it can be stated that one unit increase in CSR will increase the OC by 0.928 units. Further table 9 shows that 49.2% of the variation ($R^2 = 0.492$) in Market orientation is explained by OC of SBIs.

**Impact of Organizational Commitment on Market Orientation**

Table 9 shows that CSR has a regression coefficient of 0.531 with an associated significant value of 0.000. Therefore, it can be concluded that OC has a significant effect on Market orientation of SBIs. This finds match with the findings of previous study done by Suleiman and Agti, 2011. In addition to that, it can be stated that one unit increase in OC will increase the Market orientation by 0.531 units. Further table 9 shows that 43.2% of the variation ($R^2 = 0.432$) in Market orientation is explained by CSR of SBIs.

**Objective 04: Find out the mediating effect of Organizational Commitment on the relationship between Perceived CSR and Market orientation in Systematically important banks in Sri Lanka.**

According to the study of Dale Berger, 2015, in his studies he cited Baron and Kenny, 1986 four conditions have to be met in order to determine whether mediation has occurred thus the mediation analysis have been adopted to find whether organizational commitment mediate the relationship between Corporate social responsibility and Market orientation of SBIs. To test the mediating role of organizational commitment between CSR and MO, regression analysis approach was adopted.

As table 9 shows, first analysis for testing the mediation effect indicates that CSR has a significant impact on MO ($\beta = 0.686$, $p < 0.01$). The second analysis for testing the mediation effect indicates that CSR has a significant impact on OC ($\beta = 0.928$, $p < 0.01$). Third analysis for testing the mediation effect indicates that OC has a significant impact on MO ($\beta = 0.531$, $p < 0.01$) after controlling CSR. As the first three conditions have been met, the final analysis was carried out to find out the effect of the CSR on MO after controlling the effect of organizational commitment. The results are shown in table 10.

Table 4.28 shows that the effect of internal marketing on market orientation ($\beta = 0.807$, $p < 0.01$) became less when we control for the effect of organizational commitment ($\beta = 0.683$, $p < 0.01$), indicating that the effect of internal marketing on market orientation has been significantly reduced after controlling the effect of organizational commitment in analysis 4. As the effect of the internal marketing on market orientation was substantially reduced, it can be concluded that the effect of internal marketing on market orientation is partially mediated by organizational commitment.

**Table 9: Regression Analysis**

<table>
<thead>
<tr>
<th>Model</th>
<th>Variables</th>
<th>B value</th>
<th>Significant value</th>
<th>R Square Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of CSR &amp; OC on MO</td>
<td>Constant</td>
<td>1.201</td>
<td>0.000</td>
<td>0.554</td>
</tr>
<tr>
<td></td>
<td>CSR</td>
<td>0.354</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OC</td>
<td>0.358</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Survey data)

The next step is to calculate the size of partial mediation. The following statistics need to be calculated in order to find the size of partial mediation:

- **a**: Regression weight of CSR when predicting OC.
- **b** and **c'**: are the regression weights of OC and CSR, respectively, when both are used together to predict MO.
- **c**: Regression weight of CSR when predicting MO.
A measure of the mediation effect is the difference between c and c’. This difference is equal to the product of the paths to and from the mediator. Thus, \( c - c' = ab \). The total effect of X on Y (c) can be decomposed into a direct component (c’) and an indirect component (ab), \( c = c' + ab \). The results from the previous regression analyses outputs have been fit into the figure 2.

Table 8 shows an unstandardized regression weight of 0.686 for CSR in predicting market orientation; thus, \( c = 0.686 \). Table 8 shows an unstandardized regression weight of 0.928 for CSR in predicting OC; thus, \( a = 0.928 \). Table 9 shows the unstandardized regression weight of 0.358 for organizational commitment in predicting market orientation when controlling for CSR; thus, \( b = 0.358 \).

Table 9 shows the unstandardized regression weight of 0.354 for CSR in predicting marketing orientation when the mediation of organizational commitment. Thus, \( c' = 0.354 \). The mediation effect can be measured as the reduction in the regression weight for internal marketing on market orientation when organizational commitment is included: \( c - c' = 0.686 - 0.354 = 0.332 \). Alternatively, and equivalently (within rounding error), the mediation effect can be calculated as the product of the indirect paths from CSR to market orientation through organizational commitment: \( 0.928 \times 0.358 = 0.332 \).

\[
a*b = c - c' = 0.928 * 0.358 = 0.686 - 0.354 = 0.332
\]

The total effect is equal to the direct effect plus the indirect effect: \( 0.686 = 0.354 + (0.928 \times 0.358) \).

In the notation of mediation analysis: \( c = c' + ab \)

Therefore, it can be summarized from the mediation analysis that the direct effect of CSR on market orientation is 0.686 whereas the indirect effect through organizational commitment is 0.332 (Mediation effect).

Hence the following hypothesis was confirmed and accepted;

\( H1: The\ effect\ of\ perceived\ CSR\ on\ Market\ orientation\ is\ mediated\ by\ organizational\ commitment. \)

**CONCLUSION AND RECOMMENDATION**

**Conclusion**

SBIs are highly market oriented. They have incorporated market-oriented practices at a higher level. Meanwhile these entities are more customer oriented than competitor oriented. Being Customer will give advantage to the business on long term. Ultimately it will give competitive advantage over their competitors (Harris, 2002). Meanwhile SBIs have adopted higher level of corporate social responsibility practices. Thus, their CSR commitment and contribution are at higher level. In addition, these institutions have concentrated more on ethical responsibilities than economic responsibilities. Profit making is the prime responsibility for any business. Organizational commitment also high among the employees in SBIs.

Furthermore, it has been found that CSR influences MO of the SBI. Thus, the more it can initiate measures satisfying the social expectations of their employees leads the more an entity incorporate needs, wants and
expectations of the customers. Therefore, CSR influences MO. Hence if an organization wants to improve its market orientation practices it has to move towards socially responsible business behaviour.

Through the finding it is concluded that effect of CSR on Market orientation is mediated by Organizational commitment. Voola et al. (2003) mentioned that a number of variables could likely moderate the CSR-market orientation relationship. These may include: the affective commitment of the employees and organizational learning capability.

Thereby this study supports hypothesis H1: When CSR implementation affects banks’ market orientation, organizational commitment comes with significant intermediary effects. This Finding is also aligned with the study by Zeepf, 2008, he found that Organizational commitment mediate between CSR and Market orientation.

**Recommendation**

The results showed that CSR has a significant effect on MO of banking sector. In order to improve market-oriented plans, managers should regard the staff as internal customers and consider jobs as internal products so that the needs and demands of these internal customers be fulfilled through the CSR activities. Further it is recommended that the role of market orientation in organizational strategies should be taken into consideration. Further managers must pay attention to create market-oriented attitude in the organization, because it helps to increase the ability of employees to respond to customers and enhance the company’s ability to respond to the environment.

Findings revealed that perceived CSR has a positive significant effect on Organizational commitment. It is recommended that the organization should pay sufficient attention towards enhancing organizational commitment within employees. Further the top management should focus on effective practices of CSR to create a kind of emotional commitment among employees to retain them at bank through the generation of their commitment towards organization.

It has been suggested that in order for a bank to be more competitive, managers need to transform their banks’ market orientation into a learning environment (Waris, 2005). Under such environment, managers are concerned with monitoring and improving external customer satisfaction. Accordingly, they need to develop their employee’s competence in order to act as part-time marketers for the bank. The key for employee’s competence is internal marketing.

The results show that organizational commitment has significant effect on market orientation of banks. It is recommended that managers should pay attention to increase motivation, loyalty and the acceptance of organization values among their staff. They should make sure the staff get into involved with their goals. When they are involved in goal achieving, and find their goals aligned with organizational goals, and feel that achieving organizational goal leads to achieve personal goals, then they will do their best to achieve the goals of the organization.

The managers should increase organizational commitment of staff through organizational commitment, job satisfaction, reduction of fatigue and creation of a good organizational environment, and create an environment in which people can more participate in the organizational activities. This implies that if the bank takes measures to increase commitment among employees, it will have a positive effect on market orientation. Hence, the banks should convert internal marketing as strategies and systems into the core concepts to meet employees’ demands and the bank goals. Through the intangible conversion effect, this conversion shall make employees show their sincere organizational commitment so that they can express the attitude of organizational citizenship behaviors that are beneficial for the banks’ operation and survival.

**REFERENCES**


