Economy
Vol. 12, No. 2, 18-25, 2025
ISSN(E) 2313-8181: / ISSN(P) 2518-0118:
DOI: 10.20448/economy.v12i2.6777

Internal corporate social responsibility and employees' performance of selected deposit money banks in Ado-Ekiti, Nigeria

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Abstract

This study examines the impact of Internal Corporate Social Responsibility (ICSR) on employee performance in selected deposit money banks in Ado-Ekiti, Nigeria. Four research objectives, research questions and five hypotheses were considered for the study respectively. Four key components of ICSR which are skill development, working conditions, empowerment, and employment stability were analyzed in relation to employee performance metrics such as job satisfaction, commitment, and engagement. A descriptive and explanatory research design was adopted, and data were collected from a sample of 303 bank employees using stratified and simple random sampling techniques. The Statistical Package for Social Sciences (SPSS) was used for data analysis, employing both descriptive statistics and multiple regression analysis to test five hypotheses. The study is anchored on Stakeholder Theory and Social Exchange Theory, which explains the relationship between organizational care and employee outcomes. Results showed that all ICSR variables significantly and positively influence employee performance, with empowerment having the strongest effect and employment stability the least. The study concludes that strategic investment in internal CSR initiatives leads to enhanced employee outcomes. It recommends that banks adopt consistent skill development programs, prioritize healthy work environments, involve employees in decision-making, and ensure job stability through transparent employment practices.

Keywords: Deposit money banks, Employee performance, Employment stability, Employment stability, Empowerment, Internal corporate social responsibility, Skill development.

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Citation | Israel, A. K., Taiwo, A. E., Joseph, O. O., Rufus, O. T., & Akinrinola, A. S. (2025). Internal corporate social responsibility and employees' performance of selected deposit money banks in Ado-Ekiti, Nigeria. *Economy, 12*(2), 18-25. 10.20448/economy.v12i2.6777
History:
Received: 15 April 2025
Revised: 8 May 2025
Accepted: 11 June 2025
Published: 16 June 2025

Publisher: Asian Online Journal Publishing Group

Funding: This research is supported by The Tertiary Education Trust Fund (TetFund), which provided support for the research through Institution-Based Research (IBR).
Institutional Review Board Statement: Ethical approval for this study was obtained from the Ethical Committee of Adeyemi Federal University of Education, Ondo, Nigeria.. Sequel to the need to provide the Date and Reference Number. Kindly find below, the required information: DATE: 25th June, 2024 (Ref. No. TETf/DR&D/UNIV/ONDO/IBR/2024/VOL.I). Kindly help update the portion.
Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.
Data Availability Statement: The corresponding author may provide study data upon reasonable request
Competing Interests: The authors declare no competing interests.
Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.
Acknowledgement: The authors wish to express their sincere gratitude to the Directorate of Academic Planning; Division of Statistics and Records; Department of Special Needs Education; Department of Audit; and Department of Social Studies at Adeyemi Federal University of Education, Ondo, Nigeria, for their support and approval in conducting this study. We also appreciate the invaluable guidance from the University Management. Special thanks are extended to the respondents, facilitators, and leadership of the participating Deposit Money Banks for their cooperation and contributions to the success of this research.

Contribution of this paper to the literature

This study uniquely examines the nuanced impact of four specific ICSR components (skill development, working conditions, empowerment, and employment stability) on distinct employee performance metrics (job satisfaction, commitment, and engagement) within the Nigerian deposit money bank context in Ado-Ekiti. Prior research in this region has not offered this specific, disaggregated analysis.

1. Introduction

Organizations, whether formal or informal structures, are established with the fundamental purpose of achieving specific, predetermined goals (Jiang, Lepak, Hu, & Baer, 2012) and therefore, the attainment of these goals is often measured in terms of performance or success (Akinola, Akinbode, & Fagbohungbe, 2018; Muduli, 2015). Performance indicators vary from one organization to another; nevertheless, one important resource that is consequential to the attainment of performance outcomes is often identified as the most valuable organizational asset-people (Armstrong, 2009). The most valuable organizational asset-employees is one of the key determinants of the success or performance desired in an organizational setting, and this therefore supports the idea that the performance of an organization is contingent on the performance of its people (Bakotić, 2016; Owoeye, Oyeniyi, & Adesola, 2020). As remarked by Savaneviciene and Stankeviciute (2012) performance at the organizational level can be explained as distal outcomes, and its attainment is made possible via proximate outcomes - performance at the employee level. The attainment of the overall organizational performance that is contingent on outcomes attained at employee levels makes employees an important asset to the organization (Savaneviciene & Stankeviciute, 2012).

Using employees as a unit of analysis, therefore, provides a platform for understanding proximate outcomes which are often conceptualized in literature as employee attitudinal and behavioural outcomes via which performance at the organizational level is attained (Savaneviciene & Stankeviciute, 2012). Employee attitudinal and behavioural outcomes may comprise variables relating to commitment, engagement, trust, job satisfaction, and others; these variables have been identified as the contents of the 'Black Box' through which the relationship between organizational systems and performance outcomes is explained (Azim, 2016; Savaneviciene & Stankeviciute, 2012). As noted in the literature, a theoretical lens of stakeholder theory provides a clear understanding that the support of non-financial stakeholders will be guaranteed and obtained when there is a perception of corporate social responsibilities (Aguilera, Rupp, Williams, & Ganapathi, 2007; Albasu & Nyameh, 2017). Employees, therefore, are internal stakeholders in an organizational setting that need the firm's attention in terms of internal corporate social responsibilities, and a positive perception of internal corporate social responsibility (CSR) towards meeting their expectations and needs may generate positive attitudinal and behavioural outcomes (Chen, Zhang, & Vogel, 2018; Motilewa & Worlu, 2019; Obeidat, Al-Suradi, Masa'deh, & Tarhini, 2018).

Internal corporate social responsibility has been identified as tools and practices used by organizations to influence the well-being of employees, and it has been remarked in the literature that these practices are assumed to have an effect on performance-related outcomes (Motulewa & Worlu, 2015; Obeidat et al., 2018). This assumption has led to studies investigating the effect that corporate social responsibility has on performance-related outcomes. For instance, Usman and Amran (2015) investigated the effect of CSR on financial performance in Manufacturing Companies in Nigeria. In a similar vein, the studies carried out by Shabbir and Wisdom (2020); Albasu and Nyameh (2017); Mohammed, Ibrahim, and Dabo (2016) and Adeneye and Ahmed (2015) were investigated to examine the effect of CSR on performance at various organizational levels. While these studies were carried out to determine performance at profit-making organizations, evidence of ICSR on performance-related outcomes at the employee level in for-profit making entities has remained limited in the Nigerian context. This, therefore, creates a contextual gap that needs to be empirically investigated.

CSR is a management tool that is examined based on its two major components: internal and external (Mgbame, Osazuwa, & Otuya, 2017). While studies have registered evidence of a positive association between external CSR on performance-related outcomes, studies on the effect of internal CSR on performance outcomes have generated inconsistent evidence. For example, the study of Obeidat et al. (2018) found that internal dimensions of internal CSR such as employment stability and skill development did not have a meaningful contribution to performance-related outcomes such as job satisfaction, while work-life balance, work condition, and empowerment significantly contributed to performance-related outcomes. Similarly, Al-Samman and Al-Nashmi (2016) found an insignificant effect of CSR on non-financial organizational performance, and therefore, the inconsistency of findings of the CSR-performance relationship becomes a gap that demands the need for empirical investigation.

In most of the studies carried out on the effect of CSR on performance-related outcomes, the organization has been examined as the unit of analysis where performance outcomes were investigated (Mgbame et al., 2017; Shabbir & Wisdom, 2020) however, few studies have examined performance outcomes using employees as a unit of analysis (Albasu & Nyameh, 2017; Obeidat et al., 2018). Meanwhile, it has been noted in the literature that using the employee as a unit of analysis will provide a means where performance outcomes at the organizational level can be understood via performance at the employee level (Savaneviciene & Stankeviciute, 2012). Therefore, using the employee level as a unit of analysis remains unexamined in the Nigerian context, especially in for-profit making organizations such as deposit money Banks. This, therefore, creates a gap that demands the need for empirical investigation.

This study aims to address these gaps by investigating the effect of internal corporate social responsibility on employee performance in selected deposit money Banks in Ekiti State, Nigeria.

1.1. Research Objectives

The main objective is to investigate the effect of internal corporate social responsibility on employee performance in selected deposit money banks in Ekiti State, Nigeria. Specifically, this study:

i. examined the effect of skill development,
ii. investigated the effect of working conditions,
iii. established the effect of empowerment, and
iv. investigated the effect of employment stability on employee performance in these banks.

1.2. Research Questions

i. What is the effect of internal corporate social responsibility on employee performance?
ii. How does skill development affect employee performance?
iii. How do working conditions influence employee performance?
iv. What is the impact of empowerment on employee performance? v. How does employment stability affect employee performance?

1.3. Research Hypotheses

H_{01}: Internal corporate social responsibility has no significant effect on employee performance.
H_{02}: Skill development has no significant effect on employee performance.
H_{03}: Working conditions have no significant effect on employee performance.
H_{04}: Empowerment has no significant effect on employee performance.
H_{05}: Employment stability has no significant effect on employee performance.

1.4. Definition of Operational Terms

Internal CSR (ICSR): Encompasses organizational activities aimed at enhancing employee welfare, specifically: training, good work conditions, job security, and involvement in decision-making

Employee Performance: Refers to the attitudinal and behavioral outcomes of employees, including job satisfaction, engagement, and commitment.

Skill Development: Denotes organizational efforts focused on training and improving the technical and interpersonal skills of employees.

Employment Stability: Represents the degree to which employees perceive job security within the organization.

Empowerment: Involves employees' participation in decision-making processes and their autonomy in executing their job duties.

Working Condition: Describes the physical and psychosocial environment in which employees perform their work.

2. Literature Review

2.1. Conceptual Review

Corporate Social Responsibility (CSR) is broadly classified into external and internal dimensions. While external CSR addresses social, environmental, and community-related obligations, internal CSR focuses on initiatives that improve employees' welfare within the organization (Mory, Wirtz, & Göttel, 2016). Internal CSR practices typically include skill development, work-life balance, health and safety, employment stability, and empowerment. These initiatives are essential for creating a conducive work environment, boosting morale, and fostering a culture of performance and accountability.

Skill development entails systematic training and education opportunities that enhance employees' capabilities to perform efficiently (Bayley, 2015). It includes both technical competencies and interpersonal or soft skills, all of which are critical in fast-paced environments such as banking. Empowerment refers to granting employees autonomy and including them in decision-making processes, which builds a sense of ownership and motivation (Akinwale & George, 2020).

Working conditions encompass the physical and psychological environment of the workplace. As Saidi, Abdu, and Garba (2019) note, safe, ergonomic, and emotionally supportive workspaces enhance concentration, reduce stress, and ultimately increase productivity. Employment stability involves consistent contractual relationships and the assurance of job security, both of which influence employees' emotional well-being and willingness to invest effort in their roles (Abolade, 2018).

Modern organizations, especially in emerging economies, increasingly rely on internal CSR strategies as part of their human capital management and corporate strategy. According to Fatima, Zaheer, and Ahmed (2023) internal CSR must be perceived as a strategic resource capable of shaping organizational identity and influencing employee behavior. The effective implementation of these practices improves employee engagement, reduces turnover, and enhances overall organizational performance.

2.2. Empirical Review

The empirical literature presents mixed but mostly positive evidence on the link between internal CSR and employee performance. Obeidat et al. (2018) found a significant correlation between internal CSR (particularly empowerment and work-life balance) and job satisfaction among employees in Jordanian Banks. In contrast, Al-Samman and Al-Nashmi (2016) reported a weak correlation between CSR and non-financial performance in Yemeni institutions, suggesting cultural and economic variables may moderate the CSR-performance relationship.

In the Nigerian context, Motilewa and Worlu (2019) revealed that internal CSR initiatives such as employee involvement and job security significantly improved engagement and performance in financial institutions. Similarly, Mohammed et al. (2016) identified skill development and employee health and safety as the most influential CSR drivers of productivity in commercial banks.

Ibrahim and Lawal (2023) provided further support in their study of West African Banks, showing that CSR policies aligned with employees' expectations led to higher job satisfaction, lower turnover intentions, and enhanced discretionary effort. In SMEs, Babatunde and Adeyemi (2022) also confirmed that CSR initiatives targeting internal stakeholders positively influence workforce commitment and reduce absenteeism.

Despite some contrasting findings, the general trend in empirical studies suggests that internal CSR is a valuable strategy for improving employee performance, particularly in industries like banking where service delivery is heavily reliant on workforce engagement and satisfaction.

2.3. Theoretical Review

This study is underpinned by two foundational theories Stakeholder Theory (ST) and Social Exchange Theory (SET) each offering a different but complementary perspective on the relationship between internal CSR and employee performance.

Stakeholder Theory, proposed by Freeman (1984) posits that organizations must consider the interests of all stakeholders, not just shareholders to achieve sustainable success. Employees, as internal stakeholders, deserve strategic attention in the formulation and implementation of corporate policies. The relevance of this theory to the current study lies in its emphasis on inclusive value creation. By prioritizing employee well-being through ICSR, Banks in Nigeria can build a loyal and high-performing workforce, enhancing both internal and external stakeholder relationships.

Social Exchange Theory (SET), developed by Homans (1958) and further expanded by Blau (1964) is based on the idea that social behaviour is the result of an exchange process aimed at maximizing benefits and minimizing costs. In the organizational context, when employers demonstrate care through ICSR initiatives, employees are likely to reciprocate with increased loyalty, commitment, and productivity. The application of SET to this study underscores the reciprocal nature of employer-employee relationships and supports the argument that internal CSR is a catalyst for positive employee outcomes.

Together, these theories provide a strong conceptual foundation for understanding how internal CSR initiatives can foster a more engaged, satisfied, and high-performing workforce in Nigeria's banking sector. Stakeholder Theory and SET provide a robust explanatory framework. While Stakeholder Theory justifies why organizations should invest in internal CSR from a governance perspective, SET explains how such investments translate into tangible employee performance outcomes. These theoretical underpinnings are especially relevant in a dynamic service sector like banking, where competitive advantage hinges on workforce motivation, service quality, and customer satisfaction.

3. Methodology

3.1. Research Design

This study adopted a mixed-method approach, combining both descriptive and explanatory research designs to effectively investigate the relationship between Internal Corporate Social Responsibility (ICSR) and employee performance. The descriptive design was employed to summarize the demographic characteristics of the respondents and identify patterns in employee perceptions and organizational practices. On the other hand, the explanatory design (also known as causal research) was used to establish cause-and-effect relationships between the various ICSR variables (internal corporate social responsibility, skill development, working conditions, empowerment, and employment stability) and employee performance outcomes such as engagement, commitment, and job satisfaction. This dual approach ensured a comprehensive understanding of both the current state of ICSR in the Banks and the statistical significance of its influence on performance.

3.2. Population and Sample Size

The population of the study comprised all employees across five selected deposit money Banks located in Ado-Ekiti, Ekiti State, Nigeria. The Banks included First Bank Plc, Zenith Bank Plc, Guaranty Trust Bank, United Bank for Africa (UBA), and Access Bank. The total number of employees across these Banks was 1,258, made up of 343 senior staff and 915 junior staff.

To determine an appropriate and manageable sample size, Taro Yamane's formula was used with a 95% confidence level and a 5% margin of error.

$$n = \frac{N}{1+N(e)^2}$$

Where: n = Sample size.

N = Population size = 1,258.

e = Margin of error = 0.05.

$$n = \frac{1258}{1+1258(0.05)^2} = 303$$

Therefore, the calculated sample size was 303 respondents. This sample was considered adequate for generalizing the results to the entire employee population of the selected Banks.

Table 1 details the demographic information of the participating banks. Specifically, it lists the name of each bank, all of which are located in Ado-Ekiti. The table further shows the total number of staff in each bank and the corresponding sample size selected for this study. Finally, it provides the overall total for the number of staff across all banks and the total sample size.

Table 1. Demographic table of participating banks.

Bank name	Location	No. of staff	Sample size
First Bank Plc	Ado-Ekiti	270	65
Zenith Bank Plc	Ado-Ekiti	240	58
Guaranty Trust Bank	Ado-Ekiti	210	50
United Bank for Africa	Ado-Ekiti	278	70
Access Bank	Ado-Ekiti	260	60
Total		**1,258**	**303**

3.3. Sampling Technique

To ensure a representative and unbiased selection of participants, this study employed a combination of stratified sampling and simple random sampling techniques. The stratified sampling method was used to categorize the population into distinct subgroups, specifically junior staff and senior staff based on their job levels within the Banks. This stratification ensured that the perspectives of both management-level employees and operational-level employees were adequately captured.

Once the population was stratified, simple random sampling was applied within each stratum to select respondents. This technique guaranteed that every employee within each category had an equal chance of being included in the study, thereby minimizing selection bias and enhancing the validity of the findings. Proportional allocation was also maintained across the five banks to reflect the actual staff distribution in each institution, ensuring that the sample size from each bank was proportionate to its total workforce.

3.4. Data Collection Procedure

Data were collected using a structured questionnaire, which was designed to capture information on all key variables in the study: skill development, working conditions, empowerment, employment stability, and employee performance. The questionnaire consisted primarily of close-ended questions measured on a 5-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5), allowing for quantitative analysis.

Before the main data collection commenced, a pilot study was conducted with a small group of 20 respondents selected from similar financial institutions not included in the final sample. The purpose of the pilot study was to assess the clarity, reliability, and validity of the instrument. Based on feedback from the pilot, minor modifications were made to the wording of some items to enhance comprehension.

After validation, the questionnaires were administered physically and electronically to ensure wider reach and higher response rates. Respondents were assured of confidentiality and anonymity, and participation was strictly voluntary. To reduce response bias, data collection was carried out over a period of two weeks, allowing respondents enough time to provide thoughtful and accurate responses.

Table 2. Distribution of respondents by bank and staff category.

Bank name	Senior staff	Junior staff	Total respondents
First Bank Plc	20	45	65
Zenith Bank Plc	18	40	58
Guaranty Trust Bank	15	35	50
United Bank for Africa	23	47	70
Access Bank	22	38	60
Total	98	205	303

Table 2 illustrates the distribution of respondents across the participating banks and their respective staff categories. For each listed bank, the table shows the number of senior staff and junior staff who participated in the study. Additionally, it displays the total number of respondents from each bank. The final row **summarizes** the total number of senior staff, junior staff, and the overall total respondents across all the banks included in the research.

3.5. Data Analysis

The data collected from the administered questionnaires were analyzed using the Statistical Package for the Social Sciences (SPSS) version 25, a widely recognized tool for social science and management research. The analysis was carried out in two phases: descriptive analysis and inferential analysis. Descriptive statistics were used to summarize and describe the characteristics of the dataset. Key statistical measures such as means, standard deviations, frequencies, and percentages were computed to present the demographic profile of the respondents (e.g., age, gender, education level, job category) and to assess the general trends in responses to items measuring internal corporate social responsibility (ICSR) dimensions and employee performance. These descriptive summaries provided a foundational understanding of how respondents perceived skill development, working conditions, empowerment, and employment stability within their organizations.

To test the formulated hypotheses, multiple regression analysis was employed to examine the individual and combined effects of the independent variables (internal corporate social responsibility, skill development, working conditions, empowerment, and employment stability) on the dependent variable (employee performance). Each hypothesis was tested at a 95% confidence level ($\alpha = 0.05$), with significance determined by p-values and t-statistics. The strength and direction of relationships were assessed using unstandardized regression coefficients (B values) and R-squared values (variance explained in employee performance by internal CSR). The overall significance of the regression models was evaluated using the F-statistic, where a significant value indicated reliable prediction of the outcome variable by the predictor set. Findings from descriptive and inferential analyses were presented in tables and interpreted in line with prior research, theories, and the study's conceptual framework.

3.6. Hypotheses Testing

Hypothesis 1: Internal corporate social responsibility has no significant effect on employee performance.

Table 3. Regression results for hypothesis 1.

Model	R	R²	Adjusted R²	Std. Error	F-Statistic	Sig. (p-value)	Decision
Regression	0.713	0.509	0.504	0.449	76.32	0.000**	Significant

Note: The double asterisks (**) next to the p-value (0.000) indicate a statistically significant result at a very high level of significance (typically $p < 0.01$ or even $p < 0.001$), suggesting strong evidence against the null hypothesis.

The regression results in Table 3 show that the model is statistically significant ($F(4, 298) = 76.32$, $p < 0.01$), indicating that internal CSR components collectively influence employee performance. The R^2 value of 0.509 reveals that approximately 50.9% of the variation in employee performance can be explained by the combined internal CSR variables: skill development, working condition, empowerment, and employment stability. The hypothesis that "internal corporate social responsibility significantly affects employee performance is therefore accepted.

Hypothesis 2: Skill development has no significant effect on employee performance.

Table 4. Regression results for hypothesis 2.

Variable	Unstandardized coefficient (B)	Standard error	t-value	p-value	Decision
Skill development	0.321	0.056	5.742	0.000**	Significant

Note: The double asterisks (**) in Table 4, specifically in the "p-value" column next to "0.000", indicate a high level of statistical significance for the effect of "Skill development" on employee performance.

The regression coefficient ($\beta = 0.321$, $t = 5.742$, $p < 0.01$) in Table 4 reveals that skill development significantly and positively affects employee performance. This finding implies that when employees receive consistent training and development opportunities, their competencies and job satisfaction increase. It supports existing literature that recognizes skill development as essential to organizational productivity (Dong, Bartol, Zhang, & Li, 2016; Obeidat et al., 2018). Therefore, the hypothesis is accepted.

Hypothesis 3: Working conditions have no significant effect on employee performance.

Table 5. Regression results for hypothesis 3.

Variable	Unstandardized coefficient (B)	Standard error	t-value	p-value	Decision
Working condition	0.278	0.056	4.939	0.000**	Significant

Note: The double asterisks (**) in Table 5, specifically in the "p-value" column next to "0.000", indicate a high level of statistical significance for the effect of "Working condition" on employee performance.

With a regression coefficient of $\beta = 0.278$ ($t = 4.939$, $p < 0.01$), the result as shown in Table 5 affirms that working conditions significantly affect employee performance. A supportive and safe working environment improves focus, reduces absenteeism, and enhances morale. This confirms previous research by Saidi et al. (2019) which emphasized the role of workplace environment in shaping employee productivity. Thus, the hypothesis is accepted.

Hypothesis 4: Empowerment has no significant effect on employee performance.

Table 6. Regression results for hypothesis 4.

Variable	Unstandardized coefficient (B)	Standard error	t-value	p-value	Decision
Empowerment	0.341	0.056	6.103	0.000**	Significant

Note: The double asterisks (**) in Table 6, specifically in the "p-value" column next to "0.000", indicate a high level of statistical significance for the effect of "Empowerment" on employee performance.

The analysis in Table 6 indicates that empowerment has the most substantial impact on employee performance ($\beta = 0.341$, $t = 6.103$, $p < 0.01$). When employees are empowered through participation in decision-making and given autonomy, they feel valued and are more engaged and committed. This result aligns with the findings of Motilewa and Worlu (2019) and affirms the importance of inclusive HR policies. Therefore, the hypothesis is accepted.

Hypothesis 5: Employment stability has no significant effect on employee performance.

Table 7. Regression results for hypothesis 5.

Variable	Unstandardized coefficient (B)	Standard error	t-value	p-value	Decision
Employment stability	0.149	0.074	2.001	0.046*	Significant

Note: The single asterisk (*) in Table 7, specifically in the "p-value" column next to "0.046", indicates statistical significance at a lower level than the double asterisks used in previous tables.

Employment stability had a regression coefficient of β = 0.149 (t = 2.001, p = 0.046), indicating a moderate but significant effect. Employees who perceive job security are less stressed and more focused, leading to improved performance as indicated in Table 7. Although the effect is weaker than other ICSR variables, it remains statistically significant, echoing the findings of Abolade (2018). Hence, the hypothesis is accepted.

4. Findings and Discussion

The findings demonstrate a robust and statistically significant relationship between internal CSR practices and employee performance. Empowerment was identified as the strongest predictor, underscoring the need for participatory management approaches in modern HR strategies. Skill development and conducive working conditions also played vital roles in boosting employee morale and output. Employment stability, though less impactful, still contributed positively, affirming the psychological importance of job security in performance outcomes.

These findings lend strong support to both Stakeholder Theory and Social Exchange Theory. By addressing employees' welfare through CSR, organizations foster reciprocal behaviours such as loyalty, commitment, and discretionary effort. This is consistent with Obeidat et al. (2018) who emphasized the strategic importance of ICSR in building high-performance work environments. The study bridges an empirical gap in the Nigerian banking sector, reinforcing that employee-centered CSR practices are not just ethical imperatives but strategic tools for competitive advantage.

5. Conclusion

This study concludes that internal corporate social responsibility has a significant and positive effect on employee performance in the banking sector in Ado-Ekiti, Nigeria. Empowerment, skill development, good working conditions, and employment stability all contribute meaningfully to enhanced employee attitudes and behaviours. The results imply that employee-focused CSR initiatives should be prioritized as strategic HR tools rather than mere compliance measures. Such initiatives lead not only to employee satisfaction but also to improved organizational performance and long-term sustainability.

6. Recommendations

The study therefore recommends that Banks should institutionalize regular skill development initiatives, such as training programmes, workshops, and mentorship opportunities, to continuously upgrade employees' knowledge and competencies. Management of the Banks should invest in maintaining healthy and supportive working conditions by ensuring proper office ergonomics, safety standards, and stress-reducing workplace practices. Organizations should empower employees by involving them in decision-making processes and giving them autonomy in task execution, thereby boosting engagement and job satisfaction. To enhance job security and reduce turnover intentions, Banks should offer stable employment contracts and promote transparent and merit-based promotion systems.

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