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Financial performance and corporate social responsibility in the banking sector of Bahrain: Can engagement moderate?

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A B S T R A C T

The present study attempted to understand how financial performance can be enhanced in the financial sector. Therein, the study worked to find out how Corporate Social Responsibility (CSR) and organizational engagement can be used to predict financial performance. In addition, the study also tested the moderating role of organizational engagement on the relationship between CSR and financial performance. Managerial level employees from seven retail banks in Bahrain were sampled for the present study. The results of the structural equation modelling reported significant impact of CSR on financial performance. Accordingly, the study also reported significant relationship between organizational engagement and financial performance. Notably, the study also reported significant moderation of organizational engagement on the CSR and financial performance relationship. The study forwards notable implications for theory and practice followed by scope for future studies.

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1. Introduction

There is an increasing economic and financial pressure globally on business units these days (Rupert & Smith, 2016). This has been pushing organizational scholars and corporate practitioners to work on exploring ways through which organizations could prosper and sustain in the long run. Particularly with regards to financial performance, organizations are globally struggling to have sustainable income (Forbes, 2016). Consequently, the need to find ways through which these elements could help enhance an organization`s ability to ensure better financial performance through focusing on various business aspects and occupational sectors. Parallel to other economies, Bahrain has also been taking serious actions to ensure the country generates other resources to support the economy (Abiola & Olausi, 2014; Krishnan & Kumaran, 2015; Naser, 2018). The Kingdom of Bahrain started paying attention to the financial sector since 1990s. The country is known to be the first in the gulf region that launched the idea

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of diversifying from the oil. Today, financial sector is one of the highest contributing sector in the Kingdom of Bahrain. As per the 2015 reports, financial sector contributes 17.18% towards the growth domestic product (GDP) (eGovernment, 2019). Financial sector in Bahrain is considered as one of the rapidly expanding and flourishing sector across the Middle East. Notably, the banking sector of Bahrain comprises of both Islamic and conventional banks that hold up to 85% of the total financial assets (Oxford, 2019). Recently, with greater economic challenges and tough financial situations everywhere, most banks in Bahrain need to be proactive as well to ensure they sustain strategically. For this purpose, the present study attempts to pay scholarly attention to work practices and prospects that could help them in furthering their end outcomes particularly financial performance (e.g., Chun et al., 2013; Chidoko & Mashavira, 2014; Abedin & Dawan, 2016; EmenikeKalu & Obasi, 2016; Ekpete & Iwedi, 2017; Nazal, 2017; Adusei, 2018; Syadullah, 2018).

2. Literature Review

2.1. Economy of Bahrain

Economies globally are striving to survive competitively. With rising taxes and tough economic conditions, nations globally are struggling to maintain or improve their current state (Held et al., 2000; Elkhayat & ElBannan, 2018; Ghosh et al., 2018; Cheng et al., 2018; Liu & Yin, 2018; Omodero & Ogbonnaya, 2018; Hallunovi & Berdo, 2018). Bahrain is a small island-based economy, which is full of oil resources (Bahrain, 2019). Since 1930's there has been a surge in the development of economies in the GCC-Gulf Cooperation Council including Bahrain, Saudi Arabia, Kuwait, Qatar, Oman and UAE (Looney, 1989). This has more of a result from the discovery of oil, helping them to further their economies through improving infrastructure, trade, quality of life, education whilst controlling inflation and poverty (Naser, 2018). However, slowly the economies are working to diversify from oil products to ensure strategic sustenance of their economies. Importantly, the Kingdom of Bahrain over the past decade has been working on to prioritize on other sectors keeping in view the scarcity of oil resources and reserves. With stable credit rating (BB+), the economy is striving to invest in different sectors to ensure it generates other resources for supporting its economy (Trading Economics, 2019).

Therein, the government of Bahrain has taken serious steps diversify its economic index to have contribution from different economic sectors. Similar steps were also taken by other GCC countries as well. Here, based on the Bahrain Economic Development 2018 report, Gulf Cooperation countries including Bahrain have been working to increase the non-oil contribution. Table 1 gives further details in this regard.

Table 1
Economic diversification of GCC Economies

Country	Headline GDP	Non-Oil Sector	Oil Sector
Bahrain	3.9	5.0	-0.7
Kuwait	-2.9	4.6	-8.0
Oman	0.0	2.5	-2.8
Qatar	1.6	4.2	-1.1
Saudi Arabia	-1.1	1.3	-4.3
United Arab Emirates	1.5	2.9	-1.4

Sourse: Trading Economics (2019).

The table highlights and thus indicates towards the results of the efforts placed by GCC economies including Bahrain to enhance the contribution of non-oil sector. As per the economic freedom index, Bahrain is the freest economy across the MENA and Middle East region and ranks amongst the freest at the global level as well (Heritage, 2019). The country is attempting to diversify into many sectors and domains in order to rely less on the petroleum products. Notably, Bahrain is working hard to maximize its efforts towards improving in other sectors since 2017 particularly when the drop in the oil prices marked a severe impact on the economy thus, pushing the country to start working on developing alternative means. As of 2017 estimates, the service sector contributes 61.5% to the economy whereby, industry sector serves 38.2% and agriculture 0.3% only. The country has been putting measures in place such as launching value added tax (VAT) recently and increasing duties on alcohol and tobacco products (Economic Development Board, 2019).

2.2 Financial Sector of Bahrain

The Kingdom of Bahrain started paying attention to the financial sector since 1990s. The country is known to be the first in the gulf region that launched the idea of diversifying from the oil. Today, financial sector is one of the highest contributing sector in the Kingdom of Bahrain. As per the 2015 reports, financial sector contributes 17.18% towards the GDP. (eGovernment, 2019). Financial sector in Bahrain is considered as one of the rapidly expanding and flourishing sector across the Middle East. This is also because of the fact that Bahrain is a free and open economy. The financial developments in the economy are expounding due to improved regulatory framework and availability of educated workforce. The regulatory policies are facilitating the economy to bring stability in the financial system. The financial sector of Bahrain comprises of banking sector, insurance, investment services, brokerage houses, securities and mutual funds entities. Therein, the banking sector has the majority of the share in the sector. Bahrain's banking sector offers various conventional and Islamic financial products and services.

2.3. The Banking Sector of Bahrain

The banking sector of Bahrain comprises of both Islamic and conventional banks that hold up to 85% of the total financial assets. There are 29 retail banks offering conventional financial services and 73 wholesale banks with overseas representative branches of 8 other banks. The banking sector has played a major role in booming the financial sector (Banksinbahrain, 2019). The assets of the banking sector reached 192.7 billion dollars in 2016, which is multiple times greater than the GDP of the country even. With robust regulatory framework and qualified personnel, Bahrain has become a regional port for financial entities, attracting foreign banks to start offering their services in the country. However, as a small economy with only 1.5 million population, there is a potential and possibility of tough competition amongst the banks themselves (Oxford, 2019). In a way, this leads towards underlining the need for banks highlight how they can effectively work to enhance and /or enhance their financial performance to sustain strategically. Ideally, this does not necessarily be restricted for looking at the kind of competitive financial products and/or services they could offer but also towards work practices and policies that are empirically proved having considerable impact on organizational outcomes particularly on financial performance (e.g., Chun et al., 2013).

2.4 Corporate Social Responsibility

Firms these days are being pushed to go beyond conventional activities in order to understand and highlight what and how they can deliver towards the business goals in particular as well as towards the society in general (Flammer, 2015). Today many businesses are talking about how to become viable to the social and civil society which does not only have major influences on business performance but is also asserted to be vital for all the stakeholders. Corporate social responsibility is defined as efforts of an organization towards achieving commercial success whilst adopting ways that appreciates and facilitates communities, societies, people and environment at large (McWilliams & Siegel, 2001).

Another definition of CSR denotes to an organization`s initiation towards marking a positive impact on the society through its activities for the betterment of customers, environment, local communities, stakeholders and general public at large. Being socially responsible corporate entity is a necessity to support growing concerns pertaining to wellbeing of societies, environment and customers. Organizations have been spending hefty amount of time and resources respectively to cater to this global call for being a responsible business entity (Crane et al., 2019).

At the core, corporate social responsibility caters to explaining a firm's seriousness and morality towards the society it operates in. The concept caters making businesses feel the obligation of not just making profit from the market but also giving back to the society (Dahlsrud, 2008). With growing global concerns and issues, the concept of corporate social responsibility has become a key business activity (Kotler & Keller, 2008) despite the fact that the CSR concept has recently been developed (Lindgreen & Suwawen, 2009; Carroll, 1999). As a result of this, multifold of studies can also be traced highlighting the acute role of it in the areas such as business performance (Gössling, 2011); job satisfaction (Valentine & Fleischman, 2008); customer satisfaction (Lee & Heo, 2009); internal employee motivation (Skudiene, & Auruskeviciene, 2012); employee commitment (Collier & Esteban, 2007); engagement (Hurst & Ihlen, 2018). These studies provide evidences to understand how corporate social responsibility can benefit businesses in various aspects. Notably, though limited yet still, apart from intangible benefits (Umrani et al., 2016; Umrani et al., 2018), some scholarly evidence has also hinted towards the potential of CSR in boosting firm's tangible prospects such as profitability, share values and even overall financial performance. For instance, scholarly study by Aupperle et al. (1985) have underlined towards the potential for enhancing the impact of organization's CSR activities and initiative towards enhancing profitability. Likewise, Deng et al. (2013) reported the impact of CSR initiatives on stakeholder value maximization. Accordingly, some studies also report significant contribution of investments in the CSR activities of a business towards its financial performance in general (e.g., McWilliams & Siegel, 2000; Nollet et al., 2016; Orlitzky et al., 2003). These studies have highlighted that engagement of organization in corporate social responsibility based activities helps them enhance their financial performance. Though the evidence in this aspect is very little yet still, critical appraisal can be established to understand the link further.

2.5 Corporate Social Responsibility and Financial Performance

Based on the premise of shareholder theory (Friedman, 1970), any kind of donation or investment in any social activities is to ideally result in declining profits. Moreover, some studies have suggested that CSR may act as a causal predictor of any kind of firm performance prospect (Flammer, 2015). However, the assertion of Friedman (1970) is not conclusive as there are theoretical and empirical evidences opposing to it. A lot of scholarly arguments have recently surfaced suggesting how CSR can be translated into a source of obtaining higher profits through enhancing shareholder value (Jensen, 2001). According to Jensen, organizations aiming to understand CSR and financial performance link ought to look at the strategic perspective. Such a perspective will enable them to choose strategies that would help them devise work plans and would benefit business activities accordingly (Baron, 2001). Furthermore, strategic investments in the arena of CSR can help enhance the company's position to strategically enhance the competitive position of the company in the market (Porter & Kramer, 2002) whilst improving business efficiency (see, Cochran, 2007).

Despite these scholarly arguments, some studies have reportedly underlined link between corporate social responsibility and financial performance. Waddock and Graves (1997) found significant impact of CSR activities on the financial performance of the business. Over the course of the last three years of CSR activities, the company reported that the socially responsible activities enhanced company image and seemed to develop trust between the customers and the business thus improving financial performance. Likewise, the Flammer (2015) also reported that CSR activities over the year reported to further the financial performance of the business through increasing the share prices and market value. Accordingly, Nelling and Webb (2009) outlined that corporate social responsibility may influence financial performance directly in some cases or there is a possibility that organization may view CSR activities as one of the prospects about their improvement in financial performance at a given point in time yet still it is unclear. The authors further asserted that strong CSR activities might potentially improve stock market performance thus resulting in greater firm investment. Keeping these debates in view, to what length CSR activities are turning out to be viable for banks globally and in Bahrain in particular was found missing across the scholarly database thus, the following hypothesis was tested:

H_1: There is a positive relationship between CSR activities of the Bank and its financial performance.

2.6 Organizational Engagement

Engagement refers to a psychological state of mind that bring energy, vigor and dedication (Schaufeli et al., 2002). According to Saks (2006), engagement can be linked to individual work or with the organization as a whole. Thus, individuals engaged with the organizational will be willing to serve and facilitate whole heartedly any kind of organizational activities. Most often, the concept sounds something similar to organizational commitment (Robinson et al., 2004) however, organizational engagement is very unique in totality since it goes beyond conventional levels of commitment at an ordinary employee exhibits (Ahmed et al., 2016). Organizational engagement brings higher levels of emotional and intellectual contributions and efforts to business prospects. Engagement brings various benefits such as higher performance (Bakker & Bal, 2010), better service by employees towards customers (Bellon et al., 2010), improving employee retention and so on. The evidences thus suggest that engagement can bring numerous benefits for the business ranking from individuals to organization specific. This also brings the thought underlining that employees who are engaged, in other words psychologically connected with the company will be willing to go an extra mile by putting their best efforts. Accordingly, Gruman and Saks (2011) empirically reported the significant impact of organizational engagement with organizational citizenship behavior and organizational commitment.

2.7 Organizational Engagement and Financial Performance

Can organizational engagement enhance financial performance? Scholarly evidences have reported significant impact of engagement in various domains as discussed previously. However, there is a need to understand its link with financial performance and/or any similar prospect for a business. Study by Christensen Hudges and Rog (2008) highlighted that organizational engaged employees can help boost profitability for the business. Accordingly, Mohan et al. (2014) suggest that engagement can help bring better organizational performance. Notably, scholarly work by Xanthopoulou et al. (2009) reported better financial returns for companies with engaged employees. In parallel, study by Van Rooy et al. (2011) is also interesting to be considered which suggests that organizations facing financial downturn have been found having less engaged employees. In parallel, review by Gruman and Saks (2011) can also be taken into consideration suggesting that since engagement of any kind motivates people to do their best with higher commitment, energy and passion, one can conveniently see its potential impact hence the following hypothesis was tested:

H_2: There is a positive relationship between organizational engagement and financial performance of the bank.

2.8 Moderation of Organizational Engagement

Engagement is termed to be a notable predictor of several employee and organizational outcomes prospects (e.g., Bakker et al., 2012; Rowe & Frewer, 2005). Notably the concept of engagement has also been found mediating several predictors to general notable outcomes (e.g., Ranson, 2011). However, limited studies have looked into the potential of engagement as a moderator. Conceptual study by Ahmed et al. (2018) asserted that there is a need to understand the role and moderating potential of engagement to further employee and organizational outcomes. Accordingly, some scholars have also asserted the possibility and need of empirical attention towards the buffering of engagement (e.g., Shuck & Reio, 2014; Rich LePine & Crawford, 2010) suggesting that engagement can yield better outcomes through enhancing the impact of available predictors. There is a major gap in this domain and no study was traced underlining the moderation of organizational engagement on the CSR and financial performance relationship. Based on the assertions of these scholars it can be asserted that engagement of employees with the organization will help them further enhance the influence of CSR activities towards boosting financial performance. In simple, we attempted to outline that having organizationally engaged employees can potentially help the business enrich the impact of socially responsible activities towards booming financial performance. Hence, keeping in view the gaps in research and scholarly assertions in hand, the present study tested the following:

H_3: Organizational engagement will moderate the relationship between corporate social responsibility and financial performance.

3. Sampling and Methodology

Access to financial information in the GCC economies is very hard to retrieve from the corporate entities hence quantitative approach was applied in the present study. Therein, survey technique was deployed to collect the primary data from the respondents. Table 1 outlines information pertaining to the data received from the targeted banks on the number of employed managerial staff members through personal communication. Seven retail banks including Ithmaar, HSBC, NBB, BBK, AlSalam, AlBaraka and BISB were sampled for the study (Banks in Bahrain, 2018). Keeping in view the nature and topic of the study, managerial position employees were sampled for the study since they are in a better position to comment on the ongoing CSR activities and whether or not it is influencing their financial performance. The number of managerial position holders were obtained from the head offices of the targeted banks. Table 2. Provides further details in this regard.

Table 2
Respondents Profile

Bank	Number of Branches	Branch Based Managerial Staff	HQ Based- Managerial Staff (Finance Wing)	HQ Based-Social Development Division
Ithmaar	16	35	9	3
HSBC	4	6	2	0
NBB	18	43	9	2
BBK	12	19	7	2
AlSalam	4	6	2	0
AlBaraka	7	16	4	1
BISB	11	18	4	1
Kuwait Finance House	10	23	11	5
			Total	228

Keeping in view a small number, all the managerial employees were sampled for the study through using purposive sampling with the understanding that employees working in the managerial positions will be better capable of responding to the current study for objective results. The data collection was done during the period of December to February. Official permission was sought from respective authorities in the headquarters whereby, personal visits were made to distribute questionnaires through using self-administered approach.

3.1 Instrumentation

Four item scale by Kim et al. (2010) was adapted to examine financial performance. Accordingly, 6-item scale by Saks (2006) was adapted to test the direct and moderating effect of organizational engagement.

3.2 Data Analysis and Interpretation

Structural equation modelling was employed in the present study using Smart PLS 2.0 M3 to examine the formulated hypothesis (Ringle et al., 2005). Further to the assertions of Henseler et al. (2009), two stage approach was deployed. In this, the examination of individual item reliability, internal model consistency and discriminant validity were ensured in the first stage, called measurement model. Accordingly, the second stage catered to assessment of the significant of the path coefficients amongst the predictor and outcome variables, generally referred as structural model assessment stage.

3.3 Assessment of Measurement Model

Psychometric properties of the conceptualized model were examined at the stage through assessing individual item loadings, composite reliability and AVE scores. As per Fornell and Larcker (1981) and Hair et al. (2013), loadings of each individual item should be equal to or greater than 0.50. Accordingly, the AVE scores were examined to ensure convergent validity which as per Chin (1998) should be greater than 0.50. Notably, the AVE scores for all the constructs in the present study resulted between 0.522 and 0.861. In parallel, composite reliability of each of the construct was also assessed whereby, Bagozzi and Yi (1988) suggested the CR scores to be above 0.70. Importantly, all the constructs scored in higher, ranging between 0.882 and 0.961 thus, confirming internal consistency reliability. Fig. 1 and Table 1 give further details and reference in this regard.

Table 1
Loadings, AVE and Composite Reliability

Construct	Loadings	AVE	Composite Reliability	R^2
Corporate Social Responsibility		0.522	0.882	
CSR1	0.810			
CSR2	0.851			
CSR3	0.683			
CSR4	0.684			
CSR5	0.799			
CSR6	0.640			
CSR7	0.545			
Organizational Engagement		0.559	0.961	
OE1	0.928			
OE2	0.855			
OE3	0.816			
OE4	0.567			
OE5	0.755			
OE6	0.500			
Financial Performance		0.861	0.878	0.831
FP1	0.913			
FP2	0.910			
FP3	0.910			
FP4	0.977			

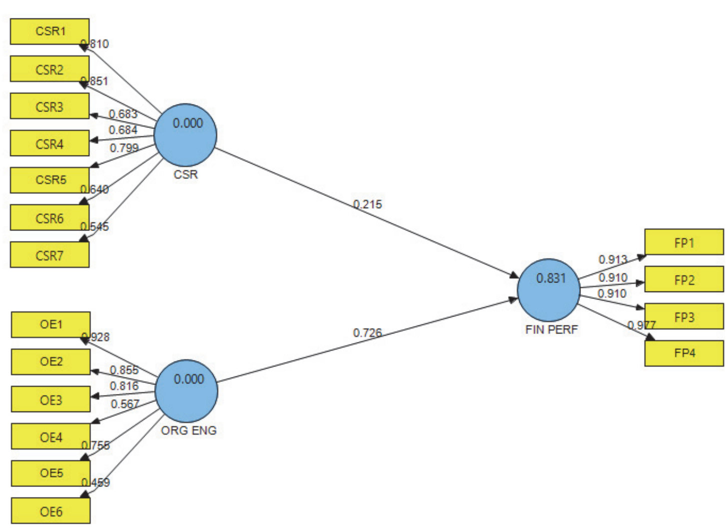

Fig. 1. Measurement Model

Following to this, the present study also examined the discriminant validity which denotes to the length to which a particular variable in a study is different from the other one. Following the criterion forwarded by Chin (1998), the square root of AVE values of each latent construct is compared with the reflective loadings of other constructs in a cross loadings table. Therein, the square roots should be higher than the compared reflective loadings. Table 2 provides further details in this regards where it outlines that the square root values of AVE scores of each of the latent construct resulted between 0.763 and 0.899 thus, suggesting adequate discriminant validity. The present study also catered to confirming the discriminant validity of the constructs which refers as to what extent the examined variables are uniquely different from one another. Whilst following the footsteps of Chain (1998), the square root of the AVE scores of each latent construct was compared against the reflective loadings in the cross-table. Therein, all the square root values resulted higher against the cross compared values thus, fulfilling the requirements of Chin and confirming significant discriminant validity. Table 3 offers further insight in this regard.

Table 3

Discriminant Validity

Corporate Social Responsibility	**0.723**		
Financial Performance	0.713	**0.927**	
Organizational Engagement	0.693	0.703	**0.748**

Note: Values in BOLD denote to the square root of AVE scores for each construct

3.4 Structural Model Assessment

Upon the responsive examination of the measurement model, the present study opted for structural model assessment to examine the significance of the path coefficients in the hypothesized relationships. Therein, the results of the bootstrapping approach reported significant relationship between corporate social responsibility and financial performance (β=0.204; t=4.510) hence supporting hypothesis 1. In parallel, the study also tested the direct relationship between organizational engagement and financial performance and concludes with significant positive relationship (β=0.124; t=2.528). Notably, the study also found a highly significant positive moderation of organizational engagement on the relationship between corporate social responsibility and financial engagement (β=0.682; t=13.991). Conclusively, the study has landed empirical support to all the three hypothesized relationships. Table 4 and Fig. 2 may be referred for further reference in this regard.

Table 4

Structural Model Results

Relationship	β	Std Error	t-Value	Decision
CSR→Financial Performance	0.204	0.045	4.510	Supported
Org Engagement→Financial Performance	0.124	0.049	2.528	Supported
CSR×Org Engagement→ Financial Performance	0.682	0.048	13.991	Supported

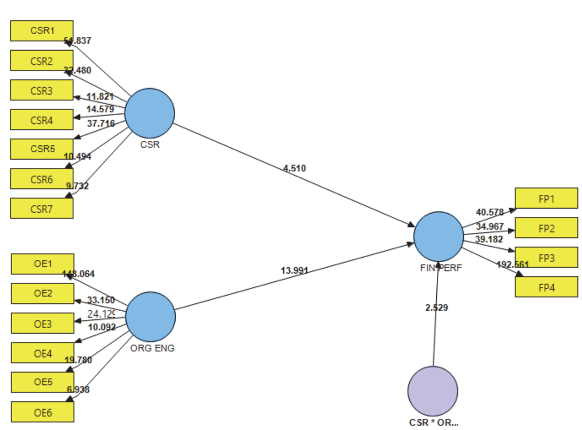

Fig. 2. Structural Model- Moderation Effects

4. Discussion

The present study aimed to help understand how financial performance could be improved through intangible aspects to facilitate organizations in this critical era of tougher economic conditions worldwide. Therein, the study attempted to unveil how corporate social responsibility which has become a compulsion for many business sectors these days can possible help enhance financial performance followed by the link of employees' connectivity and dedication (engagement) with financial performance. More importantly, following the theoretical trails, the study also attempted to find as to whether or not, engagement with the organization can help boost the positive results of corporate social responsibility towards furthering financial performance. Pertaining to the results, the study has reported significant positive relationship between corporate social responsibility and organizational engagement. The results have landed support to Christensen Hudges and Rog (2008) and Mohan et al. (2014) suggesting that organization's involvement in socially responsible activities that work on giving back towards the society for greater wellbeing would see improvement in their financial performance. This assertion based on the past studies can be viewed as element giving circular effect whereby, a company's active involvement in the socially responsible activities would help in marking a positive image in the shareholders and customers eyes thus bringing more investment and clientele (N`Goala, 2007). This also indicates to support the explanation of Tang et al. (2012) asserting that CSR has notable financial and non-financial benefits if businesses effectively strategize. Conclusively, significant results pertaining to hypothesis one underline that managerial authorities in the targeted banks in Bahrain have been getting positive influence towards financial performance through involving in socially responsible activities.

Accordingly, the study found significant positive result pertaining to organizational engagement and financial performance thus indicating that businesses with employees who are immersed and willing to whole heartedly dedicate towards wider organizational affairs would result in enhancing financial performance of the business. The finding is in line with the assertions of Sorenson (2013) outlining that engagement employees are 22% higher in profitability and 21% more productive. The findings hence outline that the banks in Bahrain have been getting much benefit from engaged employees facilitating with extra mile efforts and services which the responding managers in the present study perceived as a notable contributor towards boosting financial performance. Importantly, the study also reported highly significant moderation results pertaining to organizational engagement on CSR and financial performance relationship. The finding has landed support to Ahmed et al. (2018) recommendations regarding the buffering potential of engagement. The results hence suggest that banks in Bahrain found organizationally engaged people to be in a better position of furthering the impact of CSR activities to boost financial performance. This means that, companies can do better financially through CSR initiatives if they have engaged employees simultaneously. The finding has made us to understand the empirical assertions of Paulik et al. (2015) highlighting the strategic significance of CSR. Henceforth, enhanced benefits can be obtained by a business particularly banks in the context of our study from socially responsible activities when there are passionate, energized and immersed organizational individuals. Conclusively, it can be asserted that CSR initiatives and organizational engagement have a significant relationship with financial performance in the banking sector whereby, this engagement can help them to express more dedication and immersion towards CSR activities to enhance financial performance.

5. Implications for Theory and Practice

Theoretically, the findings of the present study have landed support towards the explanations of shareholder theory (Flammer, 2015; Friedman, 1970) which classifies a positive relationship of corporate social responsibility on financial performance. In other words, CSR can be translated into a source of obtaining higher profits through boosting shareholder value (Jensen, 2001). Based on this theory, effective address of the needs of the different stakeholders is necessary to ensure financial performance and socially responsible activities made the external stakeholders happy and satisfied. In addition, the study has also support for social exchange theory (SET) (Cropanzano & Mitchell, 2005) when it comes to the moderation of organizational engagement. As per the theory, obligations can be generated through a series of interactions between the parties that have a reciprocal interdependence. Hence, catering to the present study we can state that the more an organization ensures its employees to be engaged, the better it will be for the business to push for better utilization and capitalization of socially responsible activities to boost financial engagement. Practically, the present study has highlighted several notable implications for the banking sector in particular and business in general. Talking about practice, the findings have suggested that despite the fact that any type or level of involvement in the CSR activities would result in monetary cost, yet it can help in gaining much higher results as well. The findings, hence, imply businesses particularly in the financial sector who are dominantly relying on services such as banks to initiate social wellbeing based initiatives, which would not only portray a better image for the organization and benefit the targeted society but will also help enhance means for better financial gains. Training interventions can be a good option to help enhance awareness of CSR to enhance organizational willingness towards it (Fenwick & Bierema, 2008). Top management has a major role to play in this regard particularly when it comes to enhancing. Human resource professional at the organizational level also have a major role to play in this regard to spread awareness on the importance and vitality of CSR to motivate internal stakeholders and top management for serious measures in this regard (Sharma et al., 2009). However, major challenge there could be company policies and organizational long run goals (Sheehy, 2015). Pertaining to organizational engagement, the study reported that engagement brings more financial prosperity in the business, which educates the importance of having immersed employees who are willing to go extra mile for organizational wellbeing. Sadly, there is a shortage of engaged employees across the globe which concludes that more effort is required from the organizations to facilitate this aspect for better outcomes. Talking about the targeted banks of Bahrain in particular, the present study implies based on scholarly evidences to focus on providing organizational support (Saks, 2006); motivated Work designs (Barrick et al., 2015); Training and fair compensation (Juhdi et al., 2013). In parallel, organizations also need to work on the idea of harmonizing the workplace where it become a norm to involve in expressing engaged behaviors to improve organizational outcomes including financial performance (Harter et al., 2009). Managers also need to look into the element of procedural justice in order to help employees enhance their organizational engagement (Saks, 2006). In connection to the moderating results of organizational engagement, the present study implies businesses particularly banks to focus on utilizing the engaged employees to involve in CSR activities for furthering outcomes like financial performance. Since engaged employees are the ones who are willing to go extra mile with immersion and full energy (Bakker & Demerouti, 2008), an organization thus can expect from such individuals to express more commitment and efforts to any extra role activities such as CSR. Notably, Cantor et al. (2012) suggest that engagement towards environmental elements (CSR in our case) can be responsively enhanced through the involvement from top management. Business therefore aiming to be socially responsible ought to understand the role and importance of having engaged employees who are willing to not only perform role-based tasks but are happy to take part and contribute towards any type/kind of organizational activities and entities.

6. Study Limitations and Scope for Further Studies

Scholars are advised to consider the findings of the study whilst keeping in view its limitations. Parallel to other studies on engagement and corporate social responsibility (McGuire et al., 1988; Saks, 2006), the present study was also conducted using cross-sectional approach with self-reported data. Hence, it leads towards limiting the causality of the findings and highlighting the concerns pertaining to common method bias. It cannot be ascertained as to what extent the study could be seen limited however, the findings are in line with the underpinning theory (Cropanzano & Mitchell, 2005). Future scholars are advised to consider longitudinal studies to offer more robust conclusions for understanding. Accordingly, the study was conducted on one specific sector in Bahrain (banking) thus, future studies may be conducted on other divisions in the financial sector as well as across other business occupations to see how CSR and organizational engagement can influence financial performance. In parallel, future studies may also be taken into consideration to see what other outcomes could be potentially retrieved from CSR and what role organizational engagement could play in this regard. Therein, future scholars may also consider looking at examining the potential intervening effect of organizational engagement in the same framework.

7. Conclusion

The present study has made distinct contribution pertaining to how businesses in the financial sector particularly banks may consider focusing on CSR to enhance financial performance. Likewise, the study has also concluded a significant direct and buffering impact of organizational engagement to further financial performance prospects. The study has effectively communicated through sound empirical evidence that being socially responsible can help businesses gain financial wellbeing and learn how organizational engagement can enrich via different interactions.

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