

**ROLE OF CORPORATE SOCIAL RESPONSIBILITY
ACTIVITIES ON EMPLOYEES' COMMITMENT TO
FIRMS LISTED AT NAIROBI STOCK EXCHANGE IN
KENYA**

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**Role of Corporate Social Responsibility Activities on Employees'
Commitment to Firms Listed at Nairobi Stock Exchange in Kenya**

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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This thesis has been submitted for examination with our approval as University Supervisors.

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DEDICATION

This work is dedicated to my dear family wife Zilpah Kageha Andiva, Children, Laura Ong'onge Agesa, Billgates Ovita Agesa, Cindy Michelle Agesa and Joylin Minayo Agesa.

Thank you.

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LIST OF ACRONYMS AND ABBREVIATIONS

ACS	Affective commitment scale
CCS	Continuance commitment scale
CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
CFP	Corporate Finance Performance
E-C	Employee – Company Identification
EC	European Commission
EC	Employee commitment
EEC	Equal employment opportunity
ISO	International Organization for Standards
MBA	Master of Business Administration
NCS	Normative commitment scale
NSE	Nairobi Stock Exchange
OCQ	Organizational commitment questionnaire
PEP	Perceived External Prestige
RBP	Resource Based Perspective

UK	United Kingdom
USA	United State of America
UNO	United Nations Organization
WBSCD	World Business Council on Sustainable Development

ABSTRACT

Corporate Social Responsibility is the commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce as well as of the community and society at large. The general objective of the study was to establish the role of Corporate Social responsibility activities on employee commitment to firms listed at Nairobi stock exchange. The study looked at the Corporate Social responsibility activities, the mediating effect of organizational identification and moderating effect of organizational justice on the relationship between Corporate Social responsibility activities and employee commitment. Descriptive survey and correlation designs were used in determination of the role of corporate social responsibility activities and Employee commitment. The researcher used both open and closed questions, document analysis and interviews to collect data. The target population was 53,203 employees and simple random, stratified and purposive sampling was used to sample 381 employees. Data was analyzed using descriptive statistics. The Statistical package for Social Sciences was used. Multiple linear regression models were used to determine whether independent variables, moderating and mediating variables significantly influenced Employee Commitment. The findings indicated that organizational identification partially mediated the relationship between internal corporate social responsibility and employee commitment, organizational identification completely mediated the relationship between external corporate social responsibility and employee commitment, Organizational justice had significant and enhanced moderating effect on the relationship between employee commitment and corporate social responsibility activities . The study recommends that managers should create programmes that will embed CSR culture into their firms in order to improve employee commitment. The study concludes that employees in companies listed in Nairobi Stock Exchange should participate in CSR activities in order to enhance their commitment.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The study sought to establish the role of corporate social responsibility activities on employees' commitment in firms listed in the Nairobi stock exchange. Specifically the study examined how internal and external corporate social responsibility activities, the mediating effect of organizational identification and moderating effect of organizational justice affected employees' commitment to firms listed in Nairobi stock exchange. The negative consequences of globalization such as rising social inequalities, soaring disparities in income, emergence of global environmental problems and the outsourcing of increasingly skilled operations to developing countries have led to demands for protection against the anarchy of unregulated market forces (Levy & Kaplan, 2007) and for companies to take responsibility for their impact on society (Moon & Vogel, 2008). These calls for responsible business practices and corporate contributions are normally framed in terms of corporate social responsibility.

Over the years this concept of Corporate Social Responsibility (CSR) has gained unprecedented momentum in business and public debate and has become a strategic issue crisscrossing the departmental boundaries and affecting the way in which a company does business. It has become so important that many organizations have rebranded their core values to include social responsibility. Almost all corporate websites, policies and reports talk about their endeavors' for CSR which has become a way of ensuring that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. These activities of CSR ranging from small donations to bigger projects for social welfare practices differ from organization to organization depending on the resources available to an organization for undertaking sustainable practices (Suparn *et al*, 2009)

1.1.1 The Concept of Corporate Social Responsibility

The concept of corporate social responsibility has evolved considerably since it first emerged in the 1950's (Carroll,1999). The World Business Council on Sustainable development (WBSCD, 2002) defines Corporate social Responsibility as a concept that embraces the integration of social and environmental values within a company's core business operations and engagement with stakeholders to improve the well-being of society. According to ISO 26000:13 corporate social responsibility refers to the activities of an organization aimed at contributing to a sustainable society and environment as well as maintaining the organizations continued existence by minimizing negative impacts and maximizing positive impacts on society and environment through proactive stakeholders' communication and engagement throughout the organization's sphere of influence.

Corporate social responsibility is the duty of the companies to the development of its stakeholders and to the avoidance and correction of any negative consequences caused by business activities (Muthuri & Victoria, 2011) while Duygu, (2009) defines corporate social responsibility as corporate behaviours which aim to affect stakeholders positively and goes beyond its economic interest. Corporate social responsibility is the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (Moir, 2001). According to Sukserm and Takahashi, (2010) corporate social responsibility is business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment.

1.1.2 The Concept of Employee Commitment

Employee commitment is regarded as a psychological state characterizing an employee's relationship with the organization that has implications for the employees' decision to remain or leave the organization (Tzai-cheng *et al*, 2007). Duygu, (2011) defines it as the psychological identification that an individual feels towards his or her employing organization while Meyer and Allen (1997), argued that commitment reflects an employee's relations with an organization and has implications for the decision of maintaining membership.

Recently, a body of literature has emerged that focuses on the relationship between corporate social responsibility and employee's commitment. The first stream explores how CSR actions affect employer attractiveness to prospective employees (Albinger & Freeman, 2000; Backlaus et al, 2002; Greening & Turban, 2000). These studies are based on social identity theory and suggest that CSR creates a good reputation and sends signals to prospective job applicants about the attractiveness of the employer. The second stream focuses on current employees and explores how CSR affects employee's attitudes and behaviours.

A research by Reltab and Mullahi (2009) examined the link between CSR activities and three measures of organizational performance: financial performance, employee commitment and corporate reputation in emerging economies, United Arab Emirates. The results showed that CSR had a positive relationship with employee commitment. In their research to understand why firms engaged in CSR activities and disclosure, (Branco & Rodrigues, 2006) used Resource Based Perspectives (RBP). The result revealed that firms engaged in (CSR) because they believed it will help them to accumulate some kind of competitive advantage. On corporate reputation, they stated that firms with good social responsibility reputation may improve relations with external factors and even attract better employees or increase current employee's motivation, morale, commitment and loyalty to the firm.

A study by Collier and Esteban, (2007) indicated that there are two types of factors that may have an impact on employee motivation and commitment to CSR. The first set of factors is the contextual factors in which employee's attitudes and behaviors are affected by organizational culture and climate, by whether CSR policies are expressed in terms of compliance or in terms of values, and by whether such policies are integrated into business processes or simply an "add – on" that serves as window – dressing. The second set of factors are the perceptual factors. Motivation and commitment will be affected by the extent to which they can align personnel identity and image with that of the organization by their perceptions of justice and fairness both in general and in terms of how performance is rewarded, and by their impressions concerning the attitude of top management to CSR issues and performance.

Findings by Rupp et al, (2006) indicated that if an employee perceived that his/her organization believed in an obviously socially irresponsible way (e.g. has damaged the environment, has victimized a protected group, or has taken advantage of the general public) he or she will be likely to exhibit negative work attitudes and behavior. Conversely, if an employee perceives that his or her organization believes in a highly socially responsible manner even toward those outside and apart from the organization, he or she will likely to have positive attitude about the company and work more productively on its behalf. The authors further said that when employees, like other stakeholders regarded their organizations as responsible, compassionate, and benevolent citizens of their community (a goal of CSR activity), they were more likely to be content with their employment relationships with such organizations.

A study by Ellis (2009) touched a subtle point that employee awareness of social responsibility policies may be as or more important than organization's actual CSR policies themselves because employees might have misperceptions of their firm's CSR activities, the initiatives will have no impact on employees' attitudes or behaviours. The author said that when employees are aware of a firm's CSR activities, an expectation in the form of a psychological contract is created, and conversely misperceptions of CSR activities could lead to unintended effects such as frustration that the firm is using

resources ineffectively. However, Sen and Bhattacharya, (2001) are of the view that simple awareness is not likely sufficient to provoke positive outcomes rather employees must also perceive the CSR activities to be effective and consonant with the firm's activities or values.

1.1.3 Corporate Social Responsibility Across the Globe

Corporate Social Responsibility (CSR) is a global concept and a prominent feature of the international business agenda (Moon, 2007) and its meaning, orientation; relevance and applicability vary across different country contexts (Matten, Moon, 2008). Birch and Moon, (2004) noted that CSR performance varies greatly between countries with a wide range of CSR issues being tackled such as education, environment and employee welfare. Companies across the world exhibit a variety of CSR principles, policies and practices (Baughn, 2007; Kusku & Fraser, 2004) with different levels of intensity (Welford, 2005; Maignan, Ralston, 2002).

Corporate social responsibility started in USA. Many CSR initiatives such as the foreign corrupt practices Act have been implemented by American firms since 1950's (Matten & Moon, 2008). During his presidency in the USA, Bill Clinton's five criteria for the Ran Brown Award for 'good corporate citizenship' included family leave, good health and pension benefits, a safe workplace, training and advancement opportunities and avoiding layoffs (Jie, 2011). The Corporate social responsibility agenda in Latin America has been heavily shaped by socio-economic and political conditions which have tended to aggravate many environmental and social problems such as deforestation, unemployment, inequality and crime (De Oliveira, 2006). In his study Maignan, (1999; 2001) found that in a sample of American firms, CSR is positively linked with employee commitment and customer loyalty.

In Europe, the debate on CSR is young and the implementation of CSR begun recently (Matten & Moon, 2008) though Corporate social responsibility is more active in Europe than in the United States of America. This is caused by the higher economic

development and by the historical trend of countries such as Sweden, Finland, Switzerland, United Kingdom and Holland towards a more liberal democracy in general (Welford, 2005). Dawkins (2004) found that fifty eight percent (58%) of UK employees believed that, social and environmental responsibilities of the organizations they worked for are important with other evidence by Scott (2004) showing that corporate social and environmental values plays a significant role in the recruitment of employees'. In Finland, CSR, as a term, is still new with the exception of environmental management (Taru, 2006).

Relatively little is known about CSR in Asian countries (Mano & Shamika, 2007). In a survey of CSR, Chapple and Moon (2005) found that Malaysia was the weakest in terms of CSR performance with Thailand being relatively strong on external aspects such as child labour and ethics and Hong Kong being generally better on such internal aspects such as non- discrimination and equal opportunities. The most common corporate understanding of CSR in Taiwan was still based on charitable deeds and donations rather than developing strategies of engaging with different stakeholders (Chin Hung, 2011).

While research interest on CSR is growing significantly in China (Wang, 2005; Wang, Zhang 2005; Tang, LI, 2008) few empirical studies have been undertaken to identify how companies particularly those in the private sector perceive CSR issues, what actions they are taking, if any, and what implications these may have for institutional bodies that seek to promote CSR in the country. Therefore, China was still in the initial stage of developing a standardized, systematic and widely participated CSR social movement (Wang, 2005; Zhou, 2006).

In many developing countries, CSR has not gained prominence resulting in little social responsibility related laws (Jie, 2011). Another problem is that the demands for and acceptance of CSR vary significantly because countries have their own unique long standing and historical contexts and institutions. Consequently, what CSR means in practice is contingent on the national context (Moon & Matten, 2008). The need for focused corporate social responsibility research in developing economies is critical, particularly with the concern that current approaches to CSR with their origin in developed countries may not sufficiently relate or respond to the context and circumstances encountered in developing economies (Hamann, 2006). This is because developing countries do not share the same cultural and social values, norms and priorities that underpin CSR in Western nations (Blowfield & Frynas, 2005).

Historically, the concept of CSR is a lien in many developing countries and remains so in some countries today. Research into CSR in developing countries is relatively underdeveloped, scarce with few exceptions (Dobers, Halme, 2009; Hamann, Sprague, 2008; Muthuri & Victoria, 2011) and tends to be Ad-hoc with a heavy reliance on convenience based case studies or descriptive accounts (Jamali & Mirshak, 2007). The focus is often on high profile incidents or branded companies and a few select countries with a general lack of comparable benchmarking data (Jamali & Mirshak, 2007). Over the past ten (10) years some countries in Africa have seen significant progress in the area of human rights and CSR-South Africa (Visser, 2005) and Kenya (Mwaura, 2004) can be singled out as two cases in point. A ten (10) year review of CSR research focused on Africa and published in key CSR journals over the period 1995-2005 revealed that: the volume of published research was still extremely low. Most papers focused on business ethics and only twelve (12) of Africa's fifty four (54) countries had any research published with 57% of all articles focused on South Africa and 16% on Nigeria (Visser, 2006). Hence there is a great scope for expanding the amount of research on CSR in Africa as well as improving the diversity of its content and its geographic coverage (Kwesi & Kwesi, 2010).

The Journal of Corporate citizenship on CSR in Africa (2005) concluded that academic institutions and researchers focusing on corporate citizenship in Africa remained few and

underdeveloped (Visser, 2005). Therefore the need for focused CSR research in developing countries was critical particularly with the concern that current approaches to CSR with their origin in developed countries may not sufficiently relate or respond to the context and circumstances encountered in developing economies (Hamann, 2006). CSR activities in Ghana are spearheaded by large scale multi-national companies. The multi-faceted problems of the country-low capita income, weak currency, capital flight, low productivity, low savings makes it impossible for indigenous companies most of which are engaged in the retail and in the production of primary commodities to undertake social actions (Kwesi & Kwesi, 2010).

In Kenya, a survey by Muthuri and Victoria, (2011) indicated that the integration of corporate social responsibility principles into core business practices ranged from very centralized to very decentralized in most companies. They found out that corporate social responsibility as a concept was given less attention by companies operating solely within Kenyan than those with headquarters in other countries. This may be reflective of the developing country context where the concept is still new to the business agenda. Their findings indicated that most of the community initiatives such as employee voluntary were one-off events rather than long-term partnership projects strongly linked to the core competencies of the company.

Kenyan companies are relatively small when compared with the international standards and their participation in social activities may not be pegged on their financial capability rather, their willingness and desire for strategic positioning within the society for future economic advantages and as a face saving exercise (Okoth & Cyril, 2009).The companies displayed different understanding and levels of commitment to CSR as demonstrated by the issues they prioritized, the range of CSR processes they employed (Muthuri &Victoria, 2010) and philanthropic responsibilities feature highly on the CSR agenda.

Kenya does not seem to have well developed CSR institutions to promote and monitor responsibility in the Kenyan business environment. However, a few of the companies

are members of the UN Global impact-Kenya and companies in these networks mimic each other's activities (Kivuitu & Fox 2005; Mwaura, 2007; Opondo, 2009). Muthuri and Victoria, (2011) concluded that the uptake of corporate social responsibility was driven by the need to conform to social norms or best practices for legitimacy reasons as regulatory pressures from the government were lacking and failed to create an environment conducive to the uptake of CSR.

1.2 Statement of the Problem

Businesses have recognized that their future profitability and license to operate depend on their willingness to assume responsibility for social and environmental consequences of their global footprint. But as civil society's awareness of the need for CSR increases, and as regulators, and auditors, place increasing pressures on companies and as institutional shareholders become more pressing in their demands for adequate risk management, companies must ensure they put in place social reporting and key performance indicators that will convince the world that they are fulfilling their responsibilities to society (Peterson, 2004).

Companies will fail to convince stakeholders of which one is the employee, that they are serious about CSR unless they can demonstrate that their policies consistently achieve the desired social, environmental and ethical outcomes. It is the employee who is responsible for implementing ethical corporate behavior and hence their loyalty and commitment is imperative for CSR to succeed. Esteban *et al*, (2010), postulate that CSR is complex and multifaceted and hence will be influenced by both the corporate contextual factors like organizational identification and by employee perceptions, hence employee commitment.

The way employees respond to CSR programmes is dependent on first, how they relate to the organization that is, how they derive their own identity from being members of that organization and the degree they can commit to the organization's goals and values. Secondly, their responses to CSR programs depend on their views or perception of

justice and fairness. Thirdly, they view CSR depending on how the top management champion CSR activities. Employees can feel proud to belong to and work for a company that is acknowledged for its positive contribution to society (Turban, 1997). Socially responsible firms tend to gain positive public reputation and employees would rather work for a good citizen that contributes to the welfare of society than for a poor citizen that cares only about itself (Fombrun, 1990).

A study by Pirato & Jencati 2008 indicated that despite the considerable research in the area of CSR, literature arising out of it is limited in an important respect i.e. impact of CSR initiatives on the internal stakeholders – the employees. Aguilera *et al* (2007) endorsed this view that employees as a unit of analysis have received limited attention in past CSR literature and despite wide potential relevance of CSR initiatives for employees' attitudes and behaviours, organizational behavior and HRM researchers have under investigated CSR in this area. Becker–Olsen *et al* (2006) expressed similar views that employees' attitudes about organizations depend in part on those organizations activities engaged in CSR initiatives. In addition research on the relationship between CSR and employee commitment has been carried out in developed economies (De Roeck *et al*; 2014) though CSR is more important in developing countries. Hence this study will answer the call of researchers such as Campbell (2006) who pointed out that there is an imperative need for conducting researchers in developing countries such as Kenya on the relationship between CSR activities and employees' attitude and behavior. Therefore the study sought to establish the role of Corporate Social Responsibility activities on employee commitment to firms listed at Nairobi Stock Exchange in order to contribute to knowledge on employee commitment resulting from CSR.

1.3 General Objective of the study

The study intended to understand and establish the role of corporate social responsibility activities on employees' commitment to firms listed at the Nairobi stock exchange.

1.4 Specific Objectives

1. To determine the influence of internal corporate social responsibility activities on employees' commitment to firms listed at Nairobi stock exchange,
2. To establish the influence of external corporate social responsibility activities on employees' commitment to firms listed at Nairobi Stock exchange,
3. To determine the mediating role of organizational identification on the relationship between internal corporate social responsibility activities and employee commitment to firms listed at Nairobi Stock exchange,
4. To determine the mediating role of organizational identification on the relationship between external corporate social responsibility activities and employee commitment to firms listed at Nairobi Stock exchange,
5. To establish the moderating effect of organizational justice on the relationship between internal corporate social responsibility activities and employees' commitment to firms listed at Nairobi Stock exchange
6. To establish the moderating effect of organizational justice on the relationship between external corporate social responsibility activities and employees' commitment to firms listed at Nairobi Stock exchange.

1.5 Hypotheses

- H₁**: Internal corporate social responsibility activities affect employees' commitment in firms listed in the Nairobi stock exchange.
- H₁**: External corporate social responsibility activities affect employees' commitment in firms listed in the Nairobi Stock exchange,
- H₁**: The strength of the relationship between internal corporate social responsibility activities and employee commitment is mediated by organizational identification in firms listed in the Nairobi Stock exchange.

H1: The strength of the relationship between external corporate social responsibility activities and employee commitment is mediated by organizational identification in firms listed in the Nairobi Stock exchange.

H1: The strength of the relationship between internal corporate social responsibility activities and employees' commitment will be moderated by organizational justice in firms listed in the Nairobi Stock exchange.

H1: The strength of the relationship between external corporate social responsibility activities and employees' commitment will be moderated by organizational justice in firms listed in the Nairobi Stock exchange.

1.6 Significance of the Study

Since Corporate Social Responsibility is a strategic initiative, firms listed at Nairobi stock exchange will use the findings to attract and retain their employees' as empirical research shows that firms perceived to have a strong social responsibility commitment have an increased ability to attract better job applicants, retain them and maintain employee morale as they are proud to be identified with organizations that have a favorable reputation, (Albinger & Freeman, 2000; Backhaus, 2002; Greening & Turban, 2000). The communities in which the companies operate will benefit from the research given the nature of their activities such as cultural heritage and sponsorship of sports or events as corporate social responsibility serves as a venue to create links with the communities thus creating good citizenship image (Rafael, 2011). The Kenyan government will be able to put in place necessary legal measures to ensure that companies operating in the country are socially responsible to their employees and the communities they operate in. The study will be used by other researchers as an empirical study and contribute towards creation of new knowledge on the role of corporate social responsibility on employees' commitment to firms listed at Nairobi stock exchange.

1.7 Scope of the Study

The sample for this study comprised of 62 companies listed in the Nairobi stock Exchange. The companies are classified into two major segments including: the Main Investments Market Segment and Alternative Investments Markets Segment (Okoth & Ponnun, 2009). The population comprised of top, middle and low cadre employees. Stratified, purposive and simple random sampling was used to get the desired sample size. The study focused on the worksite wellness, workplace diversity and work life balance dimensions of internal corporate social responsibility. Although there are other dimensions of external corporate responsibility the study limited itself to corporate Volunteerism, corporate philanthropy and environmental protection. The study also focused on procedural, distributive and interactive forms of organizational justice and reputation and image dimensions of organizational identification. The affective, continuance and normative dimensions of employee commitment was considered by the research.

1.8 Limitation of the study

Challenges to this study included a highly heterogeneous population. As such the study adopted simple random sampling to give chances to all members of the population. The study may have been limited by some respondents' lack of knowledge about CSR. However, other respondents were well informed about matters that related to the study.

1.9 Definition of Terminologies

Corporate social responsibility- is a concept that embraces the integration of social and environmental values within a company's core business operations and engagement with stakeholders to improve the wellbeing of society (Duygu, 2009).

Corporate identity- is the essential and central features that differentiate the organization and make it unique (Dowling, 2004).

Conceptual framework- is a concise description of the phenomenon under study accompanied by a graphic or visual depiction of the major variable of the study. It establishes a vantage point, a perspective or asset of lenses through which the researcher views the problem (Mugenda, 2008).

Continuance commitment- refers to employees' perceptions of the costs associated with leaving an organization (Tzai-Zang & Kao, 2007)

Normative commitment- is grounded in the belief that there is an obligation to remain in the organization and based on organizational socialization and a feeling of obligations for benefits received (Collier & Esteban, 2007).

Corporate philanthropy- are those actions that are in response to society's expectation that businesses be good corporate citizens (Caroll 1991).

Self-esteem reflects general employees' evaluation of their adequacy (Collier & Esteban, 2007).

External CSR- are issues that are beyond discretionary activities such as philanthropy, volunteerism and protection of the environment (Al bdour & Lui, 2010).

Internal CSR- are physical and psychological work conditions in which employees find themselves in the organizations (Turker, 2009).

Work-life balance programs- are any employer sponsored benefits or working conditions that Diversity is about recognizing the value of individual differences and integrating these into the workplace (Cascio, 2000).

Organizational identification- is the degree to which organizational members perceive that an organization shares their defining attributes (Ashforth & Mael, 1989).

Organizational justice- relates to the feeling that decisions are just and proper and is based on the assumption that the method of exchange is grounded in the perceived fairness of the rewards people receive in exchange for their efforts (Lee, 2001).

Employee commitment – is regarded as a psychological state characterizing an employee's relationship with the organization that has implications for the employees' decision to remain or leave the organization (Tzai, 2001).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed theoretical, conceptual and empirical literature on the role of corporate social responsibility activities on employees' commitment to firms listed at Nairobi stock exchange. It took into account internal and external CSR activities, organizational identification, organizational justice and employee commitment.

2.2 Theoretical Framework

Scholars have developed a vast range of theories including Institutional theory, resource based view of the firm and social identity theory, which results in numerous conceptualizations of corporate social responsibility (Snider, 2003).

2.2.1 Social Identity Theory

The social identity theory suggests that individuals derive their self-concept in part from their membership in certain social groups (Backhaus & Helner, 2002). The success and reputation of our group contribute to our self-concept (Tajfel, 1982). The employees enjoy the benefits of their employer's positive reputation but also suffer detrimental effects of their firm's negative reputation (Dulton & Harquil, 1994). According to the theory, employees' obtain a positive sense of identity when associated with firms that have positive reputation from investing in CSR and organization that has negative CSR reputation may have detrimental impact on an individual's self-concept (Peterson, 2004). The theory suggests that firms which invest in CSR may be more attractive as employers because employees' expect enhanced self-concept through associations with such firms (Albinger & Freeman, 2000; Greening & Turban, 2000; Peterson, 2000).

A core tenet of social identity theory is that people seek to improve their social identity by moving to higher status groups when group boundaries are permeable. People are willing to stay loyal to their group as long as it can provide them with a positive social identity (Baumann, Skitka, 2012). When this is not the case and people are offered the possibility of changing group membership, they are tempted to do so (Doosje & Ellemens, Spears, 1999). Organizational prestige is associated with increased attractiveness of organizations during recruitment (Turban, Cable, 2003) and decreased turnover and turnover intentions (Herrbach, *et al*, 2004).

More recently, an emerging stream of research based on Social Identity Theory (SIT) started to investigate employees' reactions to CSR initiatives and suggested a positive correlation between perceived CSR and employees' attitudes such as organizational commitment (Brammer, 2007; Peterson, 2004; Duygu, 2009). Therefore CSR activities that are highly visible to external stakeholders should be particularly effective at increasing prestige and enhancing employees' social identity. A wide range of corporate activities including philanthropy programs, production of high quality and innovative products and providing jobs for a large number of people in an area may project a positive image of the firm, enhance the firms' reputation and increase positive distinctiveness. When the community views a company in a positive light, employees' are likely to feel a sense of pride and be more likely to remain with the company (Dutton, 1994).

According to the theory, if an employee starts to be proud of being a member of socially responsible organization his/her work attitudes can be influenced positively (Peterson, 2004; Duygu, 2005) and may contribute positively to the attraction, retention and motivation of employees because they are likely to identify strongly with positive organizational values (Peterson, 2004). Dutton and Dukerich (1991) found that image perceptions influence employees who use organizational images to evaluate outsiders perceptions of both the organization and themselves. Corporate image as conveyed by CSR can directly contribute to employees' sense of self-esteem (Riordan, 1997) and may respond to the organizational success as a matter of their own personal success and

compare their organization with others. If employees perceive their organization as being a socially responsible member of society, the sense of belonging to this favourable reputable organization can enhance their self-concept (Brammer, 2005; Albinger, 2000; Greening, 2000; Peterson, 2004).

The reviewed studies indicate that social identity theory and its underlying self-enhancement process is a good framework for explaining CSR's impact on employees' attitudes (Brammer, 2007; Peterson, 2004; Duygu, 2009). Specifically these studies argue that CSR initiatives can reflect a positive organizational image that enhances employees' pride and willingness to be associated with such a reputable organization (Peterson, 2004; Duygu, 2009). Individuals want their work to not only meet their own needs, but also the needs of the community and society at large (Benveniste, 2000) and organizational membership can become an important dimension of an individual's identity as employees respond to organizational achievements as reflective of their own personal achievements (Duygu, 2009).

Social identity theory explains why actual employees care about CSR initiatives developed by companies. CSR activities reveal an organizations character and is not only fundamental and relatively enduring but more distinctive than other corporate activities (Sen & Bhattarcharya, 2001). In this study, the researcher will establish how internal and external CSR activities enhance organizational identity of employees' hence their commitment to companies listed in the Nairobi Stock Exchange.

2.2.2 Resource Based Theory of the Firm

A theoretical perspective which seems to be helpful in analyzing the contribution of corporate social responsibility to organizational commitment of employees is the Resource-based view of the firm (Dooreward, 2000). The Resource based view of the firm grew out of Edith Penrose's (1959) book *The theory of the growth of the firm*. She recognized that firms had resources or capabilities that were unique to them, depending on, among other things the origins of the firm and the paths firms had taken in their

growth (Falkenberg, 2012). The Resource based perspective suggest that firms generate sustainable competitive advantage by effectively controlling and manipulating their resources and or capabilities that are valuable, rare, cannot be perfectly imitated and for which no perfect substitute is available. Human resource activities including that which improve employee attitudes on workplace quality are seen as fulfilling these four characteristics (Ballou, 2003, Fulmer 2003, Wright, 2001). A resource is valuable if it enables the firm to respond to environmental threats and opportunities, to exploit opportunities and neutralize threats. A rare resource is one that is controlled by only a small number of competing firms while inimitability is when a resource is not able to be obtained or developed by firms not possessing it. The firms' policies and procedures should be organized to support the exploitation of its valuable, rare and costly to imitate resources. When a resource or capability is valuable, rare and non-imitable it leads to a firm's strategic advantage, if it is organizable, then strategic advantage can be sustainable (Barley, 1991).

Resource based theory suggest that sustained competitive advantage is based on the attraction, accumulation and retention of resources that are difficult to substitute and hard to imitate (Hart 1995, Prahalad; 1990) and the retention of workers is seen as central to the maintenance of a firm' specific advantages (Lado, 1994; Pfeffer, 1994). Roberts and Dowling (2002) believe that CSR activities can lead to high quality intangible assets such as reputation, which can be linked to sustained superior performance in line with the resource based view (Barney, 1991). In effect CSR can have positive effects on employees' motivation and morale as well as on their commitment and loyalty to the firm (Branco, 2006). Socially responsible employment practices such as fair wages, clean and safe working environment, training opportunities, health and education benefits for workers and their families, provision of childcare facilities, flexible work hours and job sharing can bring direct benefits to a firm by increased morale and productivity while reducing absenteeism and staff turnover thus saving for recruitment and training of new employees (Branco,2006).

CSR activities that result in developing a good reputation for a firm are often hard to imitate. Reputation is an accepted and valued intangible asset (Vilanova, 2009). For reputation to be hard to imitate implies that it is not based on a single CSR activity but a program of activities often based in the values of the firm. Firms that have a good reputation for their CSR activities have leveraged that resource and thus can expect to achieve sustainable competitive advantage. Firms need to recognize that the inimitability as well as the leveraging of CSR activities needed for leading sustainable competitive advantage may be related to reputations built on a program of CSR activities (Falkenberg, 2012). From a Resource Based Theory, corporate social responsibility is seen as providing internal or external benefits or both. In effect, investing in social responsible activities and disclosure has important consequences on the creation or depletion of fundamental intangible resources namely those associated with employees. Firms with good social responsibility reputation may improve relations with external actors and attract better employees or increase current employee's motivation, morale, commitment and loyalty to the firm.

Firms need to evaluate their CSR activities to find out if they add value (Porter, 2006) if they do not, they can lead to strategic disadvantage because the resource used can be better placed elsewhere. The essential test that should guide CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value that is a meaningful benefit for society that is also valuable to the business (Porter, 2006). Firms must evaluate their CSR activities in terms of the value these activities create, both for the firm and the society. If no value is created, then CSR activities will not lead to higher performance but can lead to lower performance. This research will apply the Resource based theory to establish the mediating effect of organizational identification on the role of internal and external corporate social responsibility activities on employees' commitment to firms listed in the Nairobi stock exchange.

2.2.3 Institutional Theory

The Institutional theory has been useful theoretical lens for understanding the effects of the institutional environment on corporate social responsibility behaviors of firms (Aguilera 2003, Campbell, 2007). It advocates posit that organizations are influenced by institutional settings in which they operate and as such economic explanations such as financial performance and competition are insufficient to fully account for organizations corporate social responsibility behaviors (Doh, 2006; Marquis, 2007). Scotts (2006) identified three elements of institutions, regulatory, normative and cognitive to illustrate how institutions define the nature and extent of corporate behaviours. Regulative (legal) elements include rules, sanctions and regulations which tend to codify socially accepted corporate behavior (Muthuuri &Victoria, 2011). The state establishes hard regulations which act as a coercive mechanism for CSR uptake whilst industries establish soft regulation to which their members voluntarily adhere (Campbell, 2007; Marquis, 2007). Governments of developing countries have been accused of refusal to enforce standards and regulations or easing business regulations relating to CSR as an inducement for foreign investment (Campbell, 2007; Moon &Vogel, 2008). Therefore, different regulatory systems can produce different forms of CSR and it requires the active vigilance of all societal actors to ensure the effectiveness of the regulatory institutions (Moon &Vogel, 2008). Cognitive frameworks encompass shared beliefs about what constitutes responsible corporate behavior. Managers interpret these cognitive schemes and create common definitions of socially responsible behavior (Muthuri &Victoria, 2011). Corporations that conform to established cognitive frameworks exhibit behaviours that are culturally acceptable in the institutional environments in which they operate (Kostova & Zahear, 1999). Marquis (2007) suggested that corporations would identify and support arts as a social issue if the community identifies with and values cultural artifacts. Normative (social) elements set the standards for and encourage conformity to that which is deemed to be acceptable corporate behavior (Campbell, 2006). Normative elements are the values and social norms that define what is the right thing to do, (Marquis, 2007). Normative values are set by a variety of social factors

including the media, institutional investors, NGOs, educational and professional associations and social movement organizations (Muthuri & Victoria, 2011). These factors validate CSR based on existing normative frameworks, exert pressure on corporations to conform to social norms, encourage and influence the adoption of certain structures, practices or procedures deemed socially responsible (Campbell, 2007; Matten & Moon, 2008). Companies become responsive to the stakeholders needs and in return the stakeholders confer both social-political and cognitive legitimacy to corporations that adhere to societal norms (Muthuri & Victoria, 2011).

The growing literature linking CSR and institutional theory focuses mainly in two areas: Macro-institutional pressures that influence firms to engage in CSR and evidence of institutionalization (Bondy, 2012). Different societal actors in the profit, non-profit and public sectors encounter define and influence the institutional norms, values and regulation in the institutional environments they operate and only when these actors accept a shared definition of socially responsible behavior can we say that institutionalization has occurred (DiMaggio & Powell, 1983).

Institutions provide the logistics of appropriateness and instrumentality for implementation and evaluation of CSR (Sethi, 1979). Institutional determinants for socially responsible corporate behavior include: public and private regulation, the presence of NGO's and other independent organizations that monitor behavior, associative behaviour amongst corporations themselves and organized dialogues amongst corporations themselves and their stakeholders (Campbell, 2007; Matten & Moon, 2008). These institutions determinants affect the uptake and practice of CSR and promote or hinder CSR agendas (Muthuri & Victoria, 2011). Studies focusing on macro-institutional pressures tend to investigate broad societal pressures on corporate engagement in CSR and use these to demonstrate how CSR varies in particular contexts. They illustrate the influence of such things as high-impact industries (Jackson & Apostolakou, 2010), health of the economy (Campbell, 2007) or features of particular stakeholders such as communities (Marquis, 2007), activist groups (Denhond & Debakker, 2007) and governments (Gond, 2011) on corporate engagement with CSR

activities. Business is not considered to be an active participant in creating these pressures (Tempel &Walgenbach, 2007) which receive and then respond to pressures for particular CSR activities coming from outside the organization. Those making exceptions to these theorize that in the absence of strong external pressures, managers will either adopt certain CSR-like activities to enhance the firms' reputation or ignore it altogether (Campbell, 2007).;While mainstream CSR literature recognizes the value-based approach where business engages in CSR based on the values of particular employees' (Maignan & Ralston, 2002; Windsor,2006; Aguilera, 2007) it is under-represented in the literature linking CSR and institutional theory. The existing CSR and institutional theory literature suggests that CSR is done either by passive firms pressured by stakeholders or because it improves profitability. Therefore, the researcher will establish whether CSR has been institutionalized in firms listed in the Nairobi stock exchange hence commitment of their employees.

2.3 Conceptual framework

In research, a conceptual framework is a concise description of the phenomenon under study accompanied by a graphic or visual depiction of the major variable of the study. It establishes a vantage point, a perspective or asset of lenses through which the researcher views the problem (Mugenda, 2008).The research objectives of the study, the conceptual model and hypotheses for the quantitative study will be based on the theories, empirical literature and models used in previous studies. This study introduced a model which combined internal and external corporate social responsibility activities, organizational identification, organizational justice and employee commitment as represented in the Figure 2.1.

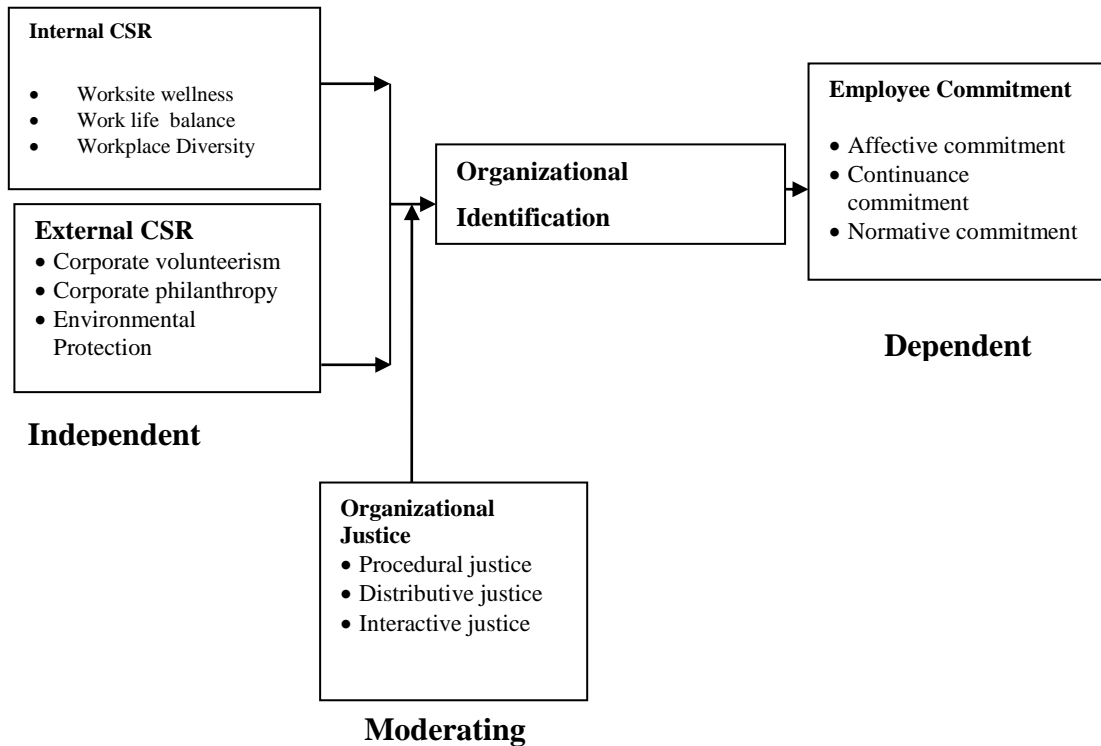


Figure 2.1: Conceptual Framework

2.4 Corporate Social Responsibility

ISO 26000 developed international standard named ISO 2600 on social responsibility to provide a practical guidance related to fulfilling corporate social responsibility (CSR), identifying and engaging with stakeholders and enhancing the credibility of reports and statements on social responsibility for the benefit of all organizations. ISO 26000 provides guideline for companies to respect and recognize human rights, employment and employment relationships, conditions of work and social protection, social dialogue, health and safety at work as well as human development. CSR is divided into two which are external and internal CSR (Achuam, 2008; Pietersz 2011, Welford, 2005).

2.4.1 Internal CSR

Internal CSR is focused within the organization, what can be done by the company to improve the well-being of their employees and their productivity as well as their impact on profitability (Santoso, 2014). It is expressed on concern for the health and well-being of employees, their training and participation in the business, equality of opportunities and work-family relationship (Vives, 2006). Internal CSR concerns with employees and usually referred to those activities that directly work with physical and psychological work conditions in which employees find themselves in the organizations (Turker, 2009), specifically, the social activities and practices adopted by top managers such as improving work conditions and environment, supporting human relations in the workplace, providing social welfare and health benefits programs, security and professional safety in order to increase satisfaction and loyalty among employees (Alhasani, 2003). Amann and Stachowicz- Stanvsch (2013) add some actions which company can do as internal CSR such as, development of worker skills, equitable wage and reward system, and open as well as flexible communication system. It is believed that internal CSR gives concrete outcome benefits for company in employee retention as well as commitment.

A study by Papasolomon *et al* (2005) involved a total of 4000 employers' federation in Cyprus indicated that the criteria of CSR for employees include: to provide a work environment which is staff and family friendly, engage in responsible human resource management, provide an equitable reward and wage system for employees, engage in open and flexible communication with employees, invest in training and education, encourage freedom of speech and allow employees the rights to speak up and report their concerns at work, provide child care support/paternity/maternity leave, engage in employment diversity by hiring and promoting women, ethnic minorities and physically handicapped, and promote dignified and fair treatment of all employees.

The study by Lindgreen and Johnston (2009), selected seven items as indicators for internal CSR practices related to employees that is support for employees who wish to

pursue further education, procedures that help to ensure the health and safety of employees, fair and respectful treatment of employees regardless of gender or ethnic background, help for employees to balance their private and professional lives, incorporate the interests of employees in business decisions, provide employees with salaries that commensurate with their work and fairly reward them for excellent work.

The study by Turker (2009), suggested eight dimensions of internal corporate social responsibility related to employees including quality of staff, wellbeing and safety, improved hiring standard, equal opportunity, fair managerial decisions, needs and desires, organization policies encouraging skills development, support received by employees in furthering their learning. Vives (2006) argued that corporate social responsibility essentially involves well-being and welfare of employees, training and participation in the decision making process, equal opportunity, good business relations and some practices of corporate governance.

In his study, Welford (2005) argued that internal corporate social responsibility practices involved indiscrimination, equal opportunity, fair wages, professional education, human relations and human rights. Kok, Vander, Mickenna, and Brown (2001), studied such internal corporate social responsibility practices as moral awareness, variety, work conditions, organizational structure, management style, education and training.

Recent research on the subject of motivation showed that one of the incentives used to motivate employees was internal CSR activities under taken by companies (Skudiene & Auruskeviciene, 2010). Some studies by Heflin and Ochoa, (2008); Aguilera *et al* (2007) have shown that internal CSR positively impacts employees turnover, recruitment, satisfaction, retention, loyalty and commitment and therefore employers may be able to use the firms internal CSR profile as a device to enhance employee motivation. According to Longo *et al* (2005), employee's related CSR practices are classified into four groups, named "value classes" which create the value for the company's stakeholders and thus, satisfy their various expectations. Employee "value classes" relate to development of workers skills, social equity, health and safety at work,

well-being and satisfaction of the workers and quality of work (Skudien & Viltė Auruskeviciena, 2012). According to Aguilera *et al* (2007) socially responsible organizations are usually perceived as fair organizations. As a consequence employees are more likely to trust their company, feel the support, and perceive high quality exchange relationships with the company and its management, feel proud and affiliated and thus, believe in a similar way which is beneficial for the company.

This study focused only on three (3) dimensions of internal CSR specifically worksite wellness, work life balance and workplace diversity. The selection of these dimensions is based on previous academic researches which omitted a specific number of internal CSR dimensions, for example, some used six dimensions (Castka *et al*, 2004), four dimensions (Longo *et al*; 2005) and even two dimensions (Brammer & Rayton, 2007).

This study selected these three (3) dimensions based on the fact that these dimensions are the fundamental dimensions which were often used by previous studies. Secondly, the analysis of all the internal CSR dimensions and their measurements in previous studies illustrates the occurrence of overlap among some of the dimensions across the selected studies (Albdour & Kao, 2010). Examples of overlaps are work life balance used in internal CSR studies in different concepts, wellbeing and satisfaction of worker and quality of work (Longo *et al*; 2005) work-family relationship (Vives, 2006) and quality of life.

Work life balance is a general term used to describe organization initiatives aimed at enhancing employee experience of work and non-work domains (O'Connell & Russell, 2005). Cascio (2000) defines work-life balance programs as any employer sponsored benefits or working conditions that help employees balance work and non-work demands. Work life balance arrangements and practices refer to initiatives voluntarily introduced by firms which facilitate the reconciliation of employees work and personal lives. Such initiatives include, flexible working arrangement, teleworking, work life balance support such as employee counseling, employee assistance programs, time

management, training, stress management training, and child care facilities. Essentially, work life balance initiatives are offered by organizations to assist staff to manage the demands of work and personal life (Grady & Kirrane, 2008). Holmes *et al* (2005) argued that the current highly competitive labor market, where the attraction and retention of highly valued employees is difficult, calls for greater awareness of employee work life balance concerns.

Diversity is about recognizing the value of individual differences and integrating these into the workplace. Diversity can include gender, language, ethnicity, cultural background, age, sexual orientation, religious belief and family responsibilities (Cheruiyot & Maru, 2012). Rutherford (2002) argued that equality and diversity are becoming increasingly important in the global business environment, particularly for attracting talent globally through business outsourcing; this is attained through encouraging creativity and improving service delivery.

Previous empirical cross sectional research in Ireland indicated that the presence of a formal equality policy in the workplace was strongly associated with higher levels of job satisfaction and organizational commitment even when all other relevant variables were taken into account (O'Connell & Russell, 2005). The greater the degree to which employees perceive that their firm is providing them with a working environment where social benefits and a sense of fairness are important values; the more motivated they will be to reward their firm with discretionary effort (Lambert, 2000).

Employees' equity is ensuring that everyone is treated in a fair manner according to the individual needs and circumstances in the work place and includes the concept of equal employment opportunities (Lambert, 2000). Equity is about creating work environment where employees are recruited, promoted and treated on the basis of their individual skills and abilities. In organizations today considerable emphasis is placed on facilitating diversity and encouraging equality assuming that if properly embraced, diversity and equality management can lead to empowered job satisfaction (Erhardt, 2003).

Worksite wellness refers to various initiatives implemented in a workplace environment to produce a healthier workforce. By systematically addressing the issues surrounding employee wellness, an organization can realize long term benefits to the real health of individual workers and to its own economic health (Shillingford & Mackin, 1991). Corporate and worksite wellness programs can be described as employer sponsored services designed to promote or maintain the good health of employees. Corporate and worksite wellness programs focus on promoting healthy behaviors' and correcting employees' poor health in ways that also enhance the operation and productivity of the organization. Worksite wellness programs can include a broad spectrum of activities from smoking cessation to physical fitness Centre (Society for Human Resource management, 2008).

Wellness programs have been introduced to worksites worldwide to try and improve the health and wellbeing of employees. Although the overarching purpose of worksite wellness programs is to provide a positive return on investment by reducing absenteeism and lowering health insurance premiums, the altruistic benefit has been the creation of a healthier workforce which translates into a healthier population (Ngeno *et al*, 2014).

Worksite Wellness programs have the great importance in corporate world to attract and retain the valuable employees and to build a strong image of the organization in the society. Wellness programs encourage self-directed lifestyle changes. Early wellness programs were aimed primarily at reducing the cost and risk of disease. Newer programs add to it and emphasize healthy lifestyles and environment including reducing cholesterol and heart disease risks and individualized exercise programs and follow-up. Employer sponsored support groups have been established for individuals dealing with health issues such as weight loss, nutrition or smoking cessation (Syed *et al*, 2013).

Wellness programs are designed to maintain or improve employee health for sustainable productivity and efficiency. Employers desire to improve productivity, decrease absence and manage health care cost have come together in the wellness movement (Chapman, 2003). Unhealthy behaviors' and modifiable health risks are very common in all

working populations and are generating more costs as the population ages. Poor health and well-being at work leads to increased absenteeism and can have adverse effects on individual, organizational, economic and societal consequences. Workplace wellness programs generally include any health promotion intervention, policy or activity in the workplace designed to improve health outcomes of workers such as educational endeavors', health coaching, health screenings, health related fairs, onsite fitness facilities and or healthy food options (Boorman, 2009).

Wellness programs range from smoking cessation activities, prevention and management of HIV/AIDS and related illness, provision of health improvement exercise and activities within the workplace. Wellness programs are designed to support employees in understanding their health risks and adopting healthy behaviors' to decrease these risks. These programs can include health risk management (screening for elevated cardiovascular disease risk factors such as elevated cholesterol and blood pressure), behavioral health like smoking cessation, substance abuse and psychological counseling and primary care promotion and lifestyle management especially on weight loss, fitness and nutrition (Ngeno *et al*; 2014).

Promoting health within the workplace is an investment in human capital and physical health that positively impacts employee productivity. In addition to increasing productivity, this investment in employee well-being pays off by helping businesses to attract and retain valuable employees (Syed *et al*; 2013).Therefore this research hypothesized that:

H₁: Internal corporate social responsibility activities influences employees' commitment to firms listed at Nairobi stock exchange.

2.4.2 External CSR

External CSR refers to corporate socially responsible activities for local community, business partners and suppliers, customers, public authorities and NGO's representing

local communities, and the environment such as philanthropy, volunteerism and environmental protection (European Commission, 2001). Early studies and traditional Corporate practice categorized CSR efforts as discretionary activities (Carroll, 1999). Currently companies have started putting their concern in issues that are beyond discretionary activities such as philanthropy, volunteerism and protection of the environment (Albdour & Lui, 2010).

Corporate philanthropy is synonymous with the monetary and non-monetary contributions, corporate sponsorship of community and non-profit events, and donation of material or services in kind (Albdour & Lui, 2010). Carroll (1991) states that philanthropic responsibilities encompass those actions that are in response to society's expectation that businesses be good corporate citizens. Corporate philanthropy may occur in many forms for example direct contributions to non-profit institutions, developments of partnership with selected non-profit institutions or non-governmental entities strategic to their business and social goals, cause-related marketing, employee matching gift programs, scholarship programs, contribution of employer management or technical expertise and the provision of in-kind services (Genest, 2005). It focuses more on issues within the corporation's discretion to improve the quality of life of employees, local communities and ultimately society in general (Mattila, 2000).

Companies may be involved in corporate philanthropy for various reasons (Albdour & Lui 2010). For example some corporations are of the opinion that philanthropy can benefit top managers by enhancing their reputation within their social circles or furthering their political and career agendas.

Werbel *et al* 2002 concludes that giving programs can be planned to improve brand name recognition, activate productivity of critical employees, enhance corporate reputation among investors and ensure community cooperation. Besides (Haley, 1991) stated that corporate involvement with philanthropic actions leads to improved image and reputation for the concerned corporations. Choi *et al* (2007) indicated that such positive social image and reputation leads to enhanced morale among employees and

greater loyalty among suppliers and customers and may also influence regulators and government officials in ways that benefit corporations financially. Corporate philanthropy is a catalyst for positive development for both the company and the concerned community (Albdour & Lui, 2010).

Choi and Wang (2007) discovered that corporate involvement with philanthropic actions led to a positive image and an improved reputation for the corporations concerned. It was also proven that such positive social image and reputation lead to enhanced morale among employees and greater loyalty among suppliers and customers and they may also influence regulations and government officials in ways that benefit corporation financially.

Environmental protection is a practice of protecting the environment on an organizational level, for the benefit of the natural environment and (or) humans .Society is increasingly aware of companies CSR performance and therefore environment protection becomes one of the core elements of CSR where within the pyramid of corporate social performance (Caroll 1991). Environment protection can be placed within the layer of legal responsibilities. Legal responsibility is required by business by society to obey all laws, adhere to all regulations, environmental and consumer laws, and laws protecting employees (Caroll *et al*; 2006).

Stakeholders are influencing corporate preference and motivating corporate decision makers to pay more attention to environmental issues such as enhanced regulatory compliance to reduce the corporations negative environmental impacts of hazardous emissions in the communities where they are located, adoption of pollution prevention and clear manufacturing practices to prevent pollution from occurring, redesign of products and processes to achieve more beneficial environmental impacts for customers and communities, materials reduction, recycling, reuse and resource conservation (Rondinelli *et al*; 2000). According to Schiebel *et al*; 2003 environment protection led to many favourable outcomes such as enhanced organization reputation, reduced costs,

management of risks associated with environmental problems and improved financial performance.

The contribution of human resources, time and skills to benefit the community and non – profit organizations or events is known as corporate volunteerism. Corporate volunteerism may involve the corporations directly volunteering to participate in community initiatives or even where the employees themselves volunteer out of their own accord. Based on the fact that corporate volunteerism is capable of offering many benefits, many companies today have established programs to encourage employees to volunteer in the communities in which they operate. The objectives are to build goodwill for the company in the community, provide employee training and skill building experience and strengthen employee recruitment, morale and loyalty (Albdour & Lui, 2010).

Companies may encourage their employees to get involved in voluntary work by providing a range of incentives for volunteering including paid time off, companywide volunteer days or weeks, recognition programs and matching contributions to non-profit organizations where volunteers contribute. The effects of volunteerism are positive and can lead to higher employee morale, which in turn leads to higher productivity. In addition, ‘giving back’ to the local community might make it easier to attract desirable employees. Companies strive to become good corporate citizens and encourage employee volunteerism because it makes good business sense and shows current and would be employees the value of the organization (Walker, 2007).

CSR initiatives being voluntary investments made by companies for the welfare of community, consumers and employees, these investments for the welfare of others are signals that induce expectations that the company will treat employees with the similar level of care and benevolence in the future (Rego *et al*; 2010). Studies have shown that employees' contribution for time and talent, involvement in social activities and volunteer programs enhances the organization's reputation and public image (Hess, 2002; Peterson & Wild, 2004). Employees’ expectations and beliefs that their

organization will treat them with care in the future and that their organization will not take any action detrimental to their interest invoke an emotional attachment and commitment of employees to their organization (Omer *et al*; 2013). Therefore this research hypothesized that:

H₁: External corporate social responsibility activities influences employees' commitment to firms listed at Nairobi Stock exchange,

2.5. CSR and Organizational Identification

Organizational identification can be defined as the degree to which organizational members perceive that an organization shares their defining attributes (Ashforth & Mael, 1989; Pratt, 1998). A survey even suggested that MBA's were willing to forgo financial benefits in order to work for a corporation with a good reputation for CSR (Montgomery & Ramus, 2003). CSR can therefore, be seen as a useful marketing tool for attracting the most qualified employees and is an important component of corporate reputation (Fombrun & Sharley, 1990).

According to Collier and Esteban (2007) employees can evaluate attractiveness of the company's identity and form identification in two ways: (a) Self-evaluation in which employees' identify themselves with a company if they perceive that its attributes are attractive and (b) Reflected evaluation in which employees' believe that outsiders have a positive perception of their company, therefore they are able to feel proud in their affiliation with their company and in turn intensify their identification with the company. Many companies have realized that in order to stay competitive they must manage the identification their employees' have with the company (Cardador & Pratt, 2006).

Researchers have found that the degree to which employees' identify with a company is based on others admiration of the company (Bartels, 2007; Larson, 2008). Corporate identity entails a reputation more so when companies develop their identity and

communicate it to employees' these companies acquire a good reputation (Dowling 2004).

Organizational membership is an important dimension of an individual's identity (Duygu, 2009) and according to social identity theory; employees obtain a positive sense of identity when associated with a firm that invests in CSR. According to Social identification theory, social identification corresponds to the psychological process through which individuals classify themselves into various social groups of reference (nation, organization, political or religious affiliations) in order to reinforce their self-esteem and overall self-concept (Hogg & Terry, 2001).

Corporate social responsibility affects organizational identification because it can influence the amount of value similarity or dissimilarity people perceive between themselves and the organization. Activities that demonstrate commitment to specific values such as philanthropy, support for particular causes, environmental stewardship and efforts to promote diversity within the company are likely to have the greatest impact on employees' who share those values (Baumann & Skitka, 2012). Employees who feel that they belong to an organization internalize responsibility for its success and are willing to work hard to achieve the organization's goals. Therefore CSR that satisfies belonging needs should be positively associated with performance and organizational citizenship behavior (Podsakoff & Mackenzie, 2006).

Stawiski et al (2010) proposed that in order to yield maximum benefits of CSR, employees should be involved in decision making regarding which actions should be undertaken relating to environment, community, employees themselves and the likewise. The more employees are influenced by CSR actions, the higher will be their commitment and consequently it will enhance their productivity. Moreover, CSR itself is having positive effects on organizational performance by building positive reputation of the corporations with other stakeholders including customers, investors, suppliers, government, which results in favorable decisions by these stakeholders in respect of corporation.

Carmeli *et al* (2007) demonstrated that perception of CSR positively influence organizational identification which in turn impacts job performance. Rodrigo and Arenas (2008), Jones (2010), Roeck & Delobbe (2012), Clavas & Godwin (2012) suggested that CSR had a positive influence on organizational identification.

The study of corporate identity has attracted increasing interest from scholars and practitioners due to its potential strategic value for companies (Melawan, 2006). In addition CSR initiatives enhance the employees' commitment to the organization (Brammer, 2007; Peterson, 2004) and their identification with the company (Collier & Esteban, 2007; Rodrigo & Arenas, 2008). Although a few quantitative studies have begun to demonstrate that the CSR initiatives of a firm also generate employee-company identification (Berger, 2006) little is known about the role of CSR initiatives on employee company identification. Moreover, with a few exceptions (Bhattacharya, 2008) the relationship between employee-company identification and commitment to the firm has not been emphasized in a CSR context.

Recent studies have shown evidence of positive relationships between corporate involvement in social causes and reputation and company image (Hess *et al*; 2002, Sen & Bhattacharya, 2001). In addition, many companies show an eagerness to display their CSR policies and initiatives with a view to enhance their corporate image (Maignan & Ralston, 2002). In addition, many companies readily perceive the accruing benefits of

being seen as socially responsible and attach importance to reporting their CSR activities even using different media channels to communicate their activities to stakeholders (Sweeney & Coughlan, 2008). Organizational image promotes the identification of employees with their organization (Smidts & Van Riel, 2001) as an employee is likely to develop a strong bonding to his/her organization that holds a favorable prestige (reputation).

Since social identity theory indicates that employees will be proud to identify with organization with a positive reputation (Maignan & Ferrell, 2001), a positive relationship between organizational identification and CSR may therefore be posited. A powerful tool like CSR not only enhances the brand image and reputation of the business but also leads to improvement in sales and customer loyalty and increased ability to attract and retain employees' (Suparn & Arti, 2009). Hence the research hypothesized that:

H₁: The strength of the relationship between internal corporate social responsibility activities and employee commitment is mediated by organizational identification in firms listed in the Nairobi Stock exchange.

H₁: The strength of the relationship between external corporate social responsibility activities and employee commitment is mediated by organizational identification in firms listed in the Nairobi Stock exchange.

2.6 Organizational Justice

Perceptions of organizational policies and practices have been found to influence employees such as perceived organizational support and organizational justice (Colquitt, 2001). Rupp Canapathi, Aguilera and Williams (2006) posit that the traditional focus of organizational justice be expanded to include individual's perception of how others are treated. If organizational justice leads to perceptions of fairness, then how others are

treated also signals to an employee the fairness of organizational policies and practices (Baumen *et al*; 2012). Einsenberger and Rhoades (2001) found that when organizations supported employees, they felt obligation to reciprocate, thus increased affective commitment. The construct of organizational justice is generally said to contain three components: distributive justice, procedural justice and interactional justice (Colquitt, Woe, & Jackson, 2002).

Distributive justice relates to the feeling that decisions are just and proper and is based on the assumption that the method of exchange is grounded in the perceived fairness of the rewards people receive in exchange for their efforts. Thus, in the organizational framework, distributive justice refers to the perceived fairness of resource allocation in respect to the balance between employees' contributions and rewards (Lee, 2001), a perception derived from a comparison of the distribution of resources to comparable others and to oneself (Cropanzano, *et al*; 2001). On the other hand, Procedural justice relates to the perceived fairness of the procedures through which decisions are needed and the employees' feelings about the process of organizational decision making (Cropanzano *et al*; 2001).

Interactional justice is divided into two main components: interpersonal justice, that is, the nature of the employee – organization relationship and the degree to which employees are treated properly and respectfully by the organization and its managers (Tyler & Bies, 1990); and informational justice, i.e. the nature of the information and explanations conveyed to employees. Employees use an overall fairness heuristic to decide about relationships with their organization (Trevino & Weaver, 2001). Justice is a primary social expectation that guides employees' evaluations of organization's and their subsequent behaviours. Perceptions of CSR can influence employees' perceptions of justice in two ways (Swan Valerie *et al*; 2010).

First, CSR can impact how employees personally perceive fairness. A company dedicated to CSR can create a friendly and ethical working environment, which reflects organizational practices with moral consequences. Employees are likely to feel that

organizational authorities treated them fairly (Naumann & Bennett, 2000), especially if CSR initiatives include employees issues such as improving working conditions, establishing fair wages and nondiscrimination policies.

Employee justice perceptions theory (CROPALIZANO *et al*; 2001) posits that employees derive general justice perceptions of firms based on the level of fairness demonstrated by these firms. Research has shown that in work environments that are perceived to be fair, employee wellbeing is positively affected, such as in the areas of job satisfaction and stress (Colquitt *et al*; 2001). Research shows that work environments that are perceived as being fair have positive effects on organizational outcomes as well, by means such as lower employee absenteeism and higher levels of employee commitment (Colquitt *et al*; 2001). On the other hand, work environment that are perceived as being unjust lead to lower employee performance and even vengeful behaviours on the part of employees (Ambrose *et al*; 2002). CSR signals to employee's essential information on which they judge the fairness of a firm. When fairness is perceived, employees are happy and work harder. However, under unjust conditions, employees reciprocate through lowered performance and vengeful behaviours (Ambrose, 2001). In a meta-analysis perceptions of organizations being fair towards and caring for the well-being of the employee directly have been found to be related to job satisfaction, organizational commitment, organizational citizenship behavior and performance (Colquitt *et al*; 2001).

Second, CSR actions can affect how employees collectively perceive fairness. Research has shown that employees can as third parties, form justice judgements and react to how the company treats other people (Colquitt, 2004). There is some evidence that in layoff situations, survivors' reactions can be stronger than victims' responses as they can withhold productivity or engage in sabotage (Brockner & Greenberg, 1990).

Employees focus on justice judgments that provide key information that shapes the degree to which people regard their group as having high status, regard themselves as having high status in their group and identify with the group by merging their sense of self with the group (Tyler & Blader, 2000). When organizations treat employees with

dignity and consider their needs, employees feel valued which enhances their perception of justice (Bies, 2005). This reassures employees about their status in the organization and thus helps secure their sense of identity (Tyler & Blades, 2000). Justice judgments represent a plausible basis for employees' assessment of their organizations and their status within them. Hence Employees will identify with high status organization in which they feel that they have status (Tyler & Blader, 2000).

CSR may be viewed as a natural extension of organizational ethics (Valentine *et al*; 2008). According to Aguilera *et al* (2007), a CSR policy meets employees' need for fairness and perceived organizational justice. Moreover, the response of employees to CSR activities has been found to directly affect their perception of the organization's justice and fairness (Collier & Estaban, 2007), and CSR activity has been shown to enhance the image of the organizational fairness in the eyes of employees and CSR toward clients to enhanced employee satisfaction (Galbreath, 2010). The employee justice perception theory (Cropanzano *et al*; 2001) holds that employees rate organizational justice according to the degree of justice which the organization manifests. According to the social identity theory, the perception of a firm as a socially responsible member of society is likely to afford employees and enhance self-image as well as pride in the organization (Peterson, 2004).

Employees may view a socially engaged organization as one that is concerned about all people, both internal and external to the organization. The logic is that if an organization has a general concern for fairness (respect and care for the environment, for working conditions) employees may deduce that chances are conditions will be fair for them, thus satisfying their need for control (Aguiller & Jackson, 2003).

CSR fosters positive social relationships both within and between organizations and communities and therefore, relational needs become highly relevant (Rupp *et al*; 2002). Clary and Snider (1999) note that CSR allows for the creation and strengthening of social relationships and, the reduction of negative feelings associated with an alleged bad relationship between an organization and its community. Employees have a

psychological need to belong and to be legitimate members of valued social group in organizations they often rely on the justice perceptions to deduce if they have such standing and thus if their needs for belongingness are being met (Lind, 2001). Employees desire that organizations act in a socially responsible manner not only because CSR gives them a general sense of the organization's concern for treating all people fairly but also because CSR initiatives require employees and management to work together toward a greater good, providing employees with additional experiences with which to judge both management's social concerns and relational quality (Aguilera *et al*; 2007)

Employees will seek to work for, remain in and set attached to organizations whose organizational strategies are consistent with the employees moral or ethical frameworks and this preference may, at times, supersede employees' instrumental and relational motives (Folger, Cropanzano & Gulman, 2005). Moral motives influence employees participation in various CSR initiatives meaning they desire to be involved not only with initiatives seen as directly affecting themselves or groups they identify with but also with causes they feel are fundamentally just and relevant to the establishment of a moral community.

When employees feel they are treated fairly by their organization they are more likely to trust the organization, to feel supported by it (Taylor, 2004) and to perceive high quality social exchange relationships with the organization or management (Rupp & Cropanzano, 2002). Research shows that when organizational authorities are trustworthy, unbiased, and honest, employees feel pride and affiliation and behave in ways that are beneficial to the organization (Tyler *et al*; 1996). Under certain circumstances, employees reciprocate the positive treatment they receive from the organization. In fact, the repayment obligation depends on how employees value CSR actions, motives and resources of the organization. This study therefore hypothesized that:

H₁: Organizational justice moderates the relationship between internal CSR and employee commitment.

H₁: Organizational justice moderates the relationship between external CSR and employee commitment.

2.7 CSR and Employee Commitment

Meyer and Allen (1997) defined Organizational commitment as the psychological identification that an individual feels towards his or her employing organization. It reflects on employee's relations with an organization and has implications for the decisions of maintaining membership. Employee commitment as an empirical construct is regarded as a psychological state characterizing an employee's relationship with the organization that has implications for the employees' decision to remain or leave the organization (Tzai, 2001). form of commitment reflects the employee's acceptance of the goals of the organization and willingness to engage in behavior that are specified in the job description as well as those that are considered to be beyond the job expectations.

Research has shown that employee commitment is related to a number of organizational outcomes (Albinger & Freeman, 2000; Peterson, 2004). A study by Dawkins (2004) stated that corporate social responsibility contribution attracts motivated potential employees and improves commitment level of existing employees. Brammer (2007) noted that CSR increased employee commitment which is a force that binds individual to a course of action that is of relevance to a particular target. Employee commitment has been treated as three dimensional construct involving Affective, Continuous and Normative components (Perez & Rodrigues, 2011).

Affective commitment refers to an employee's positive emotional reaction to the organization (Watson & Clark, 1997). According to Perez and Rodrigues (2011) affective commitment is an emotional attachment to, identification with and involvement

in the organization. Affective commitment (want to remain) is driven by attachment to the organization and based on personal identification, value congruence with the target (Collier & Esteban, 2007) and covers the individual's attachment to social relationships and the organization (Smeenk, Eisinga & Dooreward, 2007). It develops when an individual becomes involved, recognizes the value driven relevance of and/or derives his/her identity from the organization.

Turker's study (2009) on employees' affective commitment, demonstrates that CSR initiatives directed at different stakeholder groups (customer, employees, government, environment) can influence employees' attitudes. Affective commitment is related to employee performance when judged by employees and supervisors or measured using objective indicators (Meyer & Herscovitch, 2001; Sliders & Dharwadkar, 2001) as well as employee withdrawal (Carmel & Gefen, 2003) and turnover intentions. Research shows that affective commitment has the strongest positive correlation with job performance, organizational citizenship behavior and attendance, (Meyer, 2004). Peterson (2004) found that perceived CSR was a better predictor of affective commitment than was organizational tenure, gender, age and firm size. Herbach and Mignonac (2004) highlighted that perceived external prestige can be related to employees' affective commitment which is based on the identification suggesting that good reputation is the symbolic rewards' of organizational membership. Consequences of affective commitment include altruism, compliance, support of one's supervisor and motivation to engage in organizational citizenship behavior (Meyer & Schoorman, 1992; Shore & Wayne, 1993). If employees' see that the company has self-defining values such as being a good citizen they see themselves as part of it (Rodrigues & Arenas, 2008).

Brammer (2007) observed that CSR and affective commitment remained significant after controlling for job satisfaction. Employees with strong affective commitment stay with an organization because they are emotionally attached to the organization (Tzai-Zang *et al*; 2007). Meyer and Allen (1984) reported that older workers exhibited more affective commitment while Kooij, Jansen, Dijkers and Delange (2009) suggested that older workers may exhibit higher organizational commitment because they have fewer

alternative employment opportunities but Vitell and Singhapakali (2008) reported that age only affects organizational commitment through job satisfaction. The link between affective component and CSR is more precise based on the social identity theory (Duygu, 2009). Being a member of favorably reputable organization can enhance employees' social identity and influence affective component (Duygu, 2007).

Continuance commitment refers to employees' perceptions of the costs associated with leaving an organization (Tzai-Zang & Kao, 2007). Employees with high extroversion tend to be more socially active, develop more social contacts and get more chance of promotion than introverts. Hence, the costs of leaving firms are increased which result in the significant impact of extroversion on continuance commitment.

Employees with strong continuance commitment stay with an organization out of necessity (Tzai-Zang & Kao, 2007) and a lack of a better alternative (Smeenk, Eising & Dooreward, 2006). Social exchange theory (Blau, 1964) suggests that the commitment of employees to the organization will be contingent on their perception of the value and benefit they receive from organizational membership. This is supported by evidence that high commitment human resource practices and trust in management have a major impact on building employee commitment (McElroy & Whitener, 2001). Continuance commitment (need to remain) involves social roles or positions from which individuals derive their perception of the cost associated with leaving the organization and the rewards related to the participation in the organization (Smeenk & Elsinga, 2007).

Normative commitment represents an employee's beliefs about the mutual obligations between him or her and the organization (Meyer, 2002). Normative commitment is grounded in the belief that there is an obligation to remain in the organization and based on organizational socialization and a feeling of obligations for benefits received (Collier & Esteban, 2007). Therefore, an individual will feel indebted to his or her organization and want to reciprocate his or her organizations initiatives (Tzai-Zang & Kao, 2007). Normative commitment concentrates on the internalization of norms, values and an inner conviction (Smeenk & Elsinga, 2007). It results in an individual's feeling of moral

obligation to remain with the organization (McElroy & Whitener, 2001). Employees have values in addition to caring about profit and therefore when they work for a company that demonstrates values such as caring for other key stakeholders, employee alignment is high and the company profits as employees find meaning in such work. Employees with strong normative commitment feel obliged to stay with an organization (Tzai-Zang & Kao, 2007).

2.8 Empirical Review of Literature

Recently a handful of studies have begun to explore the impact of CSR from the perspective of internal stakeholders including employees. Research by Omer *et al* (2013) established a strong positive relationship of commonly focused CSR actions with organizational identification and trust. Hae-Ryong kim, Moon and Namin (2010) study revealed that when a company's CSR initiatives satisfy-employees psychological needs, people tend to identify themselves with the company. The researchers suggested that CSR initiatives are strategically valuable especially when firms try to establish identification with their employees.

Ample research is available on the influence of corporate social responsibility on employee commitment. Studies by (Turban & Greening, 1996; Albinger & Freeman, 2000; Greening & Turban, 2000; Backhaus, 2002; Peterson, 2004; Dawkins, 2004) indicated that corporate social contributions improve commitment level of existing employees. The study by Duygu (2009) indicated that employees prefer to work in socially responsible organizations and their organizational commitment level is positively affected by CSR to society, natural environments, next generations, non-governmental organizations, employees and customers.

The growing importance of internal CSR is evident in many academic researches. In his findings, (Welford, 2005) maintained that a clear set of internal CSR includes non-discrimination, equal opportunities and fair wages, vocational education, association and human rights. Al-bdour and Lui (2010) examined the relationship between corporate

internal social responsibility and organizational commitment. The study called future studies to pay greater attention to such internal social responsibility practices as education and training, human rights, safety and wellbeing. Work life balance and variety in the workplace (Self Obeid *et al*, 2011).

Recent studies on organizational justice have dwelt on how employees perceive the treatment of both the self and others by the organizational stakeholders and also how the organization treats the external stakeholders (Cropanzano *et al*; 2001). Rupp (2011) while devising for organizational justice studies says that employees' will "look in", "look around" and "look out" when forming perceptions about organizational justice "looking in" refers to how employees perceive the treatment of self by stakeholders, including the organization, the supervisor, coworkers, customers. "looking around" refers to the interactions between the organization's members and how these interactional processes lead to collective justice perceptions. "Looking out" refers to how organizational employees perceive treatment of others by the organization. They are formed when employees witness an organizational affiliate fall victim to injustice. This is often third party in (justice) perceptions.

Positive perceptions formed by a "looking in" employee can boost organizational attractiveness; attract high quality potential employees, lead to employee organizational commitment, job satisfaction and improved employee performance (Booth *et al*; 2009). Positive perceptions formed by a "looking around" employee can lead to psychological feelings of belongingness (Rupp, 2011) and provide opportunities for more employee involvement in CSR activities like employee volunteerism and personal contributions to various causes (Aguiler & Ganapothi, 2007). Such activities will tighten the bond between the employees and employers leading to overall organizational success.

Third party justice ("looking out") can be viewed from the moral perspectives whereby organizations are expected to do the right things to their external stakeholders (Rupp, 2011). When employees perceive anything to the contrary, they are bound to react negatively hence affect the organization's performance in one way or another.

2.9 Critique of Literature related to the study

A study by Husted and Allen (2009) did not have more specific data about how CSR actually supported the firm's strategy nor the extent to which CSR is integrated into the firm's strategy. The study by Duygu (2009), CSR was measured based on the perception of employees who may not be well informed about the CSR involvement of their organization. Therefore, it is possible that there were differences between the perceptions of respondents and their actual involvement level. The study by Okoth & Ponnu (2009) indicated that CSR disclosures in Kenya are Ad-hoc, general in nature and concentrated on 47 companies listed on NSE with functional websites which limited the type and form of organizations to which these results can be inferred.

2.10 Research Gaps

Although several studies have made both theoretical and practical contributions to the literature, several limitations have been found. First much of the previous studies focused on employee's perception of external CSR (initiatives toward external stakeholders) and its effect on employee's attitudes behaviour (Stites & Michael, 2011). However, studying employee's perceptions of external CSR is not enough because it is vital to understand how employees feel in knowing that the organization cares about them (Mustafa *et al*; 2015).

The research by Tzai-Zang & Kao (2007) suggested that future research should look at how corporate social responsibility influences other measures of employee response to their work such as turnover and productivity. Hae-Ryong, Moonkyu & Namin (2010) argued that future studies should consider the role of individual differences in moderating the effects of external CSR as some employees might be positive toward the CSR program implementation and others might be indifferent or opposed to it.

This study contributed to the CSR literature by examining the effect of various activities of CSR on employee's commitment in a business environment at Nairobi Stock

Exchange and answered the call from many previous studies such as Alshbiel & Al-Awardeli (2011), Ali *et al* (2010), Glavas& Piderit (2009), Aguilera *et al* (2007) for more studies to address the relationship between CSR and employees attitude in emerging economies such as Kenya.

2.11 Summary

In spite of wide dissemination, its cross-disciplinary nature (Lockett e al; 2006) and potential relevance for employees' management (Brammer, Millington & Raynon, 2007), organizational behavior and Human Resource Management, researchers have under investigated CSR (Aguilera, Rupp, Williams & Ganapathi 2007; Rupp, Gananpaty, Aguilera & Williams, 2006). Although some studies of CSR adopted an organizational behavior perspective (Albinger & Freeman, 2000; Greening & Turban, 2000), they mainly focused on how CSR impacted prospective employees, and increased corporate attractiveness. This study filled this research gap by focusing on actual employees in firms listed at Nairobi Stock Exchange.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The main objective of this research was to find out the role of corporate social responsibility activities on employees commitment to firms listed at Nairobi Stock Exchange. It covered the research design, target population, sampling method, data collection procedure, data collection instruments and data analysis that was used in the study.

3.2 Research Design

Research design is the plan and structure of investigations so conceived as to obtain answers to research questions (Cooper & Schindler, 2008). According to Kerlinger (2006) it includes an outline of what the investigator will do from writing hypothesis and their operational implications to the final analysis.

In order to understand and establish reliable results, the researcher adopted both the use of the qualitative approach and quantitative methods. The main advantage of qualitative research method is that it allows measurement of perceptions, reactions and attitudes of a large sample through the use of a set of questions. This facilitates comparison and statistical aggregation of data (Sekaran, 2000). Besides qualitative analysis helps to increase objectivity in interpreting data, measures of validity and reliability and can be used to analyze large volumes of data that in turn can be presented in a way that can be readily be communicated to others (Byne, 2002).

The researcher adopted the quantitative approach in order to achieve high levels of validity, minimize subjectivity of judgement and the need to confirm the research objectives of the study in terms of factor analysis and testing hypothesis. Data for this section was mainly acquired through descriptive survey which is a process of collecting

data to answer questions concerning current status of the subjects in the study (Mugenda & Mugenda, 2003). Descriptive Survey research is normally conducted to gain certainty and to describe the variables that are a characteristic of a given situation (Sekaran, 2000). Many authors in the field of corporate social responsibility have used survey research design in conducting their research. Omer *et al* (2013) research on the impact of corporate social responsibility on organizational commitment found that CSR helps create a competitive advantage by encouraging the development of a workforce that effectively carries out the firm's business strategy, leading to improved business performance. Naomi *et al*, (2011) study on corporate social responsibility as source of organizational morality, employee commitment and satisfaction concluded that when an organization has concrete goals it wants to achieve with its CSR activities, it does well to specify whether these goals relate to the work attitudes of their employees, to image towards their customers or to goodwill in the broader community as different types of CSR activities are likely to impact upon the responses of different constituencies.

3.3 Research philosophy

A research philosophy is a belief about the way in which data about phenomena should be gathered, analyzed and used. The term epistemology (what is known to be true) and doxology (what is believed to be true) encompasses the various philosophies of research approaches (Galliers, 1991). The study adopted a positivist philosophy. This is a belief that reality is stable and can be observed and described from an objective view point without interfering with the phenomena being observed.

3.4 Population

Population refers to the entire group of individuals, objects, items, cases, articles or things with common attributes or characteristics. The target population comprised of all individuals, objects or things that the researcher can reasonably generalize his or her findings to. The accessible population is that part of the target population which the researcher can practically reach. When the sample, accessible population and the target

population are similar on salient characteristics, population validity exists and generalizations of the research findings can be made from the sample to the target population with confidence (Mugenda, 2008). The population of this research consisted of sixty two companies listed in the Nairobi stock Exchange (Appendix 2).

3.5 Sampling Frame

A sampling frame is a list, directory or index of cases from which a sample can be selected. Subjects or cases selected from the sampling frame form the units of observation (Mugenda & Mugenda, 2003; Nachmias & Nachmias, 2008). The sampling frame must accurately represent the target population (Mugenda, 2008). The sampling frame from which the source data was drawn from companies listed at Nairobi Stock Exchange as at year 2014 (Appendix 1).

3.6 Sample and Sampling Techniques

A sample is a group carefully selected so as to be representative of the whole population with the relevant characteristics and sampling as the process of selecting a number of individuals in such a way that they represent the large group from which they were selected. The researcher targeted employees who participated in corporate social responsibility activities in their firms through simple random sampling. The goal of simple random sampling was to achieve desired representation from various subgroups in the population (Mugenda & Mugenda, 2003).

The researcher used a combination of both probability and non- probability sampling design. Stratified simple random sampling technique was applied to select a representative sample of twenty five (25) companies listed at Nairobi stock exchange. Firms in the Nairobi Stock exchange are stratified into Ten (10) according to the economic activities they are engaged in (Okoth & Cyril, 2009). Simple random sampling was used to select a representative sample of staff who were engaged in CSR activities

in their companies. Purposive sampling (non-probability) method was used to sample the Top, Middle and Supervisory staff in the companies.

The sample size was determined in multistage as follows:

The first stage was to determine the sample size of the branches to be used in the study.

The following formula which is used for estimating sample size in social survey (Fisher, Laing & Stockel, 1983; Mugenda & Mugenda, 2003) applied.

$$N = \frac{Z^2 pq}{d^2}$$

Where:-

N - Is the desired sample size (if the target population is greater than 10,000)

Z - Is the standard normal deviate at the required confidence level

P -Is the proportion in the target population estimated to have characteristics being measured

(Assume 50% if unknown)

$$q = 1 - p$$

d- Is the level of statistical significance or Alpha

Therefore in this study, the sample size for branches was as follows:

$$\frac{1.2816 \times 0.5 \times 0.5}{(0.1)^2}$$

$$= 41$$

But since the target population is less than 10,000 the required sample size was smaller.

The final sample estimate (nf) was:

$$N \frac{nf}{1 + n^{-1}}$$

$$\text{Target population} = 25 \text{ companies}$$

The second stage was determination of the sample size for the employees' whose final sample estimates (nf) was:

$$N = \frac{Z^2 pq}{d^2} = \frac{(1.95)^2 (0.5) (0.5)}{(0.5)^2}$$

$$= 384$$

$$= 384$$

$$n = \frac{nf}{1 + \frac{n-1}{N}}$$

$$= \frac{384}{1 + \frac{383}{53204}}$$

$$= 381 (\text{Employees})$$

Where:-

Nf: is the desired sample size (when the population is less than 10,000)

n: is the desired sample size (When the population is more than 10,000)

N: is the estimate of the population size

Therefore a proportionate sample size of 381 respondents will be selected using simple random sampling technique (Appendix 3)

3.7 Data Collection Instruments

The researcher used interviews, questionnaires and documentary evidence to collect data. The questions were both open and closed ended and covered key issues of independent, mediating, moderating and dependent variables.

Primary data was collected using questionnaire. Open ended questions allowed the researcher to explore ideas that would not otherwise be aired and were useful where additional insights were sought (Salant & Dillman, 1994). Arrangements were made with the top managers, middle managers and supervisory staff when each could be interviewed. Questionnaires were delivered to the employees' directly after making proper arrangements with the company's management. Closed –ended questions required the respondent to choose from among a given set of responses (McIntyre, 1999). Closed ended questions with ordered choices required the respondent to examine each possible response independent of the other choices. The choices formed a continuum of responses such as those provided by Likert scales and numerical ranges. According to Cooper and Schindler, (2011) Likert scales are the most frequently used variation of summated rating scale, they are the most reliable and provide greater volume of data than many other scale. The questionnaires were administered to managers, supervisors and staff through mail with follow up personal interviews which improved the quality of response.

The second data collection technique was interview method. According to Sampson (2009) a semi-structured approach to in-depth interviews allows the researcher to cover specific topics, but the researcher can as interview proceeds decide on how much time

should be allocated to each topic. The documentary evidence was collected from the publications of corporate social responsibility programmes from company websites or news coverage accessed via the internet (Muthuri & Victoria, 2011). Websites are an official presentation of a company's policies and practices and are used by companies to convey their intentions and actions to their stakeholders (Chapple & Moon, 2008).

3.8 Pilot Test

Prior to actual collection of data a pilot study was carried out at Unga limited as one of the companies listed in the Nairobi Stock Exchange which was not part of the sample in order to uncover the weaknesses of the questionnaire so that improvement could be effected (Kothari, 2003). The instrument was administered to a total of respondents which was 10% of the study sample. It is during the pretest of the instrument that the researcher was able to assess the clarity of the instrument and the ease of use of the instrument (Mugenda & Mugenda, 1999). Reliability is the extent to which data collection technique will yield consistent findings, similar observations would be made or conclusions reached by other researchers or there is transparency in how sense was made from the raw data (Saunders, 2007). Reliability coefficient of the research instrument was assessed using Cronbach's alpha where a threshold of 0.70 was used (Sekaran, 2000). Factor analysis was done and items that had a factor loading of less than 0.4 were dropped.

According to Saunders, Lewis and Thornbill (2007), validity is the extent to which research findings are really about what they process to be about. Internal validity consists of content validity where the measuring instrument is to provide adequate coverage of the investigative questions, criterion validity where the instrument should make accurate predictions of expected information and construct validity where the instrument measures the presence of those constructs that is intended to be measured. To enhance content validity, the questionnaires had at least seven questions intended to measure each variable in the conceptual framework. To ensure validity, the outcome of the pilot study was discussed with the supervisor. The pilot results led to improvements

and additions in the questionnaire. Corrections suggested by the supervisor were adopted into the research instrument before the instrument was used for data collection.

3.9 Data Analysis and Presentation

The internal and external CSR were the independent variables. Internal CSR included three dimensions: worksite wellness, work life balance and workplace diversity. Worksite wellness was adopted from Wyoming department of health (2006). Work life balance consisted of five items which were adopted from Smith *et al* (2007) and Wong *et al* (2009). Workplace diversity and equality consisted of five items which were adopted from Magoshi *et al* (2009). The instrument to measure external CSR was adopted from Turker (2006). The instrument for measuring corporate philanthropy was adopted from Maignan & Ferrell (2000). The instrument to measure CSR activities from the above scholars was placed in the context of the surveyed firms and contained 17 questions which consisted of internal and external CSR. The instrument were on a 5 point Likert scale (1=strongly disagree and 5=strongly agree).

The dependent variable was employee commitment and was measured using 24 item organizational commitment questionnaire (OCQ) which was developed by Allen and Meyer (1990) and is a widely used instrument to measure affective, continuance and normative organizational commitment (Batemann & Strasser, 1984; Buck & Watson, 2002; Gaertner & Nollen, 1989). This research used the Organizational Commitment Questionnaire (OCQ) which consisted of six items each for normative commitment, Continuance commitment and affective commitment. The instrument was measured on a five point Likert scale (1=strongly disagree and 5=strongly agree).

Organizational identification was the mediating variable in the study and was measured using the items which were adopted from Mael Ashforth (1995). Eight questions were used to measure organizational identification on a 5 point likert scale (1=strongly disagree and 5=strongly agree). Organizational justice was the moderating variable in the study and was measured by a scale which was developed by Niehoff & Moorman

(1991) consisting of three dimensions, distributive justice (DJ 4 items), procedural justice (DJ 4 items) and interactive justice (IJ 4 items) on a 5 point Likert scale (1=strongly disagree and 5=strongly agree). Moorman's (1991) items on measurement of procedural justice was adopted in this study and the Cronbach's Alpha for the scale was 0.95. Distributive justice was measured by a 5-item scale which was adopted from a study by Loi (2006) and the Cronbach Alpha was 0.97.

Descriptive statistics was used to describe or summarize the data in order to enable the researcher to meaningfully describe the distribution of scores or measurements using a few indices or statistics such as measures of central tendency, standard deviation, percentages, frequencies and correlations (Mugenda & Mugenda, 2003). Other empirical studies on Corporate social responsibility and organizational commitment of employees which have used and analyzed data using descriptive analysis included (Peterson, 2004; Brammer, Millington & Rayton, 2005; Muthuri & Victoria, 2011; Al-bdour & Nasruddin, 2010). The results were presented in tables, charts and frequency polygons. Pearson product-moment correlation was used to establish the role of CSR and employee commitment in order to reveal possible interactions among the variables (Mugenda & Mugenda, 2003; AL-bdour & Nasruddin, 2010).

The researcher used regression analysis to analyze the data as a number of empirical studies on corporate social activities' and its effect on employee commitment (Aguilera, Rupp, Ganathi & William, 2006; Peterson, 2004; Brammer, 2007; Duygu, 2009; Valentine & Fleishman, 2008) used it to analyze their data. For the purpose of analysis of the respective relationship between the internal and external corporate social responsibility activities and the employee commitment which were defined from the conceptual framework, multiple regression analysis was performed on the following general models.

$$Y = x + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e \dots 1 \text{ (Full model, f)}$$

$$Y = \beta_0 + \beta_1 X_1 + e \dots 1 \text{ (Reduced model, r)}$$

Where Y = the employee commitment

β_0 = Constant

β_1 = Regression co-efficient or change induced in Y by each X

X_1 = Internal CSR

X_2 = External CSR

X_3 = Organizational identification

X_4 = Organizational Justice

e = Error

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

The study investigated the role of internal and external corporate social responsibility activities on employees' commitment in firms listed in the Nairobi Stock Exchange. Specifically the study examined how different internal CSR and external CSR activities and moderating variable of organizational justice and mediating variable of organizational identification affected employee commitment in companies listed in Nairobi Stock Exchange in Kenya.

This chapter presents empirical findings and results using descriptive analysis, pearson correlation, regression analysis and qualitative analysis. Data was coded and analyzed based on each independent variable using the Statistical Package for Social Science (SPSS). The study first analyzed the characteristics of the sample population and presented them in tables and figures. Second was descriptive analysis of the variables and discussion as they appear in the conceptual framework in Chapter two. Thirdly inferential statistics of the variables and finally qualitative analysis was done.

4.2 Response Rate

The study was carried out in 25 companies listed in Nairobi Stock Exchange and the responses are indicated in the Table 4.1.

Table 4.1: Response per institution Corporations

		Frequency	Percent	Valid Percent	Cumulative Percent
1	KPLC	40	12.2	12.2	12.2
2	Equity	31	9.4	9.4	21.6
3	Total Petrol(K)	2	0.6	0.6	22.2
4	East Africa Portland Cement	3	0.9	0.9	23.1
5	Bamburi	5	1.5	1.5	24.6
6	Uchumi Supermarket	9	2.7	2.7	27.4
7	Standard Group	7	2.1	2.1	29.5
8	Nation Media Group	4	1.2	1.2	30.7
9	Cooperative Bank	16	4.9	4.9	35.6
10	CFC Stanbik	5	1.5	1.5	37.1
11	Barclays Bank	9	2.7	2.7	39.8
12	Marshals East Africa	3	0.9	0.9	40.7
13	CMC Holdings	5	1.5	1.5	42.2
14	Limuru Tea	46	14	14	56.2
15	Williamson Tea	39	11.9	11.9	68.1
16	Sasini Ltd	34	10.3	10.3	78.4
17	Rea Vipingo Plantations	19	5.8	5.8	84.2
18	British American Investment	2	0.6	0.6	84.8
19	Centum Investment	2	0.6	0.6	85.4
20	BOC Kenya Limited	3	0.9	0.9	86.3
21	East Africa Breweries Ltd	4	1.2	1.2	87.5
22	Mumias Sugar	11	3.3	3.3	90.9
23	Safaricom	6	1.8	1.8	92.7
24	Kenya Airways Ltd	20	6.1	6.1	98.8
25	CFC Insurance	4	1.2	1.2	100
	Total	329	100	100	

4.3 Demographic Analysis

This section describes characteristics of the study population based on the data collected and analyzed. The respondents who participated in the study were asked to indicate their gender and current designation at the workplace and the findings of the study are as discussed below.

4.3.1 Gender of the Respondents

The results in Table 4.2 shows that 166 (50.50) of the respondents were male and 163 (49.5%) female. These show that there are slightly more men than women working in companies listed in Nairobi Stock Exchange in Kenya. In a study by Aharon *et al* (2011) the response rate was (41 %) male and (59%) female. Comparatively, therefore, a response rate of 50.5 % male and 49.5 % female in this study is relatively well generalizable to the rest of the population of employees in companies listed at Nairobi Stock Exchange.

Table 4.2. Distribution by gender of the respondents

Category	Sample	percent
Male	166	50.5
Female	163	49.5
Total	329	100

4.3.2 Age of Respondents

The study sought to find out the age of the respondents based on various groups. The study found out that 28% of the respondents were aged between 20-30 years, 27.7% between 31-40 years, 23.1 % (41-50 years), 21% (51-60 years) and 0.3 % above 61 years as indicated in figure 4.1.

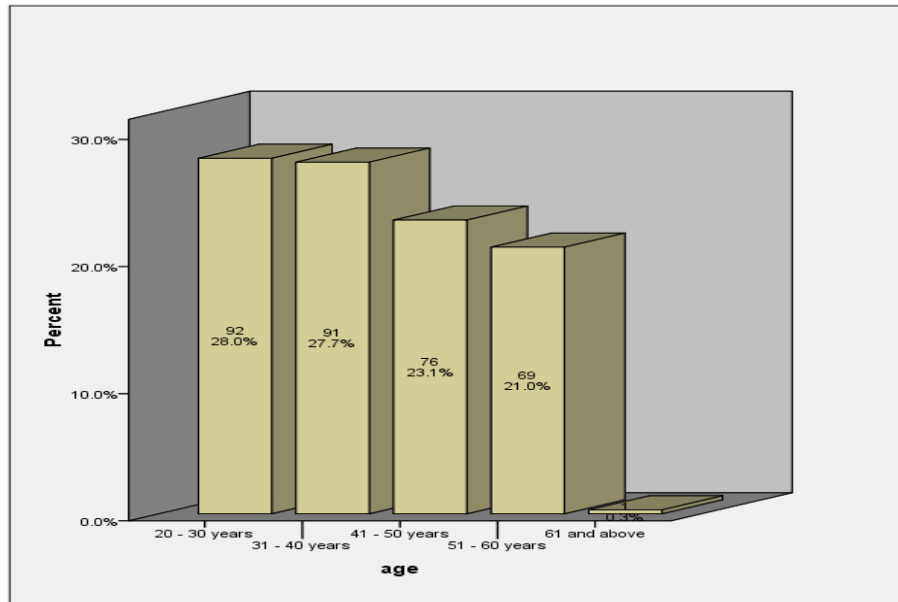


Figure 4.1: Age of respondents'

4.3.3. Position held by Respondents

The questionnaire sought to find out the position held by the respondents in the institution. Majority (70%) of the respondents were lower cadre employees compared to (25%) in middle management and (5%) in top management. In their study on the impact of perceived organizational justice on organizational commitment of food and Beverage firm in Nigeria by Ayobami *et al* (2013) the management staff were 20.5%, senior staff, 34.0% and junior staff were 45.5%. Camilleri (200) investigated some of the major antecedents that contributed in making employees committed to an organization and found out that education level, personality and position determined an individual's level of employee commitment. His findings further revealed that education level and position are significantly stronger for the continuance and normative dimensions of employee commitment while personality is significantly stronger for the continuance and affective dimensions.

Table 4.3: Position held at the firms listed in Nairobi stock exchange

	Staff category	Percent
1	Top Management	5%
2	Middle Management	25%
3	Lower cadre/level	70%
	Total	100%

4.4 Reliability and validity analysis

The Cronbach alpha values of all the variables were above 0.70 implying that the instruments were sufficiently reliable for measurement.

Table 4.4: Cronbach Alpha value

	Construct	Number of items	Cronbach alpha
#			
1	Internal CSR	14	0.803
2	External CSR	13	0.916
3	Organizational identification	8	0.97
4	Organizational justice	12	0.863
5	Employee commitment	218	0.984

4.5 Analysis of Variables

This section entails the use of factor analysis, descriptive statistics of the variables, correlation analysis and regression analysis to deduce more meaning of the data for the purpose of findings and conclusion.

4.5.1 Internal corporate social responsibility

4.5.1.1 Factor Analysis on Internal Corporate social responsibility

Factor analysis was conducted to ascertain the suitability of all variables. The component matrix was obtained and rotated and ranking done from the highest to the lowest factor loading as shown in Table 4.5. All the factors had a loading of more than 0.4 as such none was eliminated.

Table 4.5: Factor analysis results for internal corporate social responsibility (workplace wellness (WW), Workplace diversity (WD) and Work life balance (WLB) Component Matrix

	Statement	Grouping	1	2	3
1	Employees are encouraged to participate in running/health walk	WW	0.769		
2	The company provides free/subsidized health screening	WW	0.76		
3	Our company has programmes to assist employees to stop smoking/drinking	WW	0.738		
4	Employees are given advice on stress management	WW	0.737		
5	Employees in our company ensures that there is no gender discrimination in our company	WD		0.628	
6	This company supports employees who want to acquire additional education	WD		0.529	
7	Staff are not discriminated against in terms of tribe, race and nationality	WD		0.444	
8	This company provides equal opportunities to all employees	WD		0.431	
9	This company engages in employment diversity by hiring ethnic minorities and physically handicapped	WD		0.422	
10	This company provides professional counseling service	WLB			0.658
11	There is flexible company policies that enables employees to better balance work and personal life	WLB			0.566
12	This company provides child care support/paternity/maternity leave	WLB			0.467
13	This company requires employees to work a reasonable number of working hours	WLB			0.437
14	Employees are encouraged to proceed on their leave	WLB			0.42

4.5.1.2 Descriptive statistics on internal corporate social responsibility

The study sought to find out if internal corporate social responsibility activities affected employees commitment to firms listed at Nairobi Stock Exchange. All measures of internal corporate social responsibility used a five point scale from 1 = strongly disagree to 5 – strongly agree. Key issues were examined to measure the role of internal corporate social responsibility on employees commitment to firms listed at Nairobi Stock Exchange.

The findings revealed that 2.1% of the respondents’ strongly agreed that their company provided free/subsidized health screening”, 7.3 % agreed, 1.2% were neutral, 60.8% disagreed while 28.6 % strongly disagreed. The implication of this study is that companies listed in Nairobi stock exchange should provide free/subsidized health screening to increase commitment of their employees. Research by Syed Sikander (2013) indicated that health screening facilities had significant result as far as the relationship with the organizational commitment was concerned. A study by Ngeno e tal, (2014) showed that companies in Kenya paid for their employees basic clinical assessments such as obesity, blood pressure and cholesterol levels for example the Serena hotel wellness program was designed to respond to the health and lifestyle related challenges faced by the Serena fraternity and the communities surrounding their establishments. The program profiled work and health related challenges which were facing employees and proactively sought ways of dealing with them through a participatory approach.

The findings on the programmes that the firms had put in place to assist employees to stop drinking/smoking revealed that 48.8 % of the respondents strongly disagreed that their firms had put in place programmes to assist them to stop smoking/drinking, 43.2% disagreed, 2.1% were neutral, 5.5% agreed and 1.2% strongly agreed. A study by Olubukola *et al* (2013) on employees’ willingness to participate in specific work health promotion programmes indicated that the least programmes of interest to the employees

were smoking/alcohol management (mean rating=3.18), mental health (mean rating=2.82) and sexual health programmes (mean rating=2.59).

The findings revealed that 2.1% of the respondent strongly agreed that employees were encouraged to participate in running/health walk, 4.9% agreed, 1.2% were neutral, 55.9% disagreed while 35.9% strongly disagreed. Haines *et al* (2007) studied the effectiveness of the 12 weeks walking program in improving the health of employees. The results emphasized that the health promotion programs had positively impacted on the welfare of employees and service delivery.

Majority of the respondents (56.8%) strongly disagreed that employees were given advice on stress management, 34.7% disagreed, 1.8% were neutral, 4.3% agreed while 2.4 percent strongly agreed. Otuonye *et al.* (2014) conducted a study in Malaysia to estimate the relationship between participating and non-participating employees in a wellness program on job satisfaction, stress and absenteeism. They found that participating employees had higher job satisfaction, lower perceived stress and less absenteeism than the respondents who had not attended the wellness programs, Elovairio *et al* (2002) suggested that there was a relationship between stress reactions and procedural justice. According to Greenberg (2004) distributive justice is a great stressor when employees believe that distributive unfairness is caused by unfair procedures. Therefore if perceived injustice includes both distributive and procedural components it causes higher stress reactions in comparison to the existence of distributive justice only. The findings suggested that employees had increased work stress when they felt the outcomes were unfair.

On company support to employees who wanted to acquire additional education, (55.3%) strongly disagreed, 31.6% disagreed, 3% were neutral, 5.5% agreed and 7.3% strongly agreed. When employees feel that the organization is committed to them in terms of human rights, improving health and safety conditions in workplace, offering training and support their education, they tend to develop a sense of duty toward the organization and are willing to reciprocate with more cooperative and supportive actions and with greater

level of commitment (Setton *et al.*, 1996). While Brum (2007) stated that employees will have a sense of debt to the organization when the training programs is able to help them in work and this could be a critical success factor for organizational growth due to its ability to retain employees.

The results revealed that 13.4% strongly disagreed that their company engaged in employment diversity by hiring ethnic minorities and physically handicapped, 14.6% disagreed, 9% were neutral, 24.9% agreed while 46.2% strongly agreed. Other studies have established that diversity programs can influence job choices among women and or people from ethnic minorities (Ng & Burke, 2005). Magoshi and Chang (2009) observed that in order to maintain a supportive atmosphere, it is vital for the management to have proper diversity management. According to Slater *et al* (2008) proper diversity management can be a source of competitive advantage for an organization. Ashikali and Groeneveld (2013) indicated that diversity management provides openness in workplace and this retains employees. This implies that if organizations want to improve the level of commitment among employees to the organization proper diversity management need to be done to ensure that the workplace is free from diversity discrimination (Peng *et al* 2009).

The study showed that 33.4% strongly disagreed that their company provided equal opportunities to all employees, 26.4% disagreed, 0% were neutral, 24.9% agreed and 15.2% strongly agreed. The study established that 35.6% of respondents strongly disagreed that staff were not discriminated against in terms of tribe, race and nationality, 31.9 percent disagreed, 6 percent were neutral, 10.9 percent agreed and 21.0 percent strongly agreed. Smith (2005) argued that CSR activities in the form of equal employment opportunity (EEO) policies and practices and environmentally responsible commitments enhanced long term shareholder value by reducing costs and risks. A study by Albdour *et al* (2010) revealed that employment policies such as recruitment and promotion, non-discrimination and privacy had positive and significant effects on employee commitment.

On gender discrimination, (46.5%) strongly disagreed that there was no gender discrimination in their company, 21.6% disagreed, 3% were neutral, 24.6 % agreed and 7.0 percent strongly agreed. In his findings Welford (2005) maintained that a clear set of internal corporate social responsibility should include non –discrimination, equal opportunities and fair wages, vocational education, association and human rights.

On reasonable number of working hours 10.6% strongly disagreed that they were required to work reasonable number of hours, 6.7% disagreed, 1.2% were neutral, 21.6% agreed while 59.9% strongly agreed. The study indicated that (44.4%) of the respondents strongly disagreed that their company provided professional counseling service to their employees',41.0% disagreed,1.8% were neutral,7.6% agreed while 5.2% strongly agreed. Findings by earlier researchers indicated that management commitment and dedication to the perspective of health and safety such as providing counselling services that support employees' sense of well-being in an organization would be able to increase the engagement of employees' towards it (Mearns *et al* 2010).

The study established that (6.4%) of the respondents strongly disagreed that employees' were encouraged to proceed on their leave,3.0% disagreed, 0.9% were neutral, 17.9% agreed while 71.7% strongly. On availability of flexible company policies that enabled employees to better balance work and personal life, (45.%) strongly disagreed, 36.2% disagreed, 0.9% were neutral, 9.7% agreed while 7.3% strongly agreed. According to Mathias and Jackson (2011) evidence has shown that employees want to work for companies that recognized the importance of the home, family and personal time because the difficulties of balancing work and family responsibilities often resulted in increased work stress. Umur (2010) findings found that flexible working scheduling was a positive motivational factor to the educator's in the forms of productivity and job satisfaction. Bellamy and Watty (2003) found out that flexible scheduling was the most important factor to retention of academic staff besides the factor of autonomy. They further found out that with the provision of flexible scheduling benefits, the academicians were motivated to remain in the institutions.

On provision of childcare support/paternity/maternity leave (6.4%) strongly disagreed, 2.1 disagreed, 0.3% were neutral, 18.2 % agreed while 72.9% strongly agreed. Many working parents have had to leave their job for varying periods of time when they had no organizational support. However when employees were provided with employee services such as wellness programs, employee assistance programs, childcare and elder care, they managed their family and family responsibilities better and had more positive work attitude. This investment in employee well-being pays off by helping businesses attract and retain valuable employees (Syed Sikander, 2013).

Table 4.6: Descriptive analysis for internal corporate social responsibility

Key: 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

	Statement	Disagree	Neutral	Agree	Strongly Agree
1	The company provides free/subsidized health screening	60.80%	1.20%	7.30%	2.10%
2	Our company has programmes to assist employees to stop smoking/drinking	43.20%	2.10%	5.50%	1.20%
3	Employees are encouraged to participate in running/health walk	55.90%	1.20%	4.90%	2.10%
4	Employees are given advice on stress management	34.70%	1.80%	4.30%	2.40%
5	This company supports employees who want to acquire additional education	31.60%	0.30%	5.50%	7.30%
6	This company engages in employment diversity by hiring ethnic minorities and physically handicapped	14.60%	0.90%	24.90%	46.20%
7	This company provides equal opportunities to all employees	15.20%	0.00%	33.40%	26.40%
8	Staff are not discriminated against in terms of tribe, race and nationality	10.90%	0.60%	31.90%	35.60%
9	Employees in our company ensures that there is no gender discrimination in our company	21.60%	0.30%	24.60%	7.00%
10	This company requires employees to work a reasonable number of working hours	6.70%	1.20%	21.60%	59.90%
11	This company provides professional counseling service	41.00%	1.80%	7.60%	5.20%
12	Employees are encouraged to proceed on their leave	3.00%	0.90%	17.90%	71.70%
13	There is flexible company policies that enables employees to better balance work and personal life	36.20%	0.90%	9.70%	7.30%
14	This company provides child care support/paternity/maternity leave	2.10%	0.30%	18.20%	72.90%

The mean of the three variables of the internal corporate social responsibility activities under study i.e. worksite wellness, work life balance and workplace diversity and equality. Taking into consideration that the scale used for internal CSR activities was 1 to 5 with 2.5 as the middle point, the table shows that firms listed in Nairobi stock exchange focuses mostly on work life balance (mean=3.3) followed by workplace diversity and equality (mean=3) and worksite wellness (mean=2). This means that on average, firms listed at Nairobi stock exchange adopted internal CSR activities with mean 2.766.

Table 4.7: Mean of internal corporate social activities

Variable	Mean
Worksite wellness	2
Workplace diversity and equality	3
Work life balance	3.3

4.5.1.3 Correlation analysis of internal corporate social responsibility on employee commitment

The objective of the study was to find out if internal corporate social responsibility activities affected employees' commitment to firms listed at Nairobi stock exchange. From Figure 4.2 it is clear that there was a positive linear relationship between internal corporate social responsibility and employee commitment. These imply that employee commitment increases with increase in employees' participation in internal corporate social responsibility activities in their firms and a decrease in participation in internal corporate social responsibility activities will lead to a decrease in employee commitment.

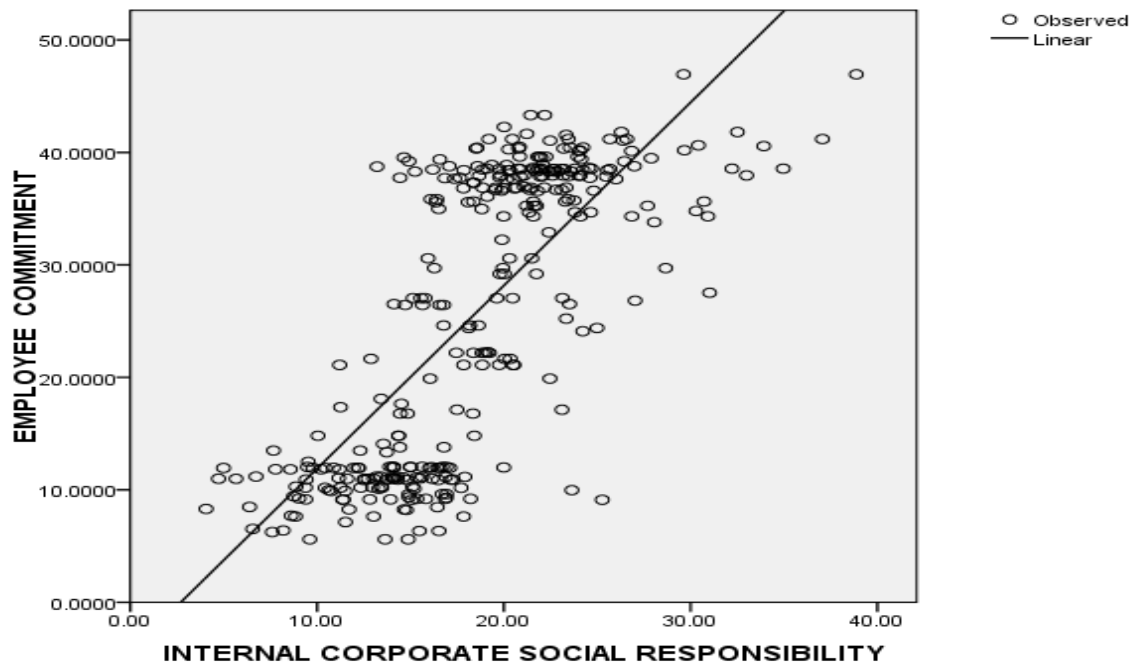


Figure 4.2: Scatter plot of the relation between internal corporate social responsibility and employee commitment

Pearson correlation test was conducted to verify existence of relationship between internal corporate social responsibility and employee commitment. Result in table 4.8 shows a positive correlation of 0.734 between internal corporate social responsibility and employee commitment. This implies that an increase in internal corporate social responsibility will lead to an increase in employee commitment. This is supported by the study by Albdour (2010) who examined the relationship between corporate internal social responsibility and organizational commitment in Jordan and the results indicated that internal CSR were at a statistically significant level to encourage employees to be committed to their firms.

Table 4.8: The regression coefficient of independent variable internal corporate social responsibility against employees' commitment

Parameter Estimates							
Equation	Pearson Correlation	R Square	F	df1	df2	Constan t	b1
Linear	.734	.539	382.001	1	327	-4.390	1.628
Sig.	.000		.000			.007	.000

The results of regression analysis revealed that there was a significant positive relationship between internal corporate social responsibility and employee commitment. The independent variable reported $R^2=0.539$ meaning that the predictor internal corporate social responsibility could only explain 53.9 percent of the variation in employee commitment. The rest of the variation 46.1 percent could be explained by other variable such as organizational identification and organizational justice. An F statistic of 382 .001 indicated that the model was significant. This indicated that overall model applied could statistically significantly predict the outcome variable.

The regression equation was presented as follows:

$$\text{Employee commitment} = -4.390 + 1.628x_1$$

The findings agree with the study by Keraita *et al.* (2013) which showed that internal CSR had positive and significant correlation with employee commitment. Rammer *et al* (2007), Ali *et al* (2010) and Altarawaneh (2012) found that internal social responsibility represented by human resources practices had positive influence on employees' commitment and loyalty.

4.5.2 External Corporate social responsibility

4.5.2.1 Factor analysis of external corporate social responsibility

Factor analysis was conducted to ascertain the suitability of all variables. On external corporate social responsibility all items had factor loading above 0.4 therefore none was eliminated as shown in table 4.9.

Table 4.9: Factor analysis results for external corporate social responsibility (corporate volunteerism (CV), corporate philanthropy (CP), and environmental protection (EP))

		Grouping	Component 1	2	3
1	Employees participate in company sponsored cultural and Arts campaigns	CV	0.799		
2	Employees voluntarily give towards charitable contributions of the firm	CV	0.788		
3	Employees participate in company sponsored partnerships with local schools or institutions	CV	0.762		
4	Employees participate in company sponsored sporting activities	CV	0.655		
5	This company encourages employees to participate in voluntary activities	CP		0.831	
6	Employees give financial support to the communities where our company does business	CP		0.616	
7	Employees in our company are given opportunity to share their management or technical skills	CP		0.615	
8	This company sponsors bright and needy students of members of staff	CP		0.598	
9	This company engages in activities for decreasing the pollution that results from organizations processes	EP			0.761
10	This company provides adequate compensation to employees working in polluted internal environment	EP			0.73
11	This company takes great care that employees work does not hurt the environment	EP			0.715
12	Employees participate in clean-up exercises organized by the company	EP			0.691
13	Employees participate in environmental protection in the area this company operates	EP			0.629

4.5.2.2 Descriptive statistics on external corporate social responsibility

The second objective of the study was to find out if external corporate social responsibility activities affected employees' commitment to firms listed at Nairobi stock exchange. The questionnaire employed a Likert scale and values were attached to each response where 1=strongly disagree, 2=disagree, 3=Neutral 4=agree and 5=strongly agree. External corporate social responsibility was broken down into different areas and key issues were examined to measure the kind of external corporate social responsibility activities exhibited by firms listed at Nairobi stock exchange.

The study established that (30.7%) of respondents strongly disagreed that as employees they participated in company sponsored partnerships with local schools or institutions, 33.7 % disagreed, 2.4% were neutral, 17.0% agreed, 16.1% strongly agreed. According to Jones (2010) employees' who received support from their organizations when carrying out community services were more likely to feel strongly attached to the organization. Jones *et al.*, 2014) argued that firms which engaged in social wellbeing activities earned a positive image and were better able to attract suitable employees'.

The findings showed that 41.9% of respondents strongly disagreed that as employees they participated in company sponsored cultural and arts campaigns, 35.6% disagreed, 0.6% were neutral, 13.7% agreed and 8.2% strongly agreed. A study by Brammer *et al.* (2007) indicated that philanthropy and involvement in social causes were regarded positively by the employees and hence enhanced their commitment.

Results of the study indicated that (9.7%) of respondents strongly agreed that employees voluntarily gave towards charitable contributions of their firms, 12.5% agreed, 1.2 % were neutral, 38.0% disagreed while 38.6 percent strongly disagreed. According to Muthuri *et al* (2011) most of the community initiatives such as corporate donations and employee volunteering were one-off events rather than partnership projects strongly linked to the core competencies of the companies listed at Nairobi stock exchange. More studies have shown that morale might be enhanced if employees participated in

workplace volunteer programs which can improve job satisfaction and decrease employee turnover (Lantos, 2002). Majority of the respondents (33.1%) strongly disagreed that as employees they participated in company sponsored sporting activities, 32.5% disagreed, 2.1% were neutral, 20.1% agreed and 12.2% strongly agreed. Donaldson(2000) indicated that although philanthropy has historically benefitted communities in various ways, it now days tends to take the form of sports sponsorship and various other activities designed to provide free advertising and reputation enhancement rather than genuine stakeholder benefit.

The study established that (50.5%) of the respondents strongly disagreed that their company encouraged them to participate in voluntary activities, 36.5 percent disagreed, 1.5 percent were neutral, 22.8 percent agreed while 5.2 percent strongly agreed. Dawkins (2004) stated that corporate social contribution attracts motivated potential employees and improves commitment level of existing employees. Volunteer programs may increase employee identification because they have the potential to improve the firms' reputation in the eyes of the community. The experience of working collectively as volunteers may be particularly memorable and help to reinforce employees' sense that they are like others in the company (Jones, 2010).

The study established that (50.5%) of respondents strongly disagreed that their company sponsored bright and needy students of members of staff, 24.6 percent disagreed, 0.9 percent were neutral, 10.0 percent agreed and 14.0 percent strongly agreed. Imran, 2016 suggested that by investing in CSR activities with the objective of benefitting the community as well as its own employees, an organization enhances employees' identification. The employees see the organization as being socially responsible and belonging to it meets their own need to enhance their self-esteem.

Findings of the study indicated that (9.4%) of the respondents strongly agreed that as employees they gave financial support to communities where their company did business, 8.5% agreed, 1.5% were neutral, 39.8% disagreed and 40.7% strongly disagreed. Survey by Muthuri *et al* (2011) indicated that community issues were given

highest priority (90.7%) by companies listed at Nairobi stock exchange therefore the emphasis on community issues suggests that CSR is tailored to address national issues. Bautel *et al.* (2001) indicated that employees who participated in volunteerism programs alongside their co-workers were more likely to interpret their activity as evidence that they share important values with their firm.

The study established that (55.6%) of the respondents strongly disagreed that employees in their company were given opportunity to share their management or technical skills”, 22.5% disagreed, 1.2% were neutral 14.6% agreed and 6.1% strongly agreed. The study showed that (17.0%) of the respondents strongly disagreed that they participated in environmental protection in the area their company operated, 36.5% disagreed, 1.2% were neutral, 25.8% agreed and 19.5% strongly agreed. A study by Prutina (2016) indicated that responsible behaviour to society at large and natural environment and responsible behaviour to customers had a positive effect on employees’ commitment but that effect increases once employees embrace CSR values.

On clean-up exercises organized by their companies, 46.5% strongly disagreed with the statement that they participated in clean-up exercises which were organized by their companies, 31.6% disagreed, 0.3% neutral, 14.9% agreed and 6.7% strongly agreed. Gutherland and Copper (1990) argued that organizations need to invest resources in ensuring that the work environment was pleasant to and manageable by employees. By ensuring that equipment’s were functioning correctly and that there was adequate workspace, employees would feel more secure and settled in their surroundings and would become committed to the organization. A recent survey found out that 58% of UK employers believed that the social and environmental responsibilities of the organization they worked for were very important (Dawkins, 2004) with other evidence highlighting that corporate social and environmental values played a particularly significant role in the recruitment of new graduates (Scott, 2004).

The results of the study showed that (17.6%) of the respondents strongly disagreed with the statement that their company engaged in activities for decreasing the pollution that resulted from organizations processes”, 33.7% disagreed, 2.1% were neutral, 20.7% agreed and 25.8% strongly agreed. The results of this study were consistent with findings in a study by Edgar and Geare (2005) who found out that good and safe working condition had positive and significant effects on organizational commitment among employees.

The study established that 23.4 % of the respondents strongly disagreed that their companies provided adequate compensation to employees working in polluted internal environment, 31.6% disagreed, 0.3% were neutral, 30.1% agreed and 14.6 % strongly agreed. Lo and Ralston (2008) study found a significant positive relationship between environmental CSR and employee commitment. Results of the study indicated that (20.45%) of the respondents strongly agreed that their companies took great care that their employees work did not hurt the environment, 31.3% agreed, 1.2% were neutral, 35.3% disagreed while 11.9% strongly disagreed. A survey by Sirota survey intelligence (2007) affirmed that employees who were satisfied with their organization’s commitment to social and environmental responsibilities were likely to be more positive, more engaged and more productive than those working for less responsible employers and when employees were positive about their organizations’ CSR commitment, their engagement rose to 86%.

Table 4.10: Descriptive analysis of external corporate social responsibility (CSR)

Key:1=strongly Disagree,2=Disagree,3=Neutral,4=Agree,5=Strongly Agree

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Employees participate in company sponsored partnerships with local schools or institutions	30.70%	33.70%	2.40%	17.00%	16.10%
2	Employees participate in company sponsored cultural and Arts campaigns	41.90%	35.60%	0.60%	13.70%	8.20%
3	Employees voluntarily give towards charitable contributions of the firm	38.60%	38.00%	1.20%	12.50%	9.70%
4	Employees participate in company sponsored sporting activities	33.10%	32.50%	2.10%	20.10%	12.20%
5	This company encourages employees to participate in voluntary activities	34.00%	36.50%	1.50%	22.80%	5.20%
6	This company sponsors bright and needy students of members of staff	50.50%	24.60%	0.90%	10.00%	14.00%
7	Employees give financial support to the communities where our company does business	40.70%	39.80%	1.50%	8.50%	9.40%
8	Employees in our company are given opportunity to share their management or technical skills	55.60%	22.50%	1.20%	14.60%	6.10%
9	Employees participate in environmental protection in the area this company operates	17.00%	36.50%	1.20%	25.80%	19.50%
10	Employees participate in clean-up exercises organized by the company	46.50%	31.60%	0.30%	14.90%	6.70%
11	This company engages in activities for decreasing the pollution that results from organizations processes	17.60%	33.70%	2.10%	20.70%	25.80%
12	This company provides adequate compensation to employees working in polluted internal environment	23.40%	31.60%	0.30%	30.10%	14.60%
13	This company takes great care that employees work does not hurt the environment	11.90%	35.30%	1.20%	31.30%	20.40%

Table 4.10 presents means for the three variables for external corporate social responsibility under study i.e. corporate volunteerism, corporate philanthropy and environmental protection. Taking into consideration that the scale used for external CSR activities was 1 to 5 with 2.5 as the middle point. The table shows that firms listed in Nairobi stock exchange focuses most on environmental protection(Mean=2.8) followed by corporate volunteerism (mean=2.25) and corporate philanthropy (mean =2.7).This means that on average firms listed in Nairobi stock exchange adopts external corporate social responsibility activities with (mean=2.58).

Table 4.11: Coefficient of combined/aggregate variables and employee commitment

Variable	Mean
Corporate volunteerism	2.25
Corporate philanthropy	2.7
Environmental protection	2.8

4.5.2.3 Correlation analysis of external corporate social responsibility and employee commitment

The objective of the study sought to find out if external corporate social responsibility activities affected employees' commitment to firms' listed at Nairobi stock exchange. The scatter plot in Figure 4.3 shows that there was a positive linear relationship between external corporate social responsibility and employee commitment. These implies that employee commitment increases with increase in employees' participation in external corporate social responsibility activities and a decrease in external corporate social responsibility activities will lead to a decrease in employee commitment.

These findings agreed with those of Brammer *et al.* (2007) which showed a positive link between external CSR and employee commitment. They suggested that since external CSR is discretionary and has no direct positive effect on employees, the link to organizational commitment must be through enhanced personal identity as described in social identity theory.



Figure 4.3: Scatter plot of the relationship between external corporate social responsibility and employee commitment.

Pearson correlation test was conducted to verify existence of a relationship between corporate social responsibility activities and employee commitment. The findings in Table 4.12 show a positive and significant correlation of 0.125 between external corporate social responsibility and employee commitment. This implies that an increase in external corporate social responsibility will lead to an increase in employee commitment.

Table 4.12: Correlation between external corporate social responsibility and employee commitment

Equation	Pearson Correlation	Parameter Estimates					
		R Square	F	df1	df2	Constant	b1
Linear	.125	.016	5.157	1	327	22.670	.224
Sig.	.024			.024		.000	.024

The results of regression analysis revealed that there was a significant positive relationship between external corporate social responsibility activities and employee commitment. Table 4.12 provides the R and R² Values. The R² Value of 0.16 indicates how much of the variations in dependent variable, “Employee commitment “ can be explained by the independent variable, “external corporate social responsibility”, In this case, 16% can be explained by external corporate social responsibility while the rest of the variation 84 percent could be explained by other variables such as organizational justice and organizational identification. The R² in linear regression also tells how the regression line fits the data.

The F statistic of F 5.157 indicated that the model was significant and overall the model applied could statistically significantly predict the outcome variable.

The regression equation was presented as follows;

$$\text{Employee commitment} = 22.670 + 0.224 x_2$$

Combined internal corporate social responsibility and external corporate social responsibility against employee commitment

To determine the amount of variation on dependent variable (employee commitment) explained by the independent variables (internal CSR and External CSR) were carried out. The raw regression equation model was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$$

$$Y (\text{Employee commitment}) = -3.222 + 1.692X_1 (\text{internal CSR}) + 0.177X_2 (\text{external CSR})$$

X_1 (internal CSR) has a positive effect on Y = (employee commitment)

This indicated that unit increase in ICSR would lead to an increase in Employee commitment by a factor of 1.692

$$Y = \beta_0 + \beta_2 X_2 + \beta_1 X_1 + e$$

$$Y (\text{Employee commitment}) = -3.222 + 0.177X_2 + 1.692X_1$$

This implies that X_2 (External CSR) has a positive effect on Y (employee commitment). Therefore an increase in ECSR would lead to increase in Employee commitment by a factor of 0.177. Thus in the absence of ICSR and ECSR, employee commitment will be very poor (-3.222)

This justifies H_1 that internal corporate social responsibility activities and H_2 that external corporate social responsibility activities affected employees' commitment to firms listed at Nairobi Stock exchange was supported.

Table 4.13: Coefficient of combined/aggregate variables and employee commitment

Coefficients^a

	B	Std. Error	Beta	t	Sig
(Constant)	-3.222	1.663		-1.998	.044
Internal Corporate Social Responsibility	1.692	.086	.763	19.583	.000
External Corporate Social Responsibility	.177	.070	.098	2.528	.012

Table 4.13 provides the R and R² values. The R² value of 0.548 means that 54.8 percent of the corresponding variation in employee commitment could be explained or predicted by internal CSR and External CSR. The R² Value is an important indication of the predictive accuracy of the equation. The remaining 45.2 percent would be explained by organization identification and organizational justice.

Table 4.14: Model summary for internal and external corporate social responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.740 ^a	.548	.545	8.6657063

A nova results in Table 4.14 indicated that the regression model predicted the outcome variable significantly. This indicated the statistical significance of the regression model that was applied. An F statistic of 197.343 indicated that the model was significant and overall, the model applied could statistically significantly predict the outcome variable.

Table 4.15: ANOVA for combined ICSR and ECSR against employee commitment

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	29,638.780	2	14,819.390	197.343	.000 ^a
Residual	24,480.796	326	75.094		
Total	54,119.576	328			

HO: $\beta_1 = \beta_2 = 0$ (We don't need X_1 and X_2 in the model)

Versus

H₁: Either β_1 or $\beta_2 \neq 0$ (we need x_1 and x_2 in the model)

Since P-value = 0.000, then the overall model is significant implying that x_1 (internal CSR) and X_2 (external CSR) significantly explained the variation in y (Employee commitment).

These validate that internal CSR and External CSR influences Employee commitment. This implies that organizations with internal CSR and External CSR tend to have higher employee commitment. Therefore H₁ that internal corporate social responsibility activities and H₂ that external corporate social responsibility activities affected employees' commitment in firms listed in the Nairobi stock exchange was supported.

4.5.3 Organizational Justice

4.5.3.1 Factor analysis of organizational justice

Factor analysis of organizational justice was carried out to ascertain the suitability of all variables. On organizational justice; one item had a loading factor of less than 0.4 and was therefore eliminated as shown in Table 4.16

Table 4.16: Factor analysis results for organizational justice (procedural justice (PJ), distributive justice (DJ) and interactive justice (IJ))

Statement		Component Matrix ^a			
		Grouping	1	2	3
1	As employees in this firm we strictly adhere to the code of conduct and ethics of the company	PJ	.783		
2	This company does not employ under age children	PJ	.237*		
3	Employees and managers in this company comply with the law	PJ	.685		
4	Employees follow the law to prevent discrimination in places of work	PJ	.751		
5	Our company provides equitable rewards for employees	DJ		.807	
6	The company has put in place a formal equality policy which is strictly adhered to	DJ		.761	
7	Promotion in the company is solely based on qualification and experience	DJ		.735	
8	Employees are provided with equal pay for equal work done	DJ		.671	
9	Employees in our company are treated with dignity	IJ			.613
10	This company allows employees to engage in open and flexible communication amongst themselves	IJ			.609
11	Fairness towards coworkers and business partners is an integral part of the employees evaluative process in the firm	IJ			.556
12	There is no forced labour in this company	IJ			.487

*Item dropped

4.5.3.2 Descriptive statistics on organizational justice

Findings in the study showed that (18.2%) of the respondents strongly disagreed that employees and managers in their company complied with the law, 14.6% disagreed, 1.5% were neutral, 47.4% agreed while 18.2% strongly agreed. In study by Muthuri *et al* (2011) only 44.4% of companies listed in Nairobi stock exchange mentioned compliance with the law. The results of the study indicated that (18.5%) of the respondents strongly agreed that employees follow law to prevent discrimination in place of work, 29.8% agreed, 0.9% were neutral, 23.7% disagreed while 27.1% strongly disagreed. Earlier evidence suggests that women are subject to significant discrimination in organizations which is reflected in both their representation in senior management and board positions (Singh, 2001). Because women face gender discrimination in the workplace it has been suggested that they will place particular value on ethical treatment within the workplace (Smith *et al*, 2001).

The study established that (11.2%) of the respondents strongly agreed that as employees they strictly adhered to the code of conduct and ethics of their companies, 35.6% agreed, 2.4% were neutral, 18.5% disagreed while 32% strongly disagreed. A study by Muthuri *et al* (2011) established that codes of conduct were adopted mostly by 40.7% of the companies listed at Nairobi stock exchange. These were mostly the foreign international companies (63.2%) as compared to 21.5% of the domestic and 37.5% of the Kenyan international companies. Previous research by Kohl and Boo (2001) indicates that there is a relation between organizational ethics and job relation of employees. Peterson (2004) reported that organizational performance in the ethical domain may have the greatest impact on employee commitment because employees assume that if their organization is ethical it will also treat them in an ethical manner. Conversely, organizations that are not perceived as ethical might also be viewed as unlikely to treat their employees ethically resulting in a low level of employee commitment (Oloko *et al* 2013).

The study established that (39.2 %) of the respondents strongly agreed that employees were provided with equal pay for equal work done, 20.4 percent agreed, 2.4 percent to employees, 30.1% disagreed 1.2% were neutral, 14.3% agreed while 10.3% were neutral, 18.8 percent disagreed while 19.1 percent strongly disagreed. The study by Fields *et al* (2000) revealed that distributive justice had significant effect on Hong Kong employees' intent to stay. It is logical to predict that when employees perceive that they are treated unfairly in terms of outcomes or procedures they intend to leave their current organization to seek a fairer alternative. Distributive unfairness such as underpayment inequity can cause psychological problem as stress related sleep disorder (Greenberg, 2006) which causes a number of undesired organizational outcomes such as turnover intentions, job dissatisfaction, absenteeism and lower performance.

The results of the study showed that (44.1%) of the respondents strongly disagreed that their companies provided equitable rewards strongly agreed. Arif (2002) suggested that fair distribution of reward and fair treatment of employees in the process of allocation significantly reduced the turnover rate of employees. Choi (2008) found that when employees' perceived that the organization was supporting them, they believed the organization was being fair and therefore responded positively through increased job satisfaction and organizational commitment (Rhoades & Elsenberg, 2002).

The study showed that (42.9 %) of the respondents strongly disagreed that promotion in the company was solely based on qualification and experience, 29.2% disagreed, 1.2% were neutral, 19.1% agreed and 7.6% strongly agreed. Omid *et al* (2015) suggested that facilities, salaries, promotion opportunities, improvement of programs of working life, quality, work volume, working responsibilities should be distributed among employees in order to develop perceived distributive justice. A study by Arif (2002) indicated that when employees perceived a fair chance of obtaining promotions in the organization compared to other organizations (external equity), it significantly contributed to their attitudinal commitment. Therefore management must emphasize to its employees' that their promotion opportunities are equivalent and even higher than the opportunities available in other organizations.

The study established that (40.4%) of the respondents strongly disagreed that their companies had put in place a formal equality policy which was strictly adhered to, 33.4 % disagreed, 0.9% were neutral, 14.0% agreed while 11.2% strongly agreed. According to Rupp *et al* (2006), formal policies and company programs that directly addressed issues such as employee benefits, working conditions and development programs could demonstrate a company's general commitment to its employees and judgements of general fairness and attributions of corporate morality, build trust in the company, and reduce fears of exploitation.

The study found out that (43.2%) of the respondents strongly disagreed that their companies allowed them to engage in open and flexible communication amongst themselves, 18.2% disagreed, 2.4% were neutral, 20.7% agreed while 15.2% strongly agreed. Results of the Study by Smidts *et al.* (2001) showed that employee communication augments perceived external prestige and helped to explain organizational identification. The study showed that the strength of identification appeared to be influenced strongly by the communication climate. This means that when a communication climate is open, when employees feel they are being taken seriously by top management and coworkers and when they feel they have a voice, organizational identification is increased. This corroborates with Bartels (2006) study of identification and the role of employee perceived participation through access to information specially the sort that relates to the workplace and functions.

The study found out that (33.7%) of the respondents strongly disagreed that fairness towards co-workers and business partners was an integral part of the employees evaluative process in their firm, 35.0% disagreed, 3.0% were neutral, 22.2% agreed and 6.1 % strongly agreed. Fair treatment is something that employees who invest their time and energies in an organization expect (Eberlin & Tatum, 2005). Research by Muhamad *et al* (2012) revealed that perceived fairness in job decisions, job responsibilities and workload leads towards strong organizational commitment. The study by Prutina (2016) concluded that when employees perceived their organization as just and fair in dealing with them, they were likely to stay with the organization, but that the effect on

commitment was slightly stronger when they engaged in CSR. Individuals who perceive the outcomes and procedures of a firm as fair and unbiased are likely to identify themselves with their organization (Tyler & Blader, 2000, 2003).

The study established that (68.4 %) of the respondents strongly agreed that there was no forced labour in their company, 29.2% agreed, 0.3% were neutral, 0.6% disagreed while 1.5% strongly disagreed. In a meta-analysis, perceptions of organizations being fair towards and caring for the well-being of the employee have been found to be related to job satisfaction and organizational commitment of employees' (Colquitt, 2001). The results of the study established that (38.3%) of the respondents strongly disagreed that they were treated with dignity, 11.6% disagreed, 2.4% were neutral, 29.8% agreed while 17.9% strongly agreed. It is generally agreed that work-related outcomes, the procedures that determine those outcomes, the provision of voice and explanations and the respect and dignity that is received from others all have a significant impact on the context and magnitude of fairness perceptions (Johnson *et al*, 2006).

Table 4.17: Descriptive analysis for Organizational Justice

Key: 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Employees and managers in this company comply with the law	18.20%	14.60%	1.50%	47.40%	18.20%
2	Employees follow the law to prevent discrimination in places of work	27.10%	23.70%	0.90%	29.80%	18.50%
3	This company does not employ under age children	2.40%	4.30%	0.00%	24.30%	69.00%
4	As employees in this firm we strictly adhere to the code of conduct and ethics of the company	32.20%	18.50%	2.40%	35.60%	11.20%
5	Employees are provided with equal pay for equal work done	19.10%	18.80%	2.40%	20.40%	39.20%
6	Our company provides equitable rewards for employees	44.10%	30.10%	1.20%	14.30%	10.30%
7	Promotion in the company is solely based on qualification and experience	42.90%	29.20%	1.20%	19.10%	7.60%
8	The company has put in place a formal equality policy which is strictly adhered to	40.40%	33.40%	0.90%	14.00%	11.20%
9	This company allows employees to engage in open and flexible communication amongst themselves	43.20%	18.20%	2.40%	20.70%	15.20%
10	Fairness towards coworkers and business partners is an integral part of the employees evaluative process in the firm	33.70%	35.00%	3.00%	22.20%	6.10%
11	There is no forced labour in this company	1.50%	0.60%	0.30%	29.20%	68.40%
12	Employees in our company are treated with dignity	38.30%	11.60%	2.40%	29.80%	17.90%

Table 4.18 presents means for the three variables of organizational justice i.e. procedural justice, distributive justice and interactive justice. Taking into account that the scale used for organizational justice was 1 to 5 with 2.5 as the middle point, the table shows that firms listed in Nairobi Stock exchange the most on procedural justice (mean=3.5) followed by interactive justice (mean=3) and distributive justice (mean=2.3). This means that on average, firms listed in Nairobi stock exchange adopts organizational justice with (mean= 2.9)

Table 4.18: Mean of organizational justice

Variable	Mean
Procedural justice	3.5
Distributive justice	2.3
Interactive justice	3

4.5.3.3 Organizational justice moderating internal corporate Social responsibility against employee commitment

Table 4.19 provides the R and R² values. The R² values of 0.711 indicates how much of the variations in moderating variable "Organizational justice", can be explained by the independent variable, "internal corporate social responsibility". In this case, 71.1% can be explained by internal corporate social responsibility while the remaining 28.9% can be explained by the other variables in the study. The R² in linear regression also tells how the regression line fits the data.

Table 4.19: Model summary of Organizational justice and internal CSR

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.845 ^a	.714	.711	6.9007136

ANOVA results in Table 4.20 indicate that the regression model predicts the outcome variable significantly well. This indicates the statistical significance of the regression model that was applied. An F statistic of 270.497 indicated that the model was significant and overall the model applied could statistically significantly predict the outcome variable.

Table 4.20: ANOVA for organizational justice and internal corporate social responsibility

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	38643.125	3	12881.042	270.497	.000 ^a
Residual	15476.451	325	47.620		
Total	54119.576	328			

Table 4.20 provides the information needed to predict organizational justice and internal corporate social responsibility. Both the constant and organizational justice contributed significantly to the model. The regression equation was presented as follows:

$$Y = \beta_0 + aX + \beta Z + CXZ + e$$

Z=moderation

XZ=interaction term

If C is significant then Z has a moderation effect

$$Y = 49.421 + 1.792X_1 + 2.764Z + 0.156X_1Z$$

Since p-value for X_1Z coefficient was less than 0.005 then organizational justice has a significant and enhanced moderating effect on the relationship between employee commitment and internal corporate social responsibility. According to Flynn (2005, CSR can enhance specific employees' attitudes at work (organizational justice, organizational commitment and satisfaction at work) through identification. CSR can also affect the social exchange dynamics between employees and the corporation through its alteration of the identification processes. As a result, CSR can ultimately affect employees' behaviors and consequently corporate organizational performance.

Table 4.21: Coefficient determination of organizational justice and internal corporate social responsibility

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	49.421	1.627		30.369	.000
Internal Corporate Social Responsibility	1.792	.101	.788	-17.807	.000
Organizational Justice	2.764	.132	1.265	-20.869	.000
Internal Corporate Social Responsibility * Organizational Justice	.156	.006	2.096	27.902	.000

4.5.3.4 Organizational justice moderating external corporate social responsibility against employee commitment

Table 4.22 provides the R and R² Values. The R² value of 0.787 indicates how much of the variations in moderating variable 'Organizational justice', can be explained by the independent variable, "external corporate social responsibility". In this case, 78.7% can be explained by external corporate social responsibility" while the remaining 21.3% can be explained by the other variables of the study. The R² in linear regression also tells how the regression line fits the data.

Table 4.22: Model summary for organizational justice and external corporate social responsibility

Model R	R Square	Adjusted R Square	Std. Error of the Estimate
.887 ^a	.787	.785	13.2917175

ANOVA results in Table 4.22 indicated that the model predicted the outcome variable significantly well. This indicated the statistical significance of the regression model that was applied. An F statistic 401.481 indicated that the model was significant and overall the model applied could statistically significantly predict the outcome variable.

Table 4.23: ANOVA for organizational justice and external corporate social responsibility

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	212,788.857	3	70,929.619	401.481	.000 ^a
Residual	57,594.340	326	176.670		
Total	270,383.196 ^b	329			

Table 4.22 provides the information needed to predict organizational justice from external corporate social responsibility. Both the constant and organizational justice contributes significantly to the model. The regression equation was presented as follows;

$$Y = \beta_0 + \alpha X_2 + \beta Z + cXZ + e$$

Z=moderation

XZ=interaction term

If C is significant then Z has a moderation effect.

$$Y = 49.421 + 1.376 X_2 + 1.455 X_z + 0.068 X_2 Z$$

Since p-value X_2Z coefficient was less than 0.05 then organizational justice has a significant and enhanced moderating effect on the relationship between employee commitment and external corporate social responsibility. Organizational justice in a study by Akuzum (2014) had positive and significant relations impact ($\beta=0.55$; $p<0.05$) on employee commitment while in a study by Krutika *et al* (2016) perceived organizational justice mediated the relationship between overall CSR and job satisfaction

Table 4.24: Coefficient determination of Organizational justice and external corporate social responsibility

Coefficients^{a,b}

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	External Corporate Social Responsibility	1.376	.159	.721	8.635	.000
	Organizational Justice	1.455	.110	.794	13.218	.000
2	External Corporate Social Responsibility					
	* Organizational Justice	.068	.009	.652	-7.926	.000
3						

4.5.4 Organizational identification

4.5.4.1 Factor analysis of Organizational identification

Factor analysis was done on all items of the organizational identification and all had factor loading 0.8 or above as such none was eliminated shown in Table 4.25.

Table 4.25: Factor analysis results for organizational identification.

Component Matrix^a

#	Statement	Component
		1
1	I experience a strong sense of belonging to my company	0.948
2	I tell my friends that this is a great company to be involved with	0.927
3	I am part of my company and I feel a sense of ownership for this company rather than just being a member	0.922
4	I feel strong ties with my company	0.919
5	I believe that my company is maintaining a good reputation	0.912
6	I intend to allocate more resources to the relationship with my company in the future	0.906
7	My attachment to this company is primarily based on the similarity of my values and those of this company	0.9
8	I am committed to my company	0.855

4.5.4.2 Descriptive statistics on organizational identification

The study established that (16.1%) of the employees strongly agreed that they were committed to their company, 48.0% agreed. 1.5% were neutral, 30.4% disagreed and 4.0% strongly disagreed. Aroosa *et al* (2014) observed that companies which engaged in CSR activities improved their own image and reputation in the society. The results of the study indicated that (21.0%) of respondents strongly disagreed that they intended to allocate more resources to their relationship with their company in the future, 31.6 per cent disagreed, 0.9 % were neutral, 29.5 % agreed and 17.0 % strongly agreed. Corporate philanthropy is not just limited to monetary donations made by corporations. The findings of the study showed that (9.1%) of the respondents strongly disagreed that they felt strong ties with their company, 31.6% disagreed, 2.4% were neutral, 31.6% agreed and 25.2% strongly agreed. Companies that support volunteerism and engage in philanthropy may facilitate employees' participation in their community and provide a

way that employees can feel like they are part of the efforts to help others around the world. These types of activities may bring a completely different type of meaning to the workplace that would not be possible through profit maximization alone (Aguinis & Glavas, 2012).

The results of the study showed that (19.1%) of the respondents strongly agreed that they experienced a strong sense of belonging to their company, 35.9% agreed, 0.0% were neutral, 20.7% disagreed and 24.3% strongly disagreed. The study established that (18.8%) of the respondents strongly disagreed that they were part of their company and felt a sense of ownership for their company rather than just being members, 27.7% disagreed, 2.1% were neutral, 28.9% agreed and 22.5% strongly agreed. Kim *et al* (2010) found that employee participation in CSR leads to employee company identification which is positively related to employee commitment.

The study established that (24.0%) of the respondents strongly agreed that their attachment to the company was priority based on the similarity of their values and those of their company, 24.3% agreed, 0.0% were neutral, 29.8% disagreed while 21.9% strongly disagreed. People feel that they belong to a group when they share important beliefs and values with group members and the group as a whole (Hogg & Terry, 2000). CSR affects organizational identification because it influences the amount of value similarity or dissimilarity people perceive between themselves and the organization. Activities that demonstrate commitment to specific values such as philanthropic, support for particular causes, environmental stewardship and efforts to promote diversity within the company, are likely to have the greatest impact on employees who share those values (Bauman *et al* 2011).

The study found out that (31%) of the respondents strongly agreed that they told their friends their company was great to be involved with, 29.5% agreed, 2.7% were neutral and 22.8% disagreed while 14.0% strongly disagreed. Peoples need for positive distinctiveness is satisfied when they believe that their group compare favorably with others along important dimensions. Corporate social responsibility activities contribute

to positive distinctiveness in the eyes of employees when they increase the prestige of the organization and help it to stand out relative to others (Ellemers *et al* 2011). Consistent with this idea, organizational prestige is associated with increased attractiveness of organizations during recruitment (Turban & Cable, 2003) and turnover and turnover intentions. Therefore, CSR activities that are highly visible to external stakeholders should be particularly effective at increasing prestige and enhancing employees' social identity.

On maintenance of good reputation by their companies, (25.5%) of the respondents strongly agreed 30.7% agreed, 1.2% were neutral, 26.4% disagreed while 16.1% strongly disagreed. Most companies perceived to have a high-level of CSR activities have an increased ability to attract and retain employees, and to maintain employee morale. This in turn leads to reduced recruitment, training costs and turnover (Peterson, 2004). Therefore corporate social responsibility may enable a company to maintain a positive image with its employees and lead to improved company reputation (Nagib *et al*, 2012).

Table 4.26: Descriptive analysis of Organizational identification

Key: 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

#	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I am committed to my company	4.00%	30.40%	1.50%	48.00%	16.10%
2	I intend to allocate more resources to the relationship with my company in the future	21.00%	31.60%	0.90%	29.50%	17.00%
3	I feel strong ties with my company	9.10%	31.60%	2.40%	31.60%	25.20%
4	I experience a strong sense of belonging to my company	24.30%	20.70%	0.00%	35.90%	19.10%
5	I am part of my company and I feel a sense of ownership for this company rather than just being a member	18.80%	27.70%	2.10%	28.90%	22.50%
6	My attachment to this company is primarily based on the similarity of my values and those of this company	21.90%	29.80%	0.00%	24.30%	24.00%
7	I tell my friends that this is a great company to be involved with	14.00%	31.00%	2.70%	29.50%	22.80%
8	I believe that my company is maintaining a good reputation	16.10%	26.40%	1.20%	30.70%	25.50%

The mean for organizational identification was three (3) which meant that on average employees in companies listed in Nairobi stock exchange identified with their firms.

4.5.4.2 Organizational identification mediating internal corporate social responsibility against employee commitment

The following steps were used to test mediating effect of organizational identification on internal CSR and External CSR against employee commitment.

Note that Z = Organizational identification.

- 1) Test if X predicts Y

$$Y=B_1+cX+ e$$

- 2) Test if X predicts Z

$$Y=B_2+aX+ e$$

- 3) Test if X still predicts Y when Z was in the model

$$Y=B_3+Cx+bZ+ e$$

The researcher adopted the following three rules of mediation from Hsueh-ShengWu (2011)

- a) Z completely mediates the X-Y relation if all the three conditions are met

- 1) X predicts Y

- 2) X predicts Z

- 3) X no longer predicts Y, but Z does when both X and Z are used to predict Y.

b) Z partially mediates the X-Y relation if all three conditions are met:

- 1) X predicts Y
- 2) X predicts Z
- 3) Both X and Z predict Y, but X have a smaller regression coefficient when both X and Z are used to predict Y than when only X is used.

c) Z does not mediate the X-Y relation if any of:

- 1) X does not predict Z
- 2) Z does not predict Y
- 3) The regression coefficient of X remains the same before and after Z is used to predict Y.

In order to test if X (Internal CSR) predicts Y (Employee commitment) the following regression equation was used:

$$Y (\text{Employee commitment}) = a + b X (\text{Internal CSR})$$

$$Y (\text{Employee commitment}) = -4.390 + 1.628X (\text{Internal CSR})$$

Since P-Value for the coefficient of X is less than 0.05, it is clear that X (Internal CSR) predicts Y (Employee commitment).

Table 4.27: Correlation between organizational identification and employee commitment

Parameter Estimates							
Equation	Pearson	R	F	df1	df2	Constant	b1
	Correlation	Square					
Linear	.734	.539	382.001	1	327	-4.390	1.628
Sig.	.000			.000		.007	.000

Table 4.28: Correlation between organizational identification and internal corporate social responsibility

Equation	Parameter Estimates						
	Pearson Correlation	R Square	F	df1	df2	Constant	b1
Linear	.659	.435	251.445	1	327	-9.921	.667
Sig.	.000			.000		.000	.000

In order to test if X (Internal CSR) predicts Z (Organizational identification) the following regression equation was used:

$$Z (\text{Org. identification}) = a + bX$$

$$Z (\text{Org identification}) = 9.921 + 0.667X$$

Since P-value for the coefficient of X (Internal CSR) was less than 0.05, it is clear that X (Internal CSR) predicts Z (Organizational identification)

Table 4.29: Model Summary for organizational identification and internal corporate social responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.917 ^a	.841	.840	5.1391714

A Nova results in Table 4.30 indicate that the regression model predicts the outcome variable significantly well. This indicates the statistical significance of the regression model that was applied. An F statistic of 861.562 indicated that the model was significant and that overall, the model applied can statistically significantly predict the outcome variable.

Table 4.30: ANOVA for organizational identification and internal CSR

ANOVA^b

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45509.563	2	22754.782	861.562	.000 ^a
	Residual	8610.013	326	26.411		
	Total	54119.576	328			

In order to test if X (Internal CSR) still predicts Y (Employee commitment) when Z (Organizational identification) is in the model the regression equation is presented as follows:

$$Y (\text{Employee commitment}) = a + b X + c Z$$

$$Y (\text{Employee commitment}) = -2.922 + 0.559X (\text{Internal CSR}) + 1.579Z (\text{Organizational identification}).$$

X (Internal CSR) still predicts Y (Employee commitment) when Z ((Organizational identification) is in the model.

Table 4.31: Coefficient of organizational identification and employee commitment

Coefficients^a

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-2.922	.949		-3.079	.002
	Internal Corporate Social Responsibility	.559	.065	.252	8.578	.000
	Organizational Identification	1.579	.063	.731	24.881	.000

Therefore organizational identification partially mediates the relationship between internal corporate social responsibility and employee commitment. This study contradicts the study by Osveh *et al* (2015) which indicated that organizational identification mediates the relationship between internal CSR and employee engagement and the mediation effect was statistically significant

4.5.4.3 Organizational identification mediating external corporate social responsibility against employee commitment

In order to test if X (External CSR) predicts Y (Employee commitment) the regression equation was presented as follows:

$$Y (\text{Employee commitment}) = a + b X (\text{External CSR})$$

$$Y = 22.670 + .224X (\text{External CSR})$$

Since p-value for the coefficient of X (External CSR) is less than 0.05, it is clear that X (External CSR) predicts Y (Employee commitment).

Table 4.32: Correlation between organizational identification and external corporate social responsibility

Equation	Parameter Estimates						
	Pearson Correlation	R Square	F	df1	df2	Constant	b1
Estimate	.125	.016	5.157	1	327	22.670	.224
Sig.	.024			.024		.000	.024

In order to test if X (External CSR) predicts Z (Organizational identification) the regression equation is presented as follows:

$$Z (\text{Organizational identification}) = a + b \times (\text{External CSR})$$

$$Z (\text{Organizational identification}) = 9.953 + .121X (\text{External CSR})$$

Since P-Value for the coefficient of X (External CSR) is less than 0.05, it is clear that X (External CSR) predicts Y (Employee commitment)

Table 4.33: Regression analysis between organizational identification and external corporate social responsibility

Equation	Parameter Estimates						
	Pearson Correlation	R Square	F	df1	df2	Constant	b1
Estimate	.145	.021	7.065	1	327	9.953	.121
Sig.	.030			.008		.000	.008

In order to test if X (External CSR) still predicts Y (Employee commitment) when Z (Organizational identification) is in the model the regression equation is presented as follows:

$$Y (\text{Employee commitment}) = a + bX (\text{External CSR}) + cZ (\text{Organizational identification})$$

$$Y (\text{Employee commitment}) = 3.362 + - 0.011(\text{External CSR}) + 1.940(\text{Organizational identification})$$

X (External CSR) still predicts Y (Employee commitment) when Z (Organizational identification) is in the model

Table 4.34: Model summary for organizational identification and external corporate social responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.897 ^a	.805	.804	5.6891542

Table 4.35: ANOVA for organizational identification and external CSR

ANOVA^b

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43568.105	2	21784.053	673.044	.000 ^a
	Residual	10551.471	326	32.366		
	Total	54119.576	328			

Table 4.36: Coefficient determination of organizational identification and external corporate social responsibility

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	3.362	0.849		3.961	0
External Corporate Social Responsibility	-0.011	0.045	-0.006	-0.243	0.808
Organizational Identification	1.94	0.053	0.898	36.334	0

Therefore organizational identification completely mediates the relationship between external corporate social responsibility and employee commitment. This findings agrees with the study by Rodrigo and Arenas 2008), Jones (2010), Roeck and Delobbe (2012) and Glavas (2012) which suggested that External CSR had a positive influence on organizational identification. The findings of the study agreed with the study by Osveh *et al* (2015) which showed that organizational identification mediates the relationship between external CSR and employee engagement and the mediation effect was statistically significant.

4.5.5 Employee commitment

4.5.5.1 Factor analysis on employee commitment

Factor analysis was performed on items of the employee commitment and all items had a factor loading of 0.8 or above as such none was eliminated. The component matrix was obtained and rotated and ranking done from the highest to the lowest factor loading as shown in Table 4.37.

Table 4.37: Factor analysis results for employee commitment Component Matrix^a

#	Statement	Component 1
1	I could leave the company at a cost now	0.92
2	I continue to work for the organization as leaving would require considerable personal sacrifice	0.901
3	If I got offered a job elsewhere I would feel uncomfortable to leave this company	0.9
4	Too much of my life would be disrupted if I decided to leave the company now	0.899
5	I feel that I have too few options to consider leaving the company	0.899
6	I would be very happy to spent the rest of my career at this company	0.898
7	The company has a great deal of personal meaning for me	0.897
8	Things were better when people stayed with this company for most of their careers	0.897
9	It would be very hard for me to leave the company right now	0.896
10	I mind when employees move from this company to another	0.896
11	If I had to decide again, I would still choose to work for this company	0.893
12	I believe in the value of remaining loyal to this company	0.888
13	I feel like part of the family at the company	0.884
14	I really feel as if the company's problems are my own	0.882
15	I am afraid of what might happen if I quit my job without having another one lined up	0.874
16	I enjoy discussing the company in a positive sense with people outside it	0.871
17	I easily become as attached to another company as I am to this one	0.854
18	Employees spent most of their working lives in this company	0.849

4.5.5.2 Descriptive statistics on employee commitment

The result of the study indicated that (10.0%) of the respondents strongly disagreed that they enjoyed discussing their company in a positive sense with people outside it, 28.9% disagreed, 2.4% were neutral 41.9% agreed and 16.7% strongly agreed. The study established that (16.1%) of the respondents strongly agreed that they really felt as if their company's problems were their own, 33.1% agreed, 0.0% were neutral, 27.1% disagreed while 23.7% strongly disagreed.

The results of the study established that (14.6%) of the respondents strongly disagreed that they felt like they were part of the family at their company, 31.1 % disagreed, 0.3 % were neutral, 31.1 % agreed while 33.1% strongly agreed. 22.8% of the respondents strongly agreed that their company had a great deal of personal meaning for them, 31.9% agreed, 2.1% were neutral, 22.5% disagreed while 20.7% strongly disagreed.

The study established that (29.8%) of the respondents strongly agreed that they would be very happy to spent the rest of their career at their company, 21.6% agreed, 0.3% were neutral, 29.2% disagreed while 19.1% strongly disagreed. Albinger and Freeman (2000) revealed that there was relationship between CSR and employee commitment. The study found out that (14.0%) of the respondents strongly agreed that they easily became as attached to another company as they were to their current company 36.8 % agreed, 1.2% were neutral, 24.6% agreed while 23.4% strongly disagreed. 28.6% of the respondents strongly agreed that if they had to decide again, they would still choose to work for their company, 25.2 % agreed, 1.2 % were neutral, 25.2% disagreed while 19.8% strongly disagreed.

The study found out that (18.8%) of the respondents strongly agreed that they were afraid of what might happen if they quit their job without having another one lined up, 41.0 % agreed, 0.0% were neutral, 35.0% disagreed and 5.2% strongly disagreed. 24.6% of the respondents strongly agreed that it would be very hard for them to leave their company, 35.0%, 0.3% were neutral, 25.2 % disagreed while 14.9% strongly disagreed.

The study established that (24.0%) of the respondents strongly agreed that too much of their life would be disrupted if they decided to leave the company, 34.0% agreed, 2.1 % were neutral, 25.8% disagreed while 14.0% strongly disagreed.

The study found out that (28.6%) of the respondents strongly agreed that they could leave the company at a cost now, 29.5% agreed, 0.3% were neutral, 28.3% disagreed while 13.4% strongly disagreed. The study established that (35.9%) of the respondents strongly agreed that they felt that they had too few options to consider leaving their company, 19.5% agreed, 0.0% were neutral, 24.9% disagreed while 19.8% strongly disagreed. The study established that (35.0%) of the respondents strongly agreed that they continued to work for the organization as leaving would require considerable personal sacrifice, 23.4% agreed, 1.5% were neutral, 26.4% disagreed while 13.7% strongly disagreed.

The study found out that (29.5%) of the respondents strongly agreed that if they were offered a job elsewhere they would feel uncomfortable to leave their current company, 22.8% agreed, 1.2% were neutral, 22.8% disagreed while 23.7 % strongly disagreed. This finding is consistent with Studies by Sen and Bhattacharya (2006) which suggested that CSR increased employee commitment and attractiveness. The findings of the study indicated that (9.7%) of the respondents strongly disagreed that they believed in the value of remaining loyal to their current company, 28.9 % disagreed, 0.9 % were neutral, 42.9 % agreed while 17.6 % strongly agreed. 21.0% of the respondents strongly disagreed that things were better when people stayed with their company for most of their careers”, 26.7% disagreed, 1.5% were neutral, 31.6 % agreed and 19.1 % strongly agreed.

The study established that (23.7%) of the respondents strongly agreed that employees spent most of their working lives in their company, 33.7% agreed, 3.6% were neutral and 28.9% disagreed while 10 % strongly disagreed.

Table 4.38: Descriptive analysis for employee commitment

Key: 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

#	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I enjoy discussing the company in a positive sense with people outside it	10.00%	28.90%	2.40%	41.90%	16.70%
2	I really feel as if the company's problems are my own	23.70%	27.10%	0.00%	33.10%	16.10%
3	I feel like part of the family at the company	14.60%	33.10%	0.30%	31.90%	20.10%
4	The company has a great deal of personal meaning for me	20.70%	22.50%	2.10%	31.90%	22.80%
5	I would be very happy to spent the rest of my career at this company	19.10%	29.20%	0.30%	21.60%	29.80%
6	I easily become as attached to another company as I am to this one	14.00%	36.80%	1.20%	24.60%	23.40%
7	If I had to decide again, I would still choose to work for this company	19.80%	25.20%	1.20%	25.20%	28.60%
8	I am afraid of what might happen if I quit my job without having another one lined up	5.20%	35.00%	0.00%	41.00%	18.80%
9	It would be very hard for me to leave the company right now	14.90%	25.20%	0.30%	35.00%	24.60%
10	Too much of my life would be disrupted if I decided to leave the company now	14.00%	25.80%	2.10%	34.00%	24.00%
11	I could leave the company at a cost now	13.40%	28.30%	0.30%	29.50%	28.60%
12	I feel that I have too few options to consider leaving the company	19.80%	24.90%	0.00%	19.50%	35.90%
13	I continue to work for the organization as leaving would require considerable personal sacrifice	13.70%	26.40%	1.50%	23.40%	35.00%
14	If I got offered a job elsewhere I would feel uncomfortable to leave this company	23.70%	22.80%	1.20%	22.80%	29.50%
15	I believe in the value of remaining loyal to this company	9.70%	28.90%	0.90%	42.90%	17.60%
16	Things were better when people stayed with this company for most of their careers	21.00%	26.70%	1.50%	31.60%	19.10%
17	Employees' spent most of their working lives in this company	10.00%	33.70%	3.60%	28.90%	23.70%
18	I mind when employees move from this company to another	19.50%	27.40%	0.60%	26.40%	26.10%

Table 4.39 presents means for the three dimensions of employee commitment under study i.e. affective commitment, Continuance commitment and normative commitment. Taking into account that the scale used for employee commitment was 1 to 5 with 2.5 as the middle point, the table shows that firms listed in Nairobi stock exchange have affective, continuance and normative commitment to their firms with (mean=3).

4.6. Qualitative Analysis

Corporate social responsibility is a dynamic organizational process in which employees play a crucial role (Bolton *et al*; 2011). Active engagement in CSR has been found to give employees a sense of purpose and at the same time strengthen the internal bonds (Lowe, 2010). To date, research on the relationship between corporate social research disclosure (CSRD) and employee commitment has been limited to the use of either quantitative or qualitative data (Nagib *et al*, 2012). The quantitative approach used in this study was better for comparison across the firms listed at Nairobi stock exchange however in order to add depth to the study the researcher included interviews and observations.

This study adopted across sectional survey research design whereby information was gathered on a population at a single point in time because a predetermined set of questions was used to elicit a pre-formulated set of feelings and answers from the respondents based on the objectives of the study. The researcher gathered information from face to face semi structured interviews with human resource managers and staff who were participating in the CSR activities in firms listed at Nairobi stock exchange. These company personnel were preferred because they were the most suitable to give the much needed information for the study. In addition, knowledge gathered from consulting with other researchers in CSR and literature reviews enabled the researcher to design an interview guide and data gathered from the interviews was recorded by a note which enabled the researcher to gain the deeper insights on this issue in this research. Personal interviews were used to supplement on the questionnaire more especially to get more responses on the subject matter. The interviews lasted between twenty minutes and one

hour .The meetings were held in the managers or supervisors offices. Other researches who relied on qualitative approaches while studying CSR and got desirable results are Duarte (2011) and Bolton (2011).

4.6.1 Internal corporate social activities in firms listed in Nairobi stock exchange

The researcher found out that members of staff in companies listed in Nairobi stock exchange were unhappy with their companies as they did not provide to them free/subsidized health screening. However a few of the companies had subsidized screening for lifestyle diseases such as cancer, diabetes and blood pressure. Most of the companies had either insured their employees or put a ceiling on the maximum amount of money each employee and their dependents could spent on outpatient medical costs.

The researcher found out that all estates of REA Vipingo had medical facilities for employees and their immediate dependants and on the larger estates these facilities included ward beds and laboratories. In recent years strong emphasis had been placed upon HIV/AIDS education where a number of awareness programs had been established, peer counsellors from among the workforce trained and testing and treatment facilities made available. The Athi River Mining Company operated a fully functional clinic in Kaloleni which treated nearly 2,000 patients per month mainly children but also older people after payment of a nominal fee.

Although smoking is harmful to the health of the employees most of the companies did not have designated place for smokers which exposed other employees to risks related to inhaling cigarette smoke. The findings indicated that firms listed at Nairobi stock exchange did not encourage their employees to participate in running or health walk. However on 5th June 2014, Mumias Sugar Company together with other stakeholders co-hosted world environment day and championed walk to work campaign in solidarity with the rest of the world in conserving the environment. The respondents informed the researcher that their firms sponsored elite athletes as marketing and public relations

exercise. Therefore there is need for companies to encourage their staff to participate in running or health walk in order to stay physically fit and reduce medical expenses.

The researcher asked the employees whether they were being advised on stress management. Majority indicated that their firms had not put in place measures to assist them manage their stress level. This had not only affected their health but also their productivity at the workplace. The respondents advised that their firms should put in place employee counselling unit with professional counsellors for consultation. They noted that high levels of stress had led to an increase of conflicts both at the home and workplace had raised. The effect of this stress was also manifested in chronic absenteeism and alcoholism among employees.

The respondents majorly disagreed that their companies supported them to acquire additional education. Most of the companies had tight work schedules which did not enable their employees to find time to pursue further studies. However, the researcher found out that some companies had staff development scholarships for staff wishing to go for further studies. In other firms the employees were sponsored to attend relevant seminars and workshops through paid time-off and subsistence allowances. With staff capacity building, the Equity bank not only hires new staff with specialized skills and competencies but it has also put in place a leadership development programme which had seen a number of staff attend training at world class institutions like Harvard Business School and Boulder microfinance leadership programme. According to one Manager at Mumias Sugar Company, the company remained committed to training and development of its employees to continuously enhance their capabilities and equip them with skills necessary for effective performance of their duties.

At Athi-River Mining the company invests in building human capital to ensure improved performance and work satisfaction. The company continues with its graduate recruitment program and skills development program at all levels within the company. The company has entrenched a culture of excellence in all her operations through implementation of the company's core values, continuous learning and skill

development programs. The researcher asked the respondents if their companies engaged in diversity by hiring ethnic minorities and physically handicapped. Majority disagreed as the numbers of employees from minority were small in comparison with other employees from the majority tribes in Kenya. In a separate study by Cytonn more than 37 percent of the parastatals', the Chief executive officer is from the same ethnic group as the largest number of employees. In one company the majority of employees were from the predominant major tribe where the firm is situated. The managers felt challenged by the governments' directive and provision of constitution that staff in these companies should reflect the face of Kenya. This research corroborates with a separate study by Cytonn which indicated that at the Nairobi securities exchange, two thirds of the 60 companies trading on the bourse had boards that were dominated by directors from single ethnic groups, making up more than 33 percent (Daily Nation November 8,2016). According to the National integration and cohesion commission in Kenya promoting ethnic diversity in public and private companies underscores the significance of including all persons in economic and social processes.

The respondents disagreed that their companies provided equal opportunities to all employees. Some of the respondents informed the researcher that there was discrimination along racial and tribal orientation at workplace. According to the National Cohesion and Integration Commission, Mumias Sugar was flouting the ethnic balance in law with staff from one community accounting for 76 per cent of the 1,686 workforce. This had led to job dissatisfaction among the employees who felt that management was biased in offering equal opportunities to them. Most of the female interviewees felt that their companies discriminated them a long gender lines. However at Athi River Mining Company as part of its policy, the company recognizes the need for diversity, equal opportunities, gender sensitivity and provision of a safe and conducive work environment for its entire staff.

There was varying opinion expressed when the researcher asked the respondents whether their companies required them to work reasonable hours. Some respondents indicated that their trade unions had signed collective bargaining agreements with their

employers' on the minimum working hours as stipulated in the Employment Act (2007). However, some companies compensated the staff for the extra hours that they worked provided official permission was sought in advance. The researcher also observed that most of the companies had clocking in and out register while others had installed biometric registration which indicated the time staff reported at and out of work.

The research findings showed that companies listed in Nairobi stock exchange did not provide professional counselling services to their employees apart from the counselling on HIV/Aids related diseases. The findings showed that it was mandatory for employees to proceed to their applicable leaves for example at Mumias Sugar Company and Athi River Mining Company a provision was made to recognize staff entitlement in respect to annual leave not taken as at end of the financial year. The findings of the research indicated that there was no flexible policy in companies listed in Nairobi stock exchange for employees to balance their work and personal life. This affected not only their work life but also their relations at home.

4.6.2 External corporate social responsibility activities

Majority of the interviewees disagreed that they participated in company sponsored partnerships with local schools or institutions. Companies such as Safaricom, Equity bank, Athi River Mining and Kenya commercial Bank had formed partnerships with local communities to fund projects which contributed to self –sufficiency. The Safaricom foundation in partnership with the Kenya community development foundation provided drip irrigation and green houses to communities in arid and semi-arid area of the country such as Garissa. The foundation partnered with health care providers and communities in construction and equipment of health facilities ,provision of health information ,provision of health information and services through medical camps and supporting the provision of specialized health services. The foundation donated kidney dialysis machine to Kenyatta National hospital, constructed and equipped libraries and laboratories in schools.

East African Breweries Limited partnered with other trade partners and communities to ensure that the company embraces responsible practices that support sustainable livelihoods. Key areas of engagement with the suppliers include: embedding ethical business practices, protection of human rights, compliance in health and safety standards, and reduction of environmental impact through the company's supply chain and promotion of a more positive role for alcohol on society.

Kenya Commercial Bank foundation launched 2 jiajiri programme. The programme is making investment in existing 'Jua kali' businesses and among the youth through a multi-pronged approach of vocational skills training business incubation and access to markets and finance for programme participants. Mumias Sugar Company plays its role as a responsible corporate citizen. In education the company constructed 12 classrooms in 12 schools and provided school fees bursary to bright students within Mumias sugar scheme and needy students from employees and farmers households. Other related sponsorships included education days, mathematics symposia, and youth education camps and textbooks donation. The health of farmers and community within the sugar belt is a matter of concern for the company. In partnership with local non-governmental organizations, community based organizations and staff and through Mumias sugar foundation, the company engaged in a number of activities across the various constituencies within the sugar belt to improve the health of people living in the community. The activities undertaken included anti-jigger campaigns, cancer tests, trainings and awareness about lifestyle health conditions. The company continues to produce vitamin A fortified sugar to support government and community in effort to avert health risks associated with vitamin A deficiency among children.

The Athi River Mining Company operates a fully functional clinic in Kaloleni which treats nearly 2,000 patients per month and sponsors dental and eye clinic in conjunction with Lions and other service organizations. The researcher found out that majority of employee's in companies listed at Nairobi stock exchange did not participate in company sponsored cultural and Arts campaigns. The companies sponsored cultural and Arts campaigns as a tool of marketing their products and services. For example

Safaricom foundation partners with organizations and community groups to preserve and promote Kenya's natural heritage in Arts, music and culture. The foundation donated Ksh 23 million to fund two (2) projects that is renovation of traditional museums of Kenya and Louis Leakey auditorium. In line with the Equity banks mission of inclusiveness and socially and economically empowering their stakeholders, the bank sponsored social amenities such as the National games and music festivals for primary, secondary, Universities and other tertiary institutions.

The researcher found out that employees in companies listed in Nairobi stock exchange do not actively participate in company sponsored sporting activities .However companies such as Mumias sugar company, Kenya Breweries and Kenya Commercial bank had football and volleyball teams where employees participated in. The researcher found out that a few of the employees in firms listed in Nairobi Stock exchange agreed that their firms encouraged them to participate in voluntary activities. Safaricom Company provides four (4) corporate social responsibility leave days per year for each employee to participate in community activities. Mumias sugar foundation together with Kenya Red cross mobilized company staff to donate clothing to needy families .One hundred and fifty (150) staff households provided donations that benefitted a total of 650 community households around Mumias town.

The Rhino foundation of the Athi River Mining Company is run by the company staff volunteering their time and devoted to the work of the foundation in improving the livelihoods of the community while EABL addresses local need by supporting her employees as community volunteers in various capacities. The Rea Vipingo group acknowledges its responsibilities to the general community and participates in a variety of other social projects within the areas it operates and also donates on a regular basis a number of charities.

The findings of the research indicated that majority of the interviewees were of the opinion that their companies sponsors bright and needy students of members of the staff. The researcher found out that a few companies had put in place staff dependants' policy

which assisted their employees' school going children to get partial scholarships for their education. Some companies such as George Williamson tea estates and Mumias Sugar had put up modern primary and secondary schools for children of their employees. The Equity Bank and Kenya commercial bank foundations offers scholarship to bright and needy students who are partial or total orphans or whose parents cannot afford to pay at all. The Equity bank CSR strategies are financed by the Bank and other financial partners through equity group foundation. The bank sponsors secondary education through its "wings to fly"programe where 3,484 and 10,000 scholarship had been awarded by year 2012 and 2015 respectively. During the 2014/2015 financial year, Elimu Trust bursary scheme disbursed full year secondary school fees to a total of 80 top bright students from Mumias farmers and company staff households to enable them access quality secondary education. Utamu Halisi na Elimu awarded bursary to 60 form one students from needy farmers households.

Athi River mining company through Rhino cement foundation sponsors 30 new high school and 20 university students each year with all tuition, books and accommodation expenses for children who are bright but from underprivileged families. The company's staff plays an important role in the mentorship of the children selected for scholarship to the mutual benefit of both. The staff through the Rhino cement foundation participates in the school boards to assist in determining areas of improvement that will benefit the school pupils. The East Africa Breweries company's skills for life program provide education and training to help prepare participation for employment in a variety of industries throughout the local communities. To date 180 students have benefitted from the scholarship program and the foundation has supplied over Ksh.70 million in University scholarships. At REA Vipingo infrastructural and other support is provided to government primary schools situated on group estates and the group has in place a scholarship scheme whereby selected talented children of employees are provided with assistance with secondary school fees.

Majority of the employees agreed that they participated in environmental protection in the area where their companies operated. According to the Director of Corporate affairs

EABL involvement in environment conservation involves employees, other corporate bodies, government bodies and the communities around these areas as well as the public at large. As part of the company's environment agenda, the company has a staff -driven programme called "E-Green team" that is focused on environmental conservation through tree-planting. During the world environment a day in 2015 the staff and EABL foundation contributed a total of 800 tree seedlings in support of tree planting activities through the months of July and September in conjunction with Nairobi Greenline,a leading environmental advocacy group in Nairobi.

Employees at Safaricom Company actively participate in planting trees and ensuring proper disposal of wastes and general cleanliness of their working environment. The participation of employees in this environmental protection has improved the perception of the companies among their employees through payroll giving, fundraising activities and community volunteering. The Safaricom foundation invested in supporting initiatives in environmental and wildlife conservation through participatory conservation activities ,public education and sustainable preservation of natural resources .The foundation supported eleven(11) environmental conservation projects totaling to ksh 15 million .Furthermore ,the foundation funded the purchase of the state of the art e -waste grinder for computer for schools .The company also provides Safaricom litter bins which are strategically placed in various towns in the country. Equity bank is also conscious of the natural environment through installation of streetlights in slum areas like Gikomba, rehabilitation of water catchment areas like the Mau forest as well as employees participation in clean up exercise in the urban areas. The manufacturing companies such Bamburi and Athi River mining company consider the environmental component of CSR due to the wastes and other emissions produced during the manufacturing process. The companies undergo inspection and audit by National Environment Management Authority which is the principal agent of Kenyan government in supervising matters relating to the environmental management and implementation of environmental policies. The trustees of Rhino cement foundation grew trees around its factories and rehabilitated its quarries.

The research findings showed that most of the employees participated in clean up exercises organized by their companies. For example company staff at Mumias Sugar joined the communities, schools, other corporate participants and leaders from Bungoma County in launching a clean –up exercise for Bungoma town and other major towns of Kakamega County. Majority of the interviewees agreed that their firms engaged in activities’ for decreasing the pollution that resulted from organization processes. At Mumias sugar company environment management programs were adequately implemented during the years and all efforts made to ensure compliance to statutory requirements .Self environmental audits and air emission monitoring were conducted and improvement action plans drawn to further strengthen the company’s environmental performance. The company continues to partner with schools and local community in afforestation programme through the Mumias sugar foundation.

The REA Vipingo group has developed a method of recycling waste water from the sisal decorticators and to a very large degree horticulture activities are reliant on the waste water which is recovered and recycled. The Kaloleni plant of the Athi River Mining was the first regional cement company to obtain an ISO 14001 certification in environmental management system in 2004.The Kaloleni plant is the only regional cement company to have installed an online 24/7 stack monitoring system which measures not only the dust particulate level but also the air quality as per the latest European cement industry standards. Kenya Airways planted over 250,000 seedlings during its “plant a future” day. The airline is also the first in Africa to join the European Union’s emissions tax system EUETS program.

4.6.2 Organizational Justice

The respondents agreed that in their company provided maternity and paternity leave to the employees. Mumias Sugar Company remained vigilant to maintain compliance with the laws legislated both at the national and county levels. The internal legal compliance environment was continuously been evaluated in order to mitigate against any legal exposures on a timely manner. The company was exploring options available to ensure

that operational disputes are minimized and embraced alternative disputes resolution mechanisms as a way of resolving most current and future litigations while ensuring that the interest of all parties and stakeholders involved were fairly taken into account.

At Athi River Mining Company health, safety and environmental management and compliance of the laws and regulations were an integral part of the company's strategy to remain significant to the employees, neighbours and communities .The company was fully compliant with the relevant laws and regulations by the National environment management Authority (NEMA) and other government departments in all the three countries it operated. REA Vipingo had adopted policies and issued policy statements relating to health and safety, HIV/AIDS and employment policies in general. Health and safety committees, with equal representation from management and unionisable employees were established and met quarterly. The Kenyan Estates were being subjected to annual health and safety audits in compliance with legislation.

The researcher asked the respondents whether they engaged in open and flexible communication amongst themselves. They agreed that policies in the company did not allow them to use company facilities such as the internet for personal use. However they were free to communicate to each other through suggestion boxes where they were encouraged to provide information on various issues. At Athi River Mining the Company subscribed to the principles of objective, honest, prompt, balanced, relevant and clear communication of its strategy and activities. To this end, the group continues to promote dialogue with shareholders, media and investors.

4.6.3 Organizational Identification

Respondents in companies' such as Safaricom, Kenya commercial bank, Bamburi Cement and Kenya Breweries Ltd were in general agreement that they felt a strong sense of belonging and ties to their firms due to the good image and competitive salaries they were being offered. These companies had invested heavily in community projects and environmental conservation which made their presence to be felt across the country.

4.6.4 Employee Commitment

The findings indicated that the respondents enjoyed discussing their company in positive sense with people outside it .Due to this they really felt that the company's problems such as mismanagement of resources, unfair allocation of resources and rewards allegations of corruption practices and negative image were their own problems and they were willing to do anything within their means to handle this issue. This is because the respondents felt like being part of the family at the company because it had a great deal of personal meaning to them.

The researcher found out that the jobs of the respondents' were their only source of livelihood due to limited employment opportunities in the country. Therefore they were very happy to spend the rest of their careers in their firms due to the cost of searching for other jobs which are not readily available in the country. Majority of the respondents were afraid of what would happen if they quit their job without having another one lined up .It was interesting to note that most of the respondents were not willing to voluntary retire from their current jobs and those who were almost retiring were requesting the human resource managers to extend their age of retirement or renew their contracts. The respondents indicated that they had few options to consider leaving their firms and they would rather continue to work as leaving the firms would require considerable personal sacrifice. This was more so for female respondents than their male counterparts .The female respondents wanted minimum disruption on their jobs due to family obligations and care of their school going children .Generally the respondents felt that it was better to stay and spent most of their working lives with companies listed in Nairobi stock exchange for career growth and development

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the major findings of the study, discussions, conclusions, and then outlines the recommendations derived from the findings. The study sought to find out the role of CSR on employee commitment to firms listed at Nairobi Stock exchange. Specifically it focused on the role of internal CSR, external CSR, organizational justice and organizational identification on employees commitment to firms listed at Nairobi stock exchange. The chapter summarizes the major findings from the descriptive and inferential statistics in reference to the specific objectives and hypothesis.

5.2 Summary of the findings

The study established a positive linear relationship between internal corporate social responsibility activities and employee commitment. This study agrees with the study by Albdour, (2010) on the relationship between corporate internal social responsibility and organizational commitment indicated that internal social responsibility practices in banks were at a statistically significant level to encourage employees on job commitment and involvement. The study established a positive linear relationship between external CSR activities and employees commitment. This study agrees with findings by MIAO LI (2012) which indicated there was significant positive relationship between CSR and employee commitment as a whole and found positive relationship between each aspect of CSR and different dimensions of employee commitment. The study established that organizational identification partially mediates the relationship between internal corporate social responsibility and employee commitment.

The study established that organizational identification completely mediates the relationship between external corporate social responsibility and employee commitment.

The findings agree with those by MIAO LI (2012) that organizational identification plays intermediary role between the relationship of corporate social responsibility and employee commitment. The study established that organizational justice had significant and enhanced moderating effect on the relationship between employee commitment and internal corporate social responsibility activities in firms listed in Nairobi stock exchange.

The study established that organizational justice had a significant and enhanced moderating effect on the relationship between employee commitment and external corporate social responsibility. This study is in agreement with the study by Lambert (2003) which concluded that organizational justice indicates the respect that the managers have for their employees and eventually builds a bridge of trust that strengthens employees' commitment to their organization. These comply with other research results by (Cihangiroglu, 2011; .Ali &Jan, 2012; Bagci, 2013; Buluc & Gunes, 2014) which revealed that organizational justice affects employee commitment positively and organizational justice predicts employee commitment. It can be said that common ground of all these studies are that justice perception is considered important by employees and giving place to fairness in organizational applications has a strong effect on employees' commitment. What is important is to maintain real justice in organizations.

5.3. Managerial and Theoretical Implication of the Study

This study suggests practical recommendation for managers as well as practitioners who will use these findings to create programs that will help embed CSR culture into their firms and improve employee commitment in firms listed in Nairobi stock exchange. The managers in firms' listed in Nairobi stock exchange should provide free/subsidized health screening to their employees. The employees' should be encouraged to participate in running/health walk in order to be physically fit moreover they should be given professional counselling services which will enable them to reduce stress and improve work-life balance.

There is need for the firms listed in Nairobi stock exchange to put up a formal equality policy in order for their employees' not to feel discriminated against in terms of tribe, race, nationality, gender and promotion. Besides, the companies should put in place a good reward system which will recognize the contribution of each individual towards the success of the firms. The managers' should consult with employees or their representatives and put in place formal equality policy which should be understood by all employees and the company should strictly adhere to its implementation. Besides the managers should ensure that there is workplace diversity which will send a message that the firms cares about their employees. There should be diversity training workshops for all employees listed in Nairobi Stock Exchange in order to improve on their commitment.

The Managers in companies listed in Nairobi stock exchange should encourage employees to actively participate in external corporate social responsibility activities such as cultural arts, sports and other voluntary activities. This will improve the reputation and image of the firms which will lead to attraction of potential employees and retention of the current staff. In addition, the companies should consider sponsoring bright and needy students of members' of staff by establishing staff dependants scholarship programmes.

The research results showed that organizational justice has a positive and significant relation with employees' commitment. To reinforce organizational justice managers should attempt to plan future programs by employees' consultation and collaboration. Moreover to improve employees' commitment, it is necessary to make the factors of organizational justice clear and determined and necessary explanations should be given regarding implementing or not implementing each section. It is suggested that facilities, salaries, promotion opportunities, improvement of programs of working life quality, working responsibilities should be distributed among employees in order to develop perceived distributive justice. To improve procedural justice managers and supervisors decisions should be just, non -emotional and unbiased. To improve interactional justice, it is suggested that employees should be treated patiently and respectfully concerning

their wishes and demands. Furthermore, opinion polls should be carried out to enable employees' to participate in the firms' decisions and know their views. Organizational justice issues in organizations should therefore be well managed since they are important determinants of employee commitment.

The companies should build and improve information communication mechanisms of Corporate Social Responsibility activities in order to promote employees participation in CSR. The managers of companies listed at Nairobi Stock Exchange must involve the employees in the design and implementation of CSR activities. This will enhance their sense of unity and togetherness. When employees are involved in the design and implementation of CSR they will view the CSR activities as their own therefore ensuring their success and commitment to their firms.

This research indicates that when employees perceive that their organization takes part in socially responsible actions, they are more likely to identify with their organization. Further, this identification toward their organization tends to translate into employee commitment. Therefore, the managers should incorporate employee volunteerism in their larger employee development programs. The volunteerism should be carefully matched with the employees' talents and interests and the employees should be made to feel responsible for the success of the endeavor.

This research results are relevant to academics studying the role of CSR activities on employees' commitment. In studying the contribution of influence of corporate social responsibility on the employee commitment, researches have relied on social identity theory (Turker, 2009; Brammer *et al.*, 2007). Kim *et al* (2010) have also found out that the perceived external prestige –the way in which employees 'believe outsiders see their organization has a positive relationship with employee company identification. The finding in this study concurs with the results of previous researchers on the contribution of social identity theory on CSR-employee commitment.

The study found out that corporate social responsibility activities have positive influence on employees' commitment. Other researches such as Ahmed (2010) found out that practicing social activities especially those which are presented to the employees as one of the most important stakeholders positively affect the employees' commitment. The results of this study supports the usefulness of the institutional theory and indicates that undertaking social activities could be positively returned to the firms in terms of employee commitment

5.4. Recommendation for Further Studies

The study covered the role of CSR on employee commitment to firms' listed in Nairobi stock exchange. Future studies may extend the research to one particular sector of the companies listed in Nairobi Stock exchange to obtain the generality of the findings. Second for purposes of causality, it would be interesting to replicate this study in a longitudinal design so that it could be determined if employees' participation in CSR activities on employee commitment can be sustained. Lastly future research may consider the mediating effect of Organizational culture on employees' participation in CSR activities and employee commitment. This is because Organizational culture determines the level to which participation is encouraged and practiced. In a high power distance culture, decision making is viewed as a privilege of management and participation is considered as an infringement to management prerogative. Hence, workers do not participate in the decision making process. In contrast, in low power distance culture everyone is perceived as a potential contributor to the problem solving and decision making process. Therefore workers consider it their right to participate and be involved in work related issues such as CSR activities and decisions that concern them

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APPENDICES

Appendix 1: Companies Listed In Nairobi Stock Exchange

SR/NO	SECTOR
	MAIN INVESTMENT MARKET
1	Eaagads Ltd
2	Kakuzi Ltd
3	Kapchorua Tea Co.Ltd
4	The Limuru Tea Co.Ltd
5	Rea Vipingo Plantations Ltd
6	Sasini Ltd
7	Williamson Tea Kenya Ltd
	AUTOMOBILES AND ACCESSORIES
8	Car & General(K) Ltd
9	CMC HoldingsLtd
10	Marshalls(EA) Ltd
11	Sameer Africa Ltd
	BANKING
12	Barclays Bank of Kenya Ltd
13	CFC Stanbic of Kenya Holdings Ltd
14	Diamond Trust Bank Kenya Ltd
15	Equity Bank Ltd
16	Housing Finance Co.Kenya Ltd
17	Kenya Commercial Bank Ltd
18	National Bank of Kenya Ltd
19	NIC Bank Ltd
20	Standard Chartered Bank(K) Ltd
21	The Co-operative Bank of Kenya Ltd

	COMMERCIAL AND SERVICES
22	Express Kenya Ltd
23	Hutchings Biemer Ltd
24	Kenya Airways Ltd
25	Longhorn Kenya Ltd
26	Nation media Group Ltd
27	Scan-group Ltd
28	Standard Group Ltd
29	TPS Eastern Africa Ltd
30	Uchumi Supermarket Ltd
	CONSTRUCTION AND ALLIED
31	Athi River Mining
32	Bamburi Cement Ltd
33	Crown Paints Kenya Ltd
34	E.A. Cables Ltd
35	E.A.Portland Cement Co.Ltd
	ENERGY AND PETROLEUM
36	Kengen Co.Ltd
37	KenolKobil Ltd
38	Kenya Power&Lightning Co.Ltd
39	Total Kenya Ltd
40	Umeme Ltd
	INSURANCE
41	British American Investment CO.(K) Ltd
42	CIC Insurance Group Ltd
43	Jubilee Holdings Ltd
44	Kenya Re-Insurance Corporation Ltd
45	Liberty Kenya Holdings Ltd

46	Pan Africa Insurance Holdings Ltd
	INVESTMENT
47	Centum Investment Co.Ltd
48	City Trust Ltd
49	Olympia Capital Holdings Ltd
50	Trans-Century Ltd
	MANUFACTURING AND ALLIED
51	Baumann & Co.Ltd
52	B.O.C Kenya Ltd
53	British American Tobacco(K)
54	Carbacid Investments Ltd
55	East African Breweries Ltd
56	Eveready East Africa Ltd
57	Kenya Orchads Ltd
58	Mumias Sugar Co.Ltd
59	Unga Group Ltd
	TELECOMMUNICATION AND TECHNOLOGY
60	Access Kenya Ltd
61	Safaricom Ltd
TOTAL	62

Source: Daily Nation Newspaper Tuesday 19th February 2013

Appendix 2: Population of employees in companies listed in Nairobi Stock Exchange

S/ No.	Category	No of Employees
	Main Investment Market	
1	Rea Vipingo Plantations Ltd	3,000
2	Sasini Ltd	5,614
3	Williamson Tea Kenya Ltd	6345
4	The Limuru Tea Co.Ltd	7043
	Automobiles and Accessories	
5	CMC Holdings Ltd	700
6	Marshalls(E.A) Ltd	400
	Banking	
7	Barclays Bank of Kenya Ltd	1,400
8	CFC Stanbic of Kenya Holdings Ltd	764
9	Equity Bank Ltd	5,083
10	The Co-operative Bank of Kenya Ltd	2,205
	Commercial and Services	
11	Kenya Airways Ltd	3,418
12	Nation media Group Ltd	966
13	Standard Group Ltd	1300
14	Uchumi Supermarket Ltd	1,749
	Construction and Allied	
15	Bamburi cement	979
16	East Africa Portland cement co	634
	Energy and Petroleum	
17	Total Kenya Ltd	263
18	Kenya Power & Lightning Co. Ltd	7,015
	Insurance	

19	British American Investment CO. (K) Ltd	200
20	CFC Insurance Holdings	704
	Investment	
21	Centum Investment Co. Ltd	15
	Manufacturing and Allied	
22	B.O.C Kenya Ltd	177
23	East African Breweries Ltd	634
24	Mumias Sugar Co. Ltd	1,795
	Telecommunication and Technology	
25	Safaricom Ltd	1,000
	Total sample size	53,203

Source: Emerging Markets information Service A product of ISI Emerging markets 30th January, 2012.

Appendix 3: Sample Size

S/ No.	Category	Population	Sample (0.7%)
1	Main Investment Market		
	Rea Vipingo Plantations Ltd	3,000	21
	Sasini Ltd	5,614	39
	Williamson Tea Kenya Ltd	6345	44
	The Limuru Tea Co.Ltd	7043	49
2.	Automobiles and Accessories		
	CMC Holdings Ltd	700	5
	Marshalls(E.A) Ltd	400	3
3.	Banking		
	Barclays Bank of Kenya Ltd	1,400	10
	CFC Stanbic of Kenya Holdings Ltd	764	5
	Equity Bank Ltd	5,083	36
	The Co-operative Bank of Kenya Ltd	2,205	16
4.	Commercial and Services		

	Kenya Airways Ltd	3,418	24
	Nation media Group Ltd	966	7
	Standard Group Ltd	1300	9
	Uchumi Supermarket Ltd	1,749	13
5.	Construction and Allied		
	Bamburi cement	979	7
	East Africa Portland cement co	634	4
6.	Energy and Petroleum		
	Total Kenya Ltd	263	3
	Kenya Power & Lightning Co. Ltd	7,015	50
7.	Insurance		
	British American Investment CO. (K) Ltd	200	2
	CFC Insurance Holdings	704	5
8.	Investment		
	Centum Investment Co. Ltd	15	2
9	Manufacturing and Allied		
	B.O.C Kenya Ltd	177	3
	East African Breweries Ltd	634	4
	Mumias Sugar Co. Ltd	1,795	13
10	Telecommunication and Technology		
	Safaricom Ltd	1,000	7
	Total sample size	53,203	381

Source: Author 2013

Appendix 4: Questionnaires

Dear respondent,

This questionnaire is designed to gather information on the “Role of Corporate Social Responsibility Activities on Employees’ Commitment to firms listed at Nairobi Stock Exchange”. Please complete each question by ticking the appropriate response reflecting the pertaining situation or by giving your opinion as truthfully as possible for the open-ended questions. Your response will be completely anonymous and will be used by the researcher for the purpose of this study only. All the information in this questionnaire is **CONFIDENTIAL**.

Thank you.

PART A: BACKGROUND INFORMATION

1) What is the name of your Corporation? *(Please indicate)*

Please indicate your job title.....

2) What is your gender? a) Female (b) Male

(Tick appropriately)

3) What is your age bracket?

- a) 20-30 b) 31-40 c) 41-50 d) 51-60
e) 61 and above

PART B: QUESTIONNAIRE ON CORPORATE SOCIAL RESPONSIBILITY

1.1 Internal Corporate social responsibility (CSR)

Using the following scale, please tick your opinion on the following statements which best describe your corporation’s internal corporate Social Responsibility (*Tick appropriately*)

No	Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Worksite wellness						
1.	The company provides free/subsidized health screening					
2.	Our company has programmes to assist employees’ to stop smoking/drinking					
3.	Employees are encouraged to participate in running/health walk					
4.	Employees are given advice on stress management					
b) Workplace diversity and Equality						
1.	This company supports employees who want to acquire additional education					

2	This company engages in employment diversity by hiring ethnic minorities and physically handicapped					
3	This company provides equal opportunities to all employees					
4	Staff are not discriminated against in terms of tribe, race and nationality					
5	Employees in our company ensures that there is no gender discrimination in our company					
c) Work life balance						
1	This company requires employees to work a reasonable number of working hours					
2	This company provides professional counseling services					
3	Employees are encouraged to proceed on their leave					
4	There is flexible company policies that enables employees to better balance work and personal life					
5	This company provides					

child care support/paternity/maternity leave						
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1.2 Organizational Justice

Using the following scale, please tick appropriately your opinion on the following statements which best describe your corporation's organizational justice

No.	Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Procedural justice						
1.	Employees and managers in this company comply with the law					
2.	Employees follow the law to prevent discrimination in places of work.					
3	This company does not employ under age children.					
4	As employees in this firm we strictly adhere to the code of conduct and ethics of the company					

b) Distributive justice						
1	Employees are provided with equal pay for equal work done.					
2	Our company provides equitable rewards for employees'					
3	Promotion in the company is solely based on qualifications and experience					
4	The company has put in place a formal equality policy which is strictly adhered to					
c) Interactive justice						
1	This company allows employs to engage in open and flexible communication amongst themselves					
2	Fairness towards co-workers and business partners is an integral part of the employees evaluative process in the firm					
3	There is no forced labour in this company					

4	Employees in our company are treated with dignity					
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1.3 External Corporate Social Responsibility (CSR)

External corporate social activities are the activities carried out by corporations out of goodwill to the staff and the surrounding communities. Using the following scale, please tick appropriately your opinion on the following statements which best describe your corporation's External CSR.

No.	Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Corporate volunteerism						
1	Employees participate in company sponsored partnerships with local schools or institutions					
2	Employees participate in company sponsored cultural and Arts campaigns					
3	Employees voluntarily give towards charitable contributions of the firm					
5	Employees 'participate in company sponsored sporting activities.					
b) Corporate philanthropy						
1	This company encourages					

	employees' to participate in voluntary activities					
2	This company sponsors bright and needy students of members of staff.					
3	Employees give financial support to the communities where our company does business					
4	Employees' in our company are given opportunity to share their management or technical skills					
c) Environmental protection						
1	Employees participate in environmental protection in the area this company operates					
2	Employees participate in clean –up exercises organized by the company					
3	This company engages in activities for decreasing the pollution that results from organizations processes					
4	This company provides adequate compensation to employees working in polluted internal					

	environment					
5	This company takes great care that employees' work does not hurt the environment					

2 Organizational identification

The identification of employees to their company enhances their commitment to it. Using the following scale, please tick your opinion on the following statements which best describes your identification and commitment to your corporation.

No.	Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	I am committed to my company					
2.	I intend to allocate more resources to the relationship with my company in the future					
3.	I feel strong ties with my company					
4.	I experience a strong sense of belonging to my company					
5.	I am part of my company and I feel a sense of ownership for this company rather than just being a member					

6.	My attachment to this company is primarily based on the similarity of my values and those of this company					
7.	I tell my friends that this is a great company to be involved with.					
8.	I believe that my company is maintaining a good reputation					

3 Employee Commitment

Using the following scale, please tick appropriately your opinion on the following statements which best describe your affective, normative and continuance commitment to your corporation.

No	Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	I enjoy discussing the company in a positive sense with people outside it					
2.	I really feel as if the company's problems are my own					
3.	I feel like part of the family at the company					

4.	The company has a great deal of personal meaning for me					
5.	I would be very happy to spent the rest of my career at this company					
6.	I easily become as attached to another company as I am to this one					
7.	If I had to decide again, I would still choose to work for this company					
8	I am afraid of what might happen if I quit my job without having another one lined up					
9.	It would be very hard for me to leave the company right now					
10	Too much of my life would be disrupted if I decided to leave the company now					

11	I could leave the company at a cost now					
12	I feel that I have too few options to consider leaving the company					
13	I continue to work for the organization as leaving would require considerable personal sacrifice					
14.	If I got offered a job elsewhere I would feel uncomfortable to leave this company					
15.	I believe in the value of remaining loyal to this company					
16.	Things were better when people stayed with this company for most of their careers					
18.	Employees spent most of their working lives in this company.					

