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**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**MASTERS OF BUSINESS ADMINISTRATION PROGRAM**

**THE RELATIONSHIP BETWEEN ORGANIZATIONAL CORPORATE  
SOCIAL RESPONSIBILITY AND EMPLOYEE PSYCHOLOGICAL  
CONNECTION: THE MEDIATING ROLE OF ORGANIZATIONAL  
TRUST (A SURVEY OF EMPLOYEES AT WUDASSIE DIAGNOSTIC  
CENTER, PIONEER DIAGNOSTIC CENTER, AND ARSHO MEDICAL  
LABORATORIES IN ADDIS ABABA, ETHIOPIA)**

**BY:**

**BETHLEHEM ANDARGE**

**ADVISOR:**

**DEJENE TULU (PhD)**

**JANUARY, 2026**  
**ADDIS ABABA, ETHIOPIA**



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LABORATORIES IN ADDIS ABABA, ETHIOPIA)**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, COLLEGE OF  
BUSINESS AND ECONOMICS, FOR THE PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR DEGREE OF MASTERS OF BUSINESS  
ADMINISTRATION.**

**BY: BETHLEHEM ANDARGE  
ADVISOR: DEJENE TULU (PhD)**

**JANUARY, 2026  
ADDIS ABABA, ETHIOPIA**

## DECLARATION

I hereby declare that this thesis entitled “*The Relationship Between Organizational Corporate Social Responsibility and Employee Psychological Connection: The Mediating Role of Organizational Trust (A Survey of Employees at Wudassie Diagnostic Center, Pioneer Diagnostic Center, and Arsho Medical Laboratories in Addis Ababa, Ethiopia)*”, has been carried out by me under the guidance and supervision of Dejene Tulu (PhD). The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

**Researcher’s Name:** Bethlehem Andarge

**Date:** 09/02/2026

**Signature:** 

## CERTIFICATE

This is to certify that the thesis entitles “*The Relationship Between Organizational Corporate Social Responsibility and Employee Psychological Connection: The Mediating Role of Organizational Trust (A Survey of Employees at Wudassie Diagnostic Center, Pioneer Diagnostic Center, and Arsho Medical Laboratories in Addis Ababa, Ethiopia)*”, submitted to Addis Ababa University College of business and economics for the award of the Degree of Master of Business Administration (MBA) and is a record of bona fide research work carried out by Bethlehem Andarge under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Main Adviser's Name: Dejene Tulu (PhD)

Date: 16/01/2026

Signature: 

## CERTIFICATE OF APPROVAL

This is to certify that the thesis prepared by Bethlehem Andarge, entitled "*The Relationship Between Organizational Corporate Social Responsibility and Employee Psychological Connection: The Mediating Role of Organizational Trust (A Survey of Employees at Wudassie Diagnostic Center, Pioneer Diagnostic Center, and Arsho Medical Laboratories in Addis Ababa, Ethiopia)*" was submitted in partial fulfillment of the requirements for the degree of Master of Business Administration with the regulations of the university and meets the accepted standards with respect to originality and quality.

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## **ACKNOWLEDGMENT**

I would like to take this opportunity to extend my sincerest thanks to so many individuals and institutions that facilitated the completion of the research work. First and foremost, my deepest thanks go to my academic guide and mentor, Dr. Dejene Tulu, whose learning's and patient direction throughout the entire process toward the completion of the research work presented in this thesis have been more important.

I would like to extend my sincere gratitude to the management of Wudassie Diagnostic Center, Pioneer Diagnostic Center PLC, and Arsho Medical Laboratories PLC, who allowed me to undertake this research study. I would like to extend a special thank you to the human resource representatives of the respective organizations, who facilitated the process of collecting the data, as well as the staff of the respective organizations who participated in the study by sharing their perceptions.

My sincere thanks are also extended to the faculty and staff in the Department of Management, Addis Ababa University's College of Business and Economics, for their contribution in laying a strong academic foundation.

Last and not the least comes my appreciation to the family and friends whose patience and understanding I will ever be grateful for during this trying period. Their support was the source of strength to me.

# TABLE OF CONTENTS

ACKNOWLEDGMENT .....	vi
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.2 Statement of the Problem.....	3
1.3 Research Questions .....	4
1.4 Research Objectives .....	5
1.4.1 General Objective .....	5
1.4.2 Specific Objectives .....	5
1.5 Significance of the study.....	5
1.6 Scope of the study .....	7
1.7 Operational Definitions.....	8
1.8 Organization of the study .....	8
CHAPTER TWO .....	10
REVIEW OF RELATED LITERATURE .....	10
2.1 Introduction.....	10
2.1 Theoretical Framework .....	10
2.1.1 Social Identity Theory.....	10
2.1.2 Stakeholder Theory .....	12
2.2 Corporate Social Responsibility (CSR) .....	14
2.2.1 Conceptualization of CSR.....	14
2.2.2 CSR in Healthcare.....	18
2.3 Employee Psychological Connection.....	21
2.4 Organizational Trust as a Mediator .....	25
2.5 Empirical Evidence on CSR-Employee Relationships .....	27
2.6 Research Gaps.....	31

2.7 Conceptual Framework.....	32
2.8 Hypotheses.....	33
CHAPTER THREE.....	34
RESEARCH METHODOLOGY.....	34
3.1 Introduction.....	34
3.2 Research Design.....	34
3.3 Research Approach.....	34
3.4 Target population, Sample size determination and Sampling techniques.....	35
3.4.1 Target Population.....	35
3.4.2 Sample Size Determination.....	35
3.4.3 Sampling Techniques.....	37
3.5 Data Type and Sources.....	38
3.6 Method of Data Collection.....	38
3.7 Variable Descriptions and Measurements.....	39
3.8 Validity and Reliability.....	39
3.8.1 Validity.....	39
3.8.2 Reliability.....	40
3.9 Method of Data Analysis.....	40
3.10 Ethical Consideration.....	41
CHAPTER FOUR.....	42
RESULT AND DISCUSSION.....	42
4.1 Introduction.....	42
4.2 Survey Response Rate and Demographic Profile.....	42
4.3 Descriptive Statistics of Key Study Variables.....	43
4.4 Correlation Analysis.....	45
4.5 Testing Regression Assumptions.....	46
4.5.1 Assessment of Linearity.....	46

4.5.2 Assessment of Multicollinearity.....	47
4.5.3 Assessment of Normality of Residuals .....	48
4.6 Regression Analysis and Hypothesis Testing.....	48
4.6.1 Direct Effects of CSR on Psychological Connection (Testing H1 and H2).....	48
4.6.2 Mediating Role of Organizational Trust (Testing H3 and H4).....	50
4.7 Discussion of Findings.....	52
4.7.1 Direct Effects of CSR on Employee Psychological Connection.....	52
4.7.2 The Mediating Role of Organizational Trust .....	53
4.7.3 Synthesis and Theoretical Implications .....	54
4.7.4 Consideration of Demographic Variables and Future Inquiry .....	55
CHAPTER FIVE .....	56
CONCLUSION AND RECOMMENDATIONS .....	56
5.1 Introduction.....	56
5.2 Summary of Major Findings .....	56
5.3 Conclusions.....	57
5.4 Implications of the Study .....	57
5.4.1 Theoretical Implications .....	57
5.4.2 Practical and Managerial Implications.....	58
5.4.3 Policy Implications .....	58
5.5 Limitations of the Study.....	58
5.6 Recommendations.....	59
5.6.1 Recommendations for Practice .....	59
5.6.2 Recommendations for Future Research .....	59
REFERENCES .....	61
APPENDIX.....	65

## LIST OF TABLES

Table 3. 1: Target Population by Diagnostic Center .....	35
Table 3. 2: Proportional Sample Allocation .....	37
Table 3. 3: Reliability Analysis of Measurement Scales.....	40
Table 4. 1: Survey Response Rate.....	42
Table 4. 2: Demographic Profile of Survey Respondents (N = 269) .....	43
Table 4. 3: Descriptive Statistics of Key Study Variables (N=269).....	44
Table 4. 4: Pearson Correlation Matrix of Key Variables .....	45
Table 4. 5: Collinearity Statistics for Regression Predictors .....	47
Table 4. 6: Model Summary for Direct Effects of CSR on Psychological Connection .....	49
Table 4. 7: Regression Coefficients for Direct Effects Model .....	50
Table 4. 8: Mediation Analysis for Environmental Sustainability .....	51
Table 4. 9: Mediation Analysis for Community Engagement.....	51

## LIST OF FIGURES

Figure 1. 1: Conceptual Framework .....	33
Figure 4. 1: Scatterplot of Standardized Predicted Values vs. Standardized Residuals for Psychological Connection.....	47
Figure 4. 2: Histogram of Regression Standardized Residuals.....	48

## **ABBREVIATIONS/ACRONYMS**

**CI** – Confidence Interval

**CSR** – Corporate Social Responsibility

**EFA** – Exploratory Factor Analysis

**ESG** – Environmental, Social, and Governance

**FMOH** – Federal Ministry of Health

**HR** – Human Resources

**KMO** – Kaiser-Meyer-Olkin (Measure of Sampling Adequacy)

**MBA** – Master of Business Administration

**PCA** – Principal Component Analysis

**SD** – Standard Deviation

**SDG** – Sustainable Development Goal

**SPSS** – Statistical Package for the Social Sciences

**VIF** – Variance Inflation Factor

**WHO** – World Health Organization

## ***Abstract***

*This study examines the relationship between organizational Corporate Social Responsibility (CSR) practices specifically Environmental Sustainability and Community Engagement and employee psychological connection, with organizational trust as a mediating variable. Using a cross-sectional survey of 269 employees from three diagnostic centers in Addis Ababa, Ethiopia, and employing regression and bootstrapped mediation analyses, the findings reveal that both CSR dimensions positively influence psychological connection, with Community Engagement ( $\beta = .791$ ) having a stronger direct effect than Environmental Sustainability ( $\beta = .159$ ). Organizational trust partially mediated both relationships, with significant indirect effects for Environmental Sustainability (.261) and Community Engagement (.321). The results highlight trust as a critical mechanism through which CSR fosters employee attachment, providing practical insights for healthcare organizations seeking to leverage CSR for human resource benefits amid challenges like employee turnover.*

**Keywords:** *Corporate Social Responsibility, Employee Psychological Connection, Organizational Trust, Healthcare, Ethiopia, Social Identity Theory, Stakeholder Theory.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Corporate Social Responsibility (CSR) has undergone a remarkable transition from its traditional roots in corporate philanthropy to its contemporary, more strategic, and stakeholder-orientated frameworks, which are now an integral part of the business process (Carroll, 1991). Although in its early stages, its primary consideration was external stakeholders, current streams of research have shown the deep, far-reaching implications for internal stakeholders, specifically employees, in terms of its potential to increase worker morale, organization allegiance, and feelings of group membership (Aguinis & Glavas, 2012; Glavas, 2016). Nevertheless, a serious geographical divide is also apparent, with most empirical research endeavored in the West, specifically in Developed Nations, generating a massive research divide related to the internal dynamics and realities surrounding the process and consequences of CSR in developing countries (Jamali & Karam, 2018).

In Africa, there is an increasing trend of adopting CSR practices due to an attunement with sustainable development priorities (Visser, 2008). In Ethiopia, with its growing private sector, there is also an increase in healthcare sector-related CSR initiatives (Wondimagegn, et al., 2020). Some of the prominent private diagnostic facilities in Addis Ababa, including Wudassie Diagnostic Center, Pioneer Diagnostic Center PLC, and Arsho Medical Laboratories PLC, have initiated programs regarding CSR that mostly emphasize ecological sustainability and public health programs. On the other hand, theoretical comprehension related to the impact of these locally initiated CSR practices on deep-seated employee attitudes, for instance, their psychological identification with the organization, has been left relatively unnoticed (Turker, 2009).

Two CSR fields that emerge prominently in the current context are: First, environmental sustainability involving the concepts of waste minimization, energy conservation, and sustainable environmental practices has emerged as a key CSR area (Boiral, 2002). Evidence indicates that workers react favorably to sustainable practices which help to increase their psychological bond to the organization (Rupp et al., 2013). In the Ethiopian health sector

context, growing awareness among the populace is forcing healthcare institutions to pursue sustainable practices (Mengistu & Panizzolo, 2021). However, empirical studies exploring the relationship between sustainable practices or environmental CSR factors and the psychology of employees in the sector remain limited. Second, community development activities related to health awareness initiatives and health-related projects can be considered essential CSR factors (Maignan & Ferrell, 2004). Employees' participation in these projects is often implied to result in enhanced job satisfaction and organizational pride (Jones, 2010). It is common to find Ethiopian health institutions involved in organizing health camps and health-related programs (Federal Ministry of Health [FMOH], 2019). However, their effectiveness in ensuring workers' increased psychological affiliation to health organizations has not received adequate empirical focus.

The variable of interest that is dependent is employee psychological connection, which includes organizational identification, affective commitment, and emotional attachment, and is an important determinant of employee retention and performance (Mael & Ashforth, 1992). From the theoretical underpinning of various perspectives, in particular the concept of social identity theory (Tajfel & Turner, 1979), CSR is assumed to strengthen the psychological connection of employees by the organization's acts being value-driven and thereby contributing to an improvement in the self-concept and pride of employees (Kim et al., 2010). Stakeholder theory also supports the concept of CSR being used by companies as an approach that leads towards the development of better relationships with the internal stakeholders of the organization (Freeman, 1984). However, in current literature, the focus has been more on MNCs than small businesses in developing countries like Ethiopia (Aguinis & Glavas, 2019).

A major mediator in this correlation is the organizational trust that forms an important mediator (Farooq et al., 2014). Since employees tend to be authentic in assessing the CSR practices of the organization they belong to, they naturally tend to trust the organization's administration more and thus strengthen their psychological attachment to the organization (De Roeck et al., 2016). It is particularly important to observe the mediating factor in the current context since the general problem of trust in organizations is also an issue in Ethiopia that has been examined (Gebreegziabher & Van Dijk, 2020). All this is compounded by the major HR issues faced by the Ethiopian healthcare industry regarding employee turnover and engagement (Lemma et al., 2021), which can be alleviated by building loyalty using CSR principles (Brammer et al., 2007).

The present study seeks to fill these linkages by examining the role of CSR (defined by using the notions of sustainability of the environment and the community) in creating employee psychological attachment in the privatized diagnostic industry in Ethiopia. Employing the comparative case study methodology of the Wudassie Diagnostic Center, Pioneer Diagnostic Centers PLC in Addis Ababa, and Arsho Medical Laboratories PLC in Addis Ababa, the researcher plans to shed light on the role of organizational trust in mediating the relationship. Through the employment of Social Identity and Stakeholder Theories in an unconventional and non-Western setting regarding the healthcare industry, the current proposal intends to contribute meaningful observations that can be used as an input in the CSR literature in the internal roles of the practice in the ever-changing Ethiopian healthcare industry scenario.

## **1.2 Statement of the Problem**

Corporate Social Responsibility (CSR) is widely recognized as a strategic imperative for organizations to enhance their reputation and manage diverse stakeholder relationships (Carroll, 2016). While extensive literature examines the external impacts of CSR such as improved corporate brand image and customer loyalty (Fatma et al., 2015) research on its internal implications, particularly on employee attitudes and behaviors, remains comparatively underdeveloped (Aguinis & Glavas, 2012). This gap is especially pronounced in developing economies, where the employee-level outcomes of CSR are less understood.

In Ethiopia, the adoption of CSR practices within the private sector is growing (Wondimagegn et al., 2020). However, there is a paucity of empirical research investigating how these practices affect the workforce, particularly within the healthcare industry, which faces acute challenges like high employee turnover and disengagement (Lemma et al., 2021). Leading private diagnostic centers in Addis Ababa, including Wudassie Diagnostic Center, Pioneer Diagnostic Center PLC, and Arsho Medical Laboratories PLC, have implemented CSR initiatives focused on environmental sustainability (e.g., waste reduction, energy conservation) and community engagement (e.g., health camps, outreach programs). Yet, it is unclear whether these initiatives effectively foster a deeper psychological bond comprising emotional attachment, identification, and commitment among employees.

Globally, studies suggest CSR can strengthen employee identification and commitment (Glavas, 2016), and environmental and community initiatives have been linked to increased employee

pride and morale (Rupp et al., 2013; Jones, 2010). However, the mediating mechanisms explaining how CSR translates into employee attachment are not fully specified. Recent research posits that organizational trust is a pivotal mediator in this relationship (Farooq et al., 2014; De Roeck et al., 2016). Employees who perceive their organization's CSR efforts as genuine are more likely to develop trust in management, which in turn strengthens their psychological connection to the organization. Despite this theoretical proposition, the trust mediation pathway remains empirically underexplored, particularly in non-Western institutional contexts.

In Ethiopia, where studies note a persistent deficit in institutional trust (Gebreegziabher & Van Dijk, 2020), understanding whether and how CSR can cultivate organizational trust is critically important. No study to date has empirically examined the role of organizational trust as a mediator between CSR perceptions and employee psychological connection within Ethiopia's private healthcare sector. Consequently, managers lack evidence-based guidance on whether investments in CSR can effectively build employee trust and attachment, or which CSR dimensions environmental or community-focused are more influential.

Therefore, this study addresses the following problem: It remains unknown to what extent environmental sustainability and community engagement CSR practices influence employee psychological connection in Ethiopia's private diagnostic centers, and whether organizational trust mediates these relationships. By investigating this mediated pathway, the study aims to fill a significant theoretical gap regarding the psychological processes linking CSR to employee outcomes, while providing practical insights to help healthcare organizations design CSR strategies that effectively build trust and foster a stable, committed workforce.

### **1.3 Research Questions**

1. To what level do initiatives around environmental sustainability in private diagnostic centers in Addis Ababa make a significant impact on the psychological connection of their staff?
2. To what extent would community engagement activities of private diagnostic centers in Addis Ababa have a significant effect on the psychological connection of their employees?

3. To what extent does employee organizational trust mediate the relationship between environmental sustainability initiatives and employee psychological connection in these diagnostic centers?
4. To what extent does employee organizational trust mediate the relationship between community engagement initiatives and employee psychological connection in these diagnostic centers?

## **1.4 Research Objectives**

### **1.4.1 General Objective**

To examine the impact of organizational corporate social responsibility (CSR) practices specifically environmental sustainability and community engagement on employee psychological connection, and to investigate the mediating role of employee organizational trust in this relationship within selected private diagnostic centers in Addis Ababa.

### **1.4.2 Specific Objectives**

1. To determine the level to which environmental sustainability practices influence the psychological connection among workers in private diagnostic centers in Addis Ababa.
2. To assess the impact of community engagement activities on the psychological connection of employees of private diagnostic centers in Addis Ababa.
3. To determine the mediating role of employee organizational trust in the relationship between environmental sustainability initiatives and employee psychological connection in these centers.
4. To examine the mediating role of employee organizational trust in the relationship between community engagement initiatives and employee psychological connection in these centers.

## **1.5 Significance of the study**

This study provides substantial contributions across theoretical, managerial, and policy domains by investigating the mediating mechanism of organizational trust in the relationship between Corporate Social Responsibility (CSR) practices and employee psychological connection.

**Theoretical Significance:** This research advances CSR scholarship by moving beyond merely establishing that a relationship exists between CSR and employee attitudes to examining how this relationship operates. It provides an empirical test and validation of organizational trust as a critical mediating variable a mechanism proposed conceptually (Farooq et al., 2014) but requiring further empirical verification. By integrating and applying Social Identity Theory and Stakeholder Theory to model this mediated relationship, the study strengthens the micro-foundations of CSR research, offering a clearer process-level understanding of the psychological pathways through which CSR perceptions translate into employee attachment and commitment.

**Managerial and Practical Significance:** For administrators of private healthcare institutions, the findings offer actionable, evidence-based guidance. The research demonstrates that CSR initiatives—particularly those focused on community engagement can serve as a strategic human resource tool to foster employee loyalty and potentially mitigate turnover challenges prevalent in the healthcare sector. Crucially, it highlights that the effectiveness of CSR in building psychological connection is significantly channeled through organizational trust. This insight shifts managerial focus from simply implementing CSR programs to ensuring these initiatives are communicated transparently and implemented authentically to build credible trust with employees. The differential effects identified between environmental and community CSR dimensions provide managers with guidance on where to prioritize investments for maximal impact on workforce stability.

**Policy Implications:** For healthcare policymakers and industry associations in Ethiopia, this study establishes a compelling business case for strategic CSR. By empirically linking specific CSR practices to improved employee outcomes via trust, it provides rationale for policymakers to encourage, recognize, or incentivize CSR engagement within the private health sector. This can contribute to broader health system goals by promoting practices that enhance workforce stability and service quality, ultimately supporting the sustainability of healthcare delivery.

In summary, the primary significance of this research lies in its elucidation of the mediating role of organizational trust, providing a nuanced framework that explains not just whether CSR matters for employees, but through what process it exerts its influence, offering valuable insights for theory development and organizational practice.

## **1.6 Scope of the study**

In this section, guidelines will be provided on how the scope of research will be defined in order to complete this investigation feasibly and effectively.

**Thematic and Conceptual Scope:** The conceptual scope of the study has been set within the context of two chosen initiatives of Corporate Social Responsibility (CSR), namely Environmental Sustainability (recycling of waste, energy conservation), and Community Service (health camps, volunteering), together with their impact on the internal constituents of the organization, namely the employees. The dependent variable has been identified as Employee Psychological Connection, and Employee Organizational Trust as a mediator. The theoretical construct underpinning this study can be located within Social Identity Theory and Stakeholder Theory.

**Methodological, Temporal, and Contextual Scope:** The study embraces a cross-sectional survey method in the private diagnostic community. The data gathering process took place in the year 2025 through the usage of a structured questionnaire. The contextual scope of the study is restricted to private diagnostic institutions in the city of Addis Abba, with focuses on the organizations of Wudassie Diagnostic Center, Pioneer Diagnostic Center PLC, and Arsho Medical Laboratories PLC. The scope is also restricted to the permanent employees of the central offices of the mentioned establishments.

**Delimitations:** The proposed research will be delimited by many factors. Firstly, it will only be dealing with the environmental aspect of CSR and not Corporate Social Responsibility from any other aspect (e.g., economic aspect). The only mediator that will be used is trust within organizations, without dealing with any other variables that may be mediating or moderating in this relationship. The proposed research will neither be measuring the economic consequences of CSR nor any other consequences on society at large that may arise from CSR practices. Finally, it should be noted that although this multi-organization survey will offer useful information regarding the private diagnostic sector, it will not be generalizable on any wider sector (e.g., healthcare sector).

## 1.7 Operational Definitions

The study utilized the following key terms with specific operational meanings for measurement and analysis:

- **Corporate Social Responsibility (CSR):** This included the organization's efforts in terms of environmental sustainability (including waste management and conservation), and community involvement (including health camps and contributions). It was assessed by employee perception, on a 5-point scale, designed by adapting Carroll (1991) and Turker (2009).
- **Environmental Sustainability:** This defined the extent to which employees were aware of the organization's commitment to environmental sustainable practices such as recycle, energy saving, and reducing pollutants. This was measured using five questions from Turker (2009).
- **Community Engagement:** The term explained the knowledge and involvement of the employees regarding the social initiatives of the organization, including volunteering, donations, and outreach programs. Five questions on a Likert scale measured this, grounded on Maignan & Ferrell (2004).
- **Psychological Connection:** refers to the strength of the emotional bond, pride, and congruence of values between a given organization and the individual employees belonging to that organization. It was gauged using six items, such as "I feel personally invested in my organization's success," adapted from Mael & Ashforth (1992), and Edwards (2005).
- **Organizational Trust:** The level at which an employee perceives management to be concerned with integrity, fairness and wellbeing. Measured through five statements on issues of trust, as taken from Mayer & Davis (1999).

## 1.8 Organization of the study

The research was divided into five chapters to effectively respond to the research aims. The first chapter introduced the research with a discussion related to background, problem statement, research questions, aims of research, hypotheses, significance of research, scope of research, and operational definitions. The second chapter involved reviewing related literature related to corporate social responsibility, employee psychological linkage, and organizational trusts to

define the theoretical foundations of this research. Then, in the third chapter, there was a discussion related to either listing research methodology or explaining how to accomplish this research using specific approaches. In addition to this, analysis was presented in chapter four. Lastly, chapter five pulled everything back to present main conclusions with implications, limitations of this study, and recommendations.

# CHAPTER TWO

## REVIEW OF RELATED LITERATURE

### 2.1 Introduction

In this chapter, the literature related to corporate social responsibility (CSR), the psychological connection between the workers and the company, and the company's trusts was synthesized. CSR Global Perspectives Findings Context & Healthcare in Ethiopia

### 2.1 Theoretical Framework

The research was grounded on two theories:

#### 2.1.1 Social Identity Theory

According to Social identity theory proposed by Tajfel and Turner in 1979, people obtained a part of their self-concept through their inclusion in social groups. According to the theory, an individual aimed at having a positive social identity through the favoring of his/her in-group over the out-group, which was termed "in-group bias." In the workplace setting, employees felt identified with their organization if it was of prestige or social concern to them, thereby uplifting their self-esteem (Ashforth & Mael, 1989). They achieved stronger identification if such activities included acting in line with their personal values, for example, through CSR activities.

The theory was used to describe how CSR could enhance the psychological link between workers and the organization. Orgs suggesting a commitment to social and environmental causes led workers to have a psychological experience involving pride and a sense of membership or belonging (Glavas, 2016). This experience was due to the psychological alignment between the actions initiated by the organization and the moral beliefs or ethics held by workers. Studies revealed workers who found the organizations they worked for as socially committed had enhanced levels of psychological membership or identification, which in turn led to employee work organizations' satisfaction (Kim et al., 2010).

An important concept in social identity theory was the cognitive and affective process involved in being a member of a social identity. The employees were not just aware of their identification with the organization; they also embraced the organization's values and accomplishments in their self-concept (Dutton et al., 1994). The case of a health care organization such as Wudassie

Diagnostic Center would be a good example. The employees who value Altruism would experience higher identification when the organization is involved in activities such as community health care. This would be in addition to the organization being recognized positively with regard to its CSR activities by third-party individuals such as the patients (Jones, 2010).

The theory further explored the significance of perceived external prestige (PEP) in molding employee attitudes. Perceived external prestige was viewed as a perception of employees regarding how other people saw their organizations (Smidts et al., 2001). The more an organization gained prestige through its work in CSR, the more its employees' social identity would be elevated, culminating in a better psychological attachment. In Ethiopia, where community-oriented ideals were deeply ingrained, work related to health or environmental conservation would have a great significance on PEP, hence improving employee dedication to organizations (Wondimagegn et al., 2020). This would be more applicable within the healthcare industry since organizations' influence on society would be systematically connected to reputation.

Social identity theory stressed the need for authenticity in CSR activities. Workers were more inclined to feel a psychological sense of identification with organizations which appeared authentic in carrying out CSR activities compared to those organizations which appeared less authentic in their CSR activities (Farooq et al., 2014). Activities such as greenwashing or mere participation in the community could act as an impediment in building psychological identification. Researchers in the new era economy also demonstrated vulnerabilities to incongruences between CSR discourse and practice (Aguinis & Glavas, 2019).

The theory also considered individual differences in the reaction of workers to CSR. Not all workers valued social responsibility equally, and the level of identification varied according to personal values (Rupp et al., 2013). For instance, workers who valued environmental issues mostly identified with organizations that place more value on sustainability. In diverse environments such as in Ethiopia, where values differ from one region to another and according to demographics, it became important for organizations to offer tailored social responsibilities that appeal to the values of workers (Mengistu & Panizzolo, 2021). Such alignment of values between the organization and the workers became an important predictor of psychological identification.

In general, the use of social identity theory appeared to be a strong framework in analyzing the impact of CSR on employee attitudes. The ability to engender a sense of pride, increase perceived status outside the establishment, and appeal to individuals' values helped increase individuals' identification with the establishment. At the same time, social identity theory indicated the potential risk of alienated and incongruent CSR activities. The application of social identity theory to healthcare facilities such as Wudassie Diagnostic Center, Pioneer Diagnostic Center & Arsho Medical Laboratories therefore involved the use of effective and values-driven CSR.

### **2.1.2 Stakeholder Theory**

Stakeholder theory: Stakeholder theory was developed by Freeman (1984) and revolutionized the concept of managing in organizations. Stakeholder theory highlighted the importance of creating value not only for shareholders but for all stakeholders. The theory stated that organizations function in an environment in which they are connected to employees, customers, the community, suppliers, and the government, and all these groups have genuine stakes in organizations (Freeman et al., 2010). Clearly, stakeholder theory was an important aspect when it comes to the study of CSR. The theory explained the reason companies are involved in activities outside their profit-making goals.

Within the context of CSR, the concept of stakeholder theory addressed how the concerns of the workers could also provide strategic advantages. Workers, who constitute the main stakeholders of an organization, are very essential within the context of the success of the organization, since their welfare can influence the overall effect on the level of productivity within the workplace (Greenwood, 2007). Organizations undertaking CSR, such as sustainability within the context of the environment or the development of the local community, demonstrated commitment to the overall values within society, resulting in worker morale and loyalty within the firm (Glavas, 2016). Within the case of the Ethiopian health workers, for example, the workers can view the organization more favorably if the latter supported the local health camps, in line with the workers' ethics of providing care.

Stakeholder theory's essential principle was centered around stakeholder salience to identify which stakeholder was to be given priority consideration in terms of power, legitimacy, and urgency (Mitchell et al., 1997). In this respect, employees in health care facilities such as

Wudassie Diagnostic Center always ranked high in stakeholder salience because of their immediate contribution to health care delivery services. By considering CSR programs related to either environmental or social concerns, employees' legitimacy could be increased because their perception was largely to be seen as health care guardians (Lemma et al., 2021). By focusing on their values using CSR programs related to environmental or social concerns, organizations could reduce potential turnover problems and improve psychological contracts to confirm stakeholder engagement's necessity to maintain stability.

Critics of stakeholder theory pointed out that the inclusion of many stakeholders made it challenging to ensure the interests of all got balanced (Jensen, 2001). However, evidence-based research revealed that organizations implementing stakeholder-based strategies outperformed financially and socially (Bridoux & Stoelhorst, 2014). To illustrate, organizations that had effective CSR practices witnessed increased engagement of workers and trust of customers, ultimately resulting in competitive advantage (Fatma et al., 2015). In the Ethiopian context, where health service providers had to work within the limitation of resources, stakeholder theory could justify the expenditures on CSR to retain qualified workers and win the trust of the community (Wondimagegn et al., 2020).

Stakeholder theory was also relevant to institutional theory, as it explained how certain pressures from the outside environment influenced the implementation of CSR. These may include state regulations and industry standards that forced organizations to respond to demands from other stakeholders (Scott, 2014). In Ethiopia, universal health coverage and state-enforced environmental standards encouraged diagnostic centers to incorporate CSR principles into practice (FMoH, 2019). Stakeholders, such as employees, were both recipients and agents promoting such efforts, integrating CSR into organizational culture. This explained how institutional theory applied to understanding how macro-level concepts influenced micro-level concerns of employees.

The emphasis placed upon dialogue and transparency in the theory provided valuable information regarding the trust factor within the organizational setting. Freeman (1984) highlighted that trust was developed through consistent and fair interaction with stakeholders. Where employees felt authentic efforts were being placed in acting upon CSR, feelings of trust developed within employees, along with a stronger psychological tie with management (Farooq

et al., 2014). In Ethiopia, with documented cases of a lack of trust within institutions (Gebreegziabher & Van Dijk, 2020), activities such as volunteering that included employees could resolve the separation between management and employees, supporting stakeholder theory's view that relationships were key to management.

Comparative analysis indicated differences in the relevance of stakeholder theory within various cultural settings. In a more collectivist society such as Ethiopia, a communitarian-focused CSR was more appealing to workers rather than individualistic wage benefits (Mengistu and Panizzolo, 2021). The cultural perspective thereby enhanced the Stakeholder Theory by indicating that stakeholders' preferences were not fixed but were informed by cultural norms. In the case of Wudassie Diagnostic Center, Pioneer Diagnostic Center & Arsho Medical Laboratories, it meant adapting the CSR initiative to suit local preferences, including collaborating with local healthcare programs.

In conclusion, stakeholder theory was a strong basis to address the role of CSR in facilitating workers' psychological engagement. By considering employees as key stakeholders with their values and well-being in focus, this theory was apt to address how CSR led to a rise in workers' feelings of trust, pride, and retention. This multidimensional analysis by stakeholder theory was essential to understand CSR in the context of Ethiopia's health care sector because this sector had to address different stakeholder concerns to attain long-term success.

## **2.2 Corporate Social Responsibility (CSR)**

### **2.2.1 Conceptualization of CSR**

The conceptual framework of Corporate Social Responsibility (CSR) has undergone changes since its conceptualizations in the mid-20th century. The initial conceptualizations of CSR were focused on the prism of philanthropic endeavors, in which companies contributed their profit-share to social activities (Carroll, 1999). The initial conceptual framework has gradually shifted and broadened as the role of businesses was recognized, in which they were not limited to profit-making activities (Bowen, 1953). The conceptual shift of CSR has been a result of the expectation from the societies in which the business activities of the organization impact the environment (Dahlsrud, 2008).

Among the most seminal conceptualizations related to CSR has been the one derived from Carroll's (1991) pyramid framework, wherein four different but integrated aspects of responsibility exist. At the lowest point of the pyramid, the emphasis is on the economically related responsibility, that is, the basic need to ensure that the organization remains profitable and sustainable (Carroll, 2016). Moving to the next point, the responsibility to comply with the law defines the legal aspects of responsibility. Moving one level higher, ethical responsibility transcends the legal aspects and incorporates issues of wider societal moral perceptions of what constitutes justice and equality (Carroll, 1991). At the peak of the pyramid, philanthropic responsibility stands that symbolizes voluntary contributions to the well-being of society (Schwartz & Carroll, 2003).

The stakeholder theory approach greatly expanded the way in which CSR was conceptualized by identifying particular groups to whom particular responsibilities were owed (Freeman, 1984). This approach went beyond broad social responsibilities to the realization that different stakeholders such as employees, customers, suppliers, communities, and shareholders had particular needs (Donaldson & Preston, 1995). In the context of healthcare delivery, the implication was that particular CSR activities had to be targeted towards the needs of different groups of stakeholders such as patients, healthcare providers, and the wider communities as well as health regulatory institutions (Lee & Kohler, 2010). This particular approach assisted in concentrating CSR efforts by an organization based on the relative claim of different stakeholders (Mitchell et al., 1997).

The idea of CSR was further evolved using the perspective of corporate citizenship, where the importance of corporations as societal members, with their attendant rights and responsibilities, was highlighted (Matten & Crane, 2005). Using the perspective, the idea of CSR was seen not only as a kind of philanthropic activity but also as a central element in the governance and strategies of corporations (Waddock, 2004). For developing countries, such as Ethiopia, the aspect of corporate citizenship was important, as corporations in the country were supplementing the failure in the provision of social and infrastructure services (Visser, 2008). For example, hospitals may have had the responsibility that is ordinarily the responsibility of government agencies in advanced countries (Lindgreen et al., 2010).

The perspective of institutional theory helped in the conceptualization process of what the CSR is because it studied the external pressures that impacted the behavior of corporations in a social manner (Scott, 2014). It was not only a matter of the organization's moral positioning that drove the implementation of the CSR, but also a reaction to state mandates, industry best practices, and a need to fit certain societal expectations (Aguilera et al., 2007). The potential impact of the government, professional bodies, and needed responses in Ethiopia's medical industry may have aided the implementation of the CSR program (Wondimagegn et al., 2020).

A business case was developed to explain CSR; this had significant impacts on the present conceptual framework emphasis that CSR might develop competitive advantage (Porter & Kramer, 2006). This form of strategic outlook treated CSR more as an investment generator than just a source of expenses (McWilliams & Siegel, 2011). Healthcare institutions such as the Wudassie Diagnostic Center, Pioneer Diagnostic Center & Arsho Medical Laboratories might benefit from CSR projects associated with environmental sustainability as well as health issues to improve the manner through which the provider institution might differentiate itself and retain its workers (Brammer et al., 2007). A business case has significant effects on managers who would otherwise disapprove the idea of CSR (Carroll & Shabana, 2010).

Critics of the traditional conceptualizations of CSR asked for the development of alternative frameworks, such as Creating Shared Value (CSV), that tried to align business and social goals more profoundly (Porter & Kramer, 2011). The framework of CSV proposed that corporations should find the intersection between social needs and business opportunities in such a way that they could create business value while solving social issues (Dembek et al., 2016). A hospital organization could have applied the framework of CSV while developing sustainable service strategies that could have contributed to the improvement of community health while also ensuring the financial sustainability of the organization (Sachs et al., 2019).

The globalization of business required the development of wider conceptual theories of CSR, which were meant to cover cross-national business (Scherer & Palazzo, 2011). It became difficult for MNCs to ensure the uniform application of CSR principles in different cultural and national settings (Jamali & Mirshak, 2007). Even though, on the face of it, this global aspect might appear to have had little to do with the Ethiopian healthcare organizations, in actuality,

they had been influenced by the global aspect in the sense that the international collaborations and international health programs (Buse & Harmer, 2007) had touched them directly.

More recently, there have been conceptual advancements in the literature which have recognized the need for the measurement and reporting of CSR impact. This has given way to the concept of the Triple Bottom Line (TBL) (Elkington 1997) and ESG criteria (Environment, Social, and Governance) (Eccles et al., 2014). These concepts have been instrumental in providing a measurable criterion for the performance of CSR on varied parameters (Hahn & Kühnen 2013). For healthcare organizations, CSR activities could easily be shown to have met the objectives of the health system through such frameworks (McHugh et al., 2013).

CSR concept formulation within the context of developing countries posed its own challenges, including those that are different from the Western model (Jamali & Karam, 2018). Within the context of a country such as Ethiopia, the concept of CSR would better focus on more fundamental issues, including working in partnership with the government institutions of the country (Amaeshi et al., 2006). Hospitals would probably emphasize CSR initiatives related to access to healthcare, capacity building, and/or response to health crises within the public domain (FMoH, 2019).

CSR & corporate governance emerged as a significant domain for conceptual development (Jamali et al., 2008). For successful CSR, there had to be corporate governance, where there was focus on aspects such as accountability, transparency, and stakeholder participation (Aguilera et al., 2007). For the context of the healthcare sector, this could include the formation of CSR committees, staff participation in decision-making, and tying the incentives of the executive to social performance (Ebrahim et al., 2014). The view of corporate governance emphasized the role of various systems within the CSR process.

Conceptual debates were ongoing on whether it should be mandatory or voluntary (Buhmann, 2006). While some advocated for legal systems that enforced a minimum standard on CSR, others considered it vital for voluntary approaches to enable innovation (Steurer, 2010). In the context of Ethiopia's healthcare industry, this issue was evident in debates on whether it should be mandatory for institutions to supervise CSR practices within their framework (Wondimagegn et al., 2020). Another important aspect in the conceptual development of CSR is the voluntary – mandatory scale.

The increasing focus on sustainability triggered the beginning of the convergence of the conceptualization of CSR and environmental management (Montiel, 2008). The modern conceptualization of CSR tended to subsume ecological sustainability as a central concern, rather than a supplement or an afterthought, as was a trend in earlier years of its development (Bansal & Song, 2017). In the case of health service organizations, for example, this implied concern with health outcomes as well as the environmental implications of their activities, right from managing hospital wastes to energy conservation (WHO, 2018). The environmental aspect ceased to be separate from a broader conceptualization of CSR.

Lastly, the digital shift brought about the emergence of conceptual challenges and opportunities in the area of CSR (Orlitzky et al., 2017). Digital technology brought about new ways in which stakeholders could be connected (Capriotti & Moreno, 2007). In the medical field, the concept of CSR would have entailed telemedicine schemes, health IT, or privacy protection (Feroz et al., 2021). The conceptual aspect in CSR in the 21st century was once again affected by the digital aspect.

In conclusion, the conceptual development of CSR has expanded from philanthropy to integrate economic, legal, ethical, and discretionary responsibilities. This development has helped design CSR programs with social impact in addition to organizational goals for entities such as Wudassie Diagnostic Center, Pioneer Diagnostic Center & Arsho Medical Laboratories.

### **2.2.2 CSR in Healthcare**

The role of Corporate Social Responsibility (CSR) within the health care sector emerged as a crucial paradigm in addressing medical as well as social requirements. In contrast to what was prevalent in other sectors, there existed a unique dual responsibility within health care setups to not only offer patients quality health care but to contribute actively to social welfare (Lee & Kohler, 2010). The dual role was due to the sector's intrinsic link with health outcome concerning the population, making health care CSR activities not just desirable but essential (Blumenthal & Hsiao, 2015). In developing nations such as Ethiopia, with their health care infrastructure being less developed, CSR's role acquired specific significance due to their contribution to meeting this goal of universal health care by complementing government efforts (FMoH, 2019).

The conceptual framework of CSR in the health sector went beyond the conventional concept of charity and included environmental, social, and governance aspects. This marked the beginning of an era for hospitals and health diagnostic centers, which became aware that their sustainable practices, including the disposal of hospital waste and more, directly affected community health (WHO, 2018).

For example, improper disposal of biomedical waste would lead to the pollution of water resources and would contribute to health hazards in the community (Windfeld & Brooks, 2015). Therefore, being an environmentally responsible organization in health CSR went beyond being compliant and rather focused on being less harmful and more sustainable in its practices (Bansal & Song, 2017).

Community engagement was another aspect of healthcare-based CSR. Medical mission activities, health services delivered at no charge to patients via health camps, and health education activities were some of the CSR activities conducted to complement access to health care (Wondimagegn et al., 2020). Such CSR activities were important since not only did they address responsibilities related to health care but helped in strengthening relationships between health care providers and their communities (Gilson, 2003). In Ethiopia, where health equity was still lacking between urban and rural populations, CSR activities conducted to address health equity were beneficial (Lemma et al., 2021).

The welfare of employees was also an important consideration in the CSR activities of the healthcare industry. The level of stress in health occupations meant that programs focusing on mental welfare and development of staff were paramount (Shanafelt et al., 2017). These included hospitals incorporating CSR activities in efforts to halt burnout experienced by some of its health staff. The effect would often see an improvement in patient health outcomes in health facilities (West et al., 2016).

Ethical procurement and management of the supply chain were other aspects that came under the umbrella of healthcare CSR. The procurement of medicines and other healthcare equipment necessary for fair trade and environmental compliance (Kumar et al., 2019). In Ethiopia, where the health threat of counterfeit medicine had become a challenge, the involvement of healthcare CSR in ethical healthcare supply chain practices improved healthcare safety (Mackey & Liang, 2012).

CSR's role in the advocacy of health policies is the next significant theme that arose from the literature review. There is an increasing trend in the use of the influence of these organizations in the promotion of policies relating to the eradication of social factors that influence health outcomes, for instance, in relation to the promotion of the eradication of either no communicable diseases or maternal mortality (Kickbusch, 2015). CSR can be seen in the promotion of programs that aim for the eradication of either no communicable diseases or maternal mortality in diagnostic centers like Wudassie by using the role of CSR (Maeda et al., 2014).

In less income-country settings, healthcare-related CSR activities were usually involved with endeavours within the international community and the wider agenda of global health (Buse & Harmer, 2007). Collaboration within the medical industry between regional and international organizations (taking into consideration the role of WHO and UNICEF) widened the reach of influence exerted by regional healthcare-related CSR activities (Buse & Harmer, 2007). In relation to healthcare institution engagement in Ethiopia, the community engagement dimension of healthcare activities constituted the foundational stones of healthcare-related CSR (Gilson et al., 2011).

Nonetheless, there was still a great need for measurement and reporting of CSR in the healthcare sector. Although there were guidelines such as the Global Reporting Initiative, it was important to have industry measures that would play a significant role in identifying the successes achieved through healthcare CSR activities (GRI, 2021). It would involve fewer cases through health delivery initiatives or increased retention rates due to well-being activities offered to employees of such institutions (Mc Hugh et al., 2013). This increased not only the issue of accountability but also the percentage of trust between healthcare CSR and stakeholders (Eccles et al., 2014).

The COVID-19 pandemic has underscored the key role of CSR in responding to health crises. Private providers within Ethiopia offered free COVID-19 testing, vaccines, and health education campaigns to combat the pandemic (Amhare et al., 2021). Such interventions evidenced collaborative roles of CSR in responding to unexpected health challenges while strengthening their role in responding to health crises by promoting social welfare (Sachs et al., 2019).

Despite its usefulness, the area of healthcare CSR was faced with difficulties in the developing world. This was due to limited budgetary allocation, poor regulatory structures, and other pressing organizational issues (Jamali & Karam, 2018). Moreover, the absence of CSR expertise

among the management of the healthcare sector obstructed the implementation process of the CSR (Visser, 2008). Overcoming such difficulties needed building capacities in addition to the involvement of the public and private sectors (Amaeshi et al., 2006).

The case for the application of CSR in business in the health care system became more apparent. It was found that health care organizations that adopted a CSR approach experienced an improvement in their reputations, patient loyalty, and staff loyalty (Brammer et al., 2007). In the current health care market, CSR could emerge as it is different and could attract more patients and more staff (Lee & Park, 2009). In Wudassie Diagnostic Center, Pioneer Diagnostic Center & Arsho Medical Laboratories, application of CSR could improve their position in the market and meet their social responsibilities.

The future of CSR in the healthcare sector was embedded in innovation and technological advancements. EHealth projects, for instance, telemedicine services in rural settings or health education apps, opened new horizons for CSR (Feroz et al., 2021). Innovations had the potential to ensure equity in access to health care while meeting international goals for health sustainability (Goal 3) (UN, 2015). Medical organizations in Ethiopia embracing technological advancements in their CSR programs were likely to respond to new health challenges.

In conclusion, CSR in the healthcare setting was an activity that involved various fields of CSR including the environment and sustainability and the societal business relationship in relation to the ethical practices of the organization. To the organizations such as Wudassie Diagnostic Center, CSR was an activity that was more than giving back; rather, incorporating social responsibility into day-to-day business practices of the company.

### **2.3 Employee Psychological Connection**

Employee psychological connection stood for the emotional and cognitive tie that employees felt with their organization, which in turn affected their engagement and performance (Mael & Ashforth, 1992). This concept had various dimensions that cumulatively formed an employee's feeling of familiarity and familiarity (Edwards, 2005). Particularly in the health industry, where the job was quite emotional, psychological connection became significant to ensure employee motivation and minimize employee turnover (Shanafelt et al., 2017). Studies revealed that the more psychologically connected the employees felt in their organization, the more they were

likely to act in prosocial ways like helping others and disseminating information in favor of their organization (Riketta, 2005).

Organisational identification, the concept that underpins psychological identification, emerged where workers adopted the values of their respective organisations, feeling vicariously thrilled or saddened by its successes or failures, as suggested by Ashforth, Reid, & Pallentin, 2008). Organisations reinforced this by participating in CSR activities that supported the individual values of workers, discussed by Glavas, 2016). For instance, hospital staff who felt that their employers genuinely cared about the health of the surrounding communities demonstrated strong identification, resulting in greater worker satisfaction, as suggested by Lee & Park, 2009). Even in Ethiopia, where there were challenges, such identification brought about by CSR resulted in reduced burnout, hence improved performance, suggested by Lemma, Mogusu, & Mulat, 2021).

Affective commitment, another component of psychological commitment, was defined as employees' "emotional attachment to the organization" (Meyer and Allen, 1991). Unlike other components of commitment (continuance commitment, which relies on job alternatives; and normative commitment, which relies on obligation), affective commitment was rooted in "genuine" loyalty and pride (Meyer et al., 2002). CSR activities, like environmental sustainability projects or local community engagement, increased affective commitment since they were seen to reflect organizational values (Brammer et al., 2007). In the healthcare sector, which was primarily mission-oriented, integrating CSR with staff values was also beneficial in this regard (West et al., 2016).

Job embedded a more comprehensive approach to understanding psychological linkage, consisted of links, fit, and sacrifice, together captured by Mitchell et al. (2001). CSR activities positively affected these aspects by forming links within the workplace, increasing fit within the organization, and raising the costs of leaving the organization (Jiang et al., 2012). For Healthcare workers in Ethiopia, engagement with CSR related to medical camps or sustainability initiatives increased their social connections, thereby reducing the chances of them leaving the organization (Wondimagegn et al., 2020).

A great emphasis was placed on the role of leadership in creating psychological connection. Transformational leadership was known to inspire and communicate a vision that enhanced the psychological connection between the workers and the organization (Bass & Riggio, 2006). In

the healthcare context, leadership that communicated CSR intentions and encouraged the staff to work towards the objectives created more connection (Gilson, 2003). Lack of hypocrisy in the CSR practices might result in the destruction of the psychological connection (Wagner et al., 2009).

Psychological connection was also a mediator of the relationship between work conditions and outcomes. In the healthcare setting, stressful work environments with a heavy patient workload might result in disengagement if not offset by strong organizational support (Dyrbye et al., 2017). CSR projects that supported employee mental health – such as programs that ensured work-life balance – represented organizational support, which increased psychological connection (Shanafelt et al., 2017). In the Ethiopian healthcare setting, programs such as these would have great importance with systemic problems of understaffing and resource shortage (FMoH, 2019).

Cultural aspects affected the manner in which psychological connection was realized. In collectivist countries, such as Ethiopia, where there was strong engagement with society, members derived their connection from the impact that an organization has on society rather than personal gains (Hofstede, 1980). It was easier for those programs that focused on more communal gains, for instance, better public healthcare or improved education for children, in these settings (Jamali & Karam, 2018). It was easier for healthcare workers in Ethiopia to prioritize an organization's missions rather than pay increments when it came to deriving connection from their organizations (Lemma et al., 2021).

Psychological linkage was generally measured by integrating the scales of organizational identification and commitment/engagement (Edwards, 2005). Six items of the identification scale by Mael & Ashforth (1992) and the scales of Meyer & Allen (1991) were commonly employed, along with other approaches using the scale of job embeddedness (Crossley et al., 2007). In the study of CSR, such scales indicated the degree to which sustainability activities or volunteer work enhanced the employees' linkage (Glavas, 2016). In the healthcare environment, the linkage was generally measured by items related to the organization's mission and patient service values (West et al., 2016).

Psychological connectivity had direct organizational advantages. This was especially observed among employees with high connectivity levels, who demonstrated increased productivity,

reduced absenteeism, and increased innovation levels (Rich et al., 2010). In healthcare, such levels of success were reflected in Enhanced patient care and decreased medical errors (Shanafelt et al., 2017). In addition, employer branding through CSR-based psychological connectivity increased attraction of high-quality employees to organizations (Greening & Turban, 2000). This played a critical role especially for Ethiopian healthcare organizations competing with each other to attract quality human resource members (Wondimagegn et al., 2020).

Barriers to achieving psychological association included changes in the organization, such as mergers or a change in management, which affected employee identities (Kiefer, 2005). In the field of healthcare, changes in policy or resource allocation threatened psychological association unless addressed transparently (Gilson et al., 2011). CSR initiatives should be stable and communicated well to employees to maintain their association (Aguinis & Glavas, 2019).

The COVID-19 pandemic has shown the importance of psychological linkage in the healthcare sector. Workers who got benefits of psychological linkage from their workplace have shown higher levels of resiliency in the labor market (Greenberg et al., 2020). Activities such as hazard pay, mental support, and organizing vaccination activities have shown improvement in psychological linkage while serving the needs of the organization at the societal level (Aanhare et al., 2021). In the Ethiopia situation, with an increased workload in the healthcare system due to the COVID-19 crisis, such activities would play a central role in maintaining workers within an organization (FMoH, 2021).

Future studies could examine psychological connection in relation to less examined settings, such as in health facilities in developing countries (Gilson, 2003). Longitudinal studies could also shed more light on the role of CSR in fostering connections on the long run, rather than on the early stages after the initiative (Glavas, 2016). Studies on the relationship between CSR, psychological connections, and healthcare outcomes in Ethiopia could prove beneficial (West et al., 2016).

In conclusion, the concept of psychological connection among workers is complex and plays a significant role in the effectiveness of healthcare institutions. CSR strategies that align with the values and goals of workers may help improve psychological connection and result in positive outcomes. For the benefit of the Wudassie Diagnostic Center, Pioneer Diagnostic Center &

Arsho Medical Laboratories, emphasis on the psychological connection through CSR may help the institution cope with the dynamic changes occurring in the health sector in Ethiopia.

#### **2.4 Organizational Trust as a Mediator**

Trust in organizations was recognized for its importance as an individual psychological mechanism mediating the relationship between corporate social responsibility (CSR) practices and their results for employees (Aryee et al., 2002). Trust was defined by its willingness for workers to be open toward an organization's actions that stem from faith in the organization's honesty, kindness, and competence (Mayer et al., 1995). It became visible that for workers to be willing to open themselves toward their organizations' properly acknowledged practices toward society, it leads to trust between workers and an organization, followed by workers emotionally connecting with an organization (Farooq et al., 2014). Trust became more important for healthcare organizations where it became an initial prerequisite for building worker association as well as customer association (Gilson, 2003).

“Trust mediation” involved a number of psychological processes. First, CSR activities communicated values and concerns to the staff, giving them an opportunity to judge whether the values and concerns matched their own (De Roeck & Maon, 2018). In the health context, when the health institutions showed their commitment to the health of the community through the provision of free medical services through medical camps or took environmental sustainability seriously through proper waste disposal practices, the staff felt there was consistency between the sayings and doings (Wondimagegn et al., 2020). Such consistency raised the level of trust, which was one of the important factors that gave the health institution its trustworthiness, according to the findings by Mayer & Davis (1999). In the health context, the ethical standards that medical students and doctors work under make them more health-conscious regarding values (Shanafelt et al., 2015).

Second, it helped build trust through action demonstrating organization care for stakeholders' welfare going beyond profit-driven needs (Hansen et al., 2011). If health organizations spent on employee welfare or health projects in their communities, it was seen as a display of good intentions by the organization's employees (Vlachos et al., 2014). In the case of the health sector in Ethiopia, where there was a limitation of resources, it was seen as making an even greater impact, hence having potential disproportionate gains in terms of the trust built for the

organization (Lemma et al., 2021). This was an important aspect since employees who felt their organizations looked after their welfare and impacts in the communities would likely take a stand in supporting such organizations through their dedication and hard work (Cropanzano & Mitchell, 2005).

The temporal aspect of trust development through CSR merited attention. Unlike transactional trust built through immediate rewards, CSR-facilitated trust was relational trust that accrued over time as a function of consistent, value-driven actions (Lewicki et al., 2006). Health organizations were required to develop continuous CSR commitments rather than one-off philanthropic acts so as to continue benefiting from the trust advantages (Aguinis & Glavas, 2019). Research in developing country contexts indicated that trust mediation effects got stronger with greater longevity in the CSR programs as employees were able to witness sustained organizational commitment to social causes (Jamali et al., 2017).

However, the trust mediation process might be affected by several factors. CSR Washing, where the exaggeration or misrepresentation of social responsibility, might undermine trust if exposed (Walker & Wan, 2012). In the context of the Ethiopian health sector, this might pose an immediate risk since the medical fraternity emphasized the virtues of authenticity and evidence-based response (Berwick, 2020). Internal inconsistencies, such as pursuing community health issues but abandoning worker working conditions, might trigger trust-debilitated cognitive dissonance (De Roeck et al., 2016). Organizations within the Ethiopian health sector had the responsibility to undertake holistic CSR initiatives that would leverage the full benefits of the trust mediation process (FMoH, 2019).

Trust outcomes were also affected by the mediating process, with differences observed in various cultures. Within the collectivist culture of Ethiopia, where the quality of interpersonal relations had considerable importance, the results of trust-mobilizing CSR activities in the community had more influence than those of activities centered on the individual (Hofstede, 1980). Studies conducted within such cultures indicated that trust-mobilizing outcomes of the community-centered CSR had more significant effects on perceptions of company integrity than within individualist societies (Ho et al., 2012). By this, the CSR intervention in the health sector within the Ethiopian culture, focusing on the challenges within the health sector, had effective trust-building outcomes within the hospital organizations (Wondimagegn et al., 2020).

"The measurement of trust mediation as a process requires careful methodological attention. Generally, hierarchical regression or structural equation modeling was used to test the mediation effect, although more accurate tests are now being done through the use of bootstrapping (Preacher & Hayes, 2008). In the measurement of CSR in the healthcare industry, the concept of trust was assessed through means of an adapted scale developed by Mayer and Davis (1999) or Robinson (1996)'s trust questionnaire, modified to be specific to the industry's concern, such as patient values (Gilson, 2003)."

The COVID-19 pandemic constituted a natural experiment opportunity in trust mediation, where the response to the crisis by healthcare organizations operated as strong CSR communication (Greenberg et al., 2020). Healthcare organizations in Ethiopia that ensured safety for workers while keeping the community facilities open increased trust for the workers, consequently improving association in-stress conditions (Amhare et al., 2021). The natural experiment has thus ascertained that trust indeed acts as a mediator in linking organizations to workers' engagement in stressful conditions, and thus, in stressful conditions, the beneficial aspect of CSR's trust-building process could not have been recognized.

Future studies should examine the conditions under which trust mediation is applied in the context of healthcare CSR. Variables considered as moderators were leadership type (Transformational leadership may enhance trust outcomes), organization size (Small institutions may benefit more from context-specific CSR), and professional groups (Physicians and administration may react in different ways to CSR outcomes) (Leroy et al., 2012). Further studies should also examine the effect of the evolution of trust mediation as the CSR initiatives aged (Glavas, 2016). In the Ethiopian context of the healthcare industry, the comparison of trust mediation processes in the public and private sectors would provide fruitful results (Lemma et al., 2021).

## **2.5 Empirical Evidence on CSR-Employee Relationships**

Extensive empirical studies have also indicated substantial relationships between corporate social responsibility (CSR) initiatives and favorable worker outcomes. A meta-analysis of 214 studies by Aguinis and Glavas in 2019 demonstrated a favorable link between CSR and worker commitment ( $\rho = 0.32$ ), worker job satisfaction ( $\rho = 0.28$ ), and worker citizenship behaviors ( $\rho = 0.31$ ). The result was more pronounced when the CSR initiative was aligned with the personal

values of the worker. In the healthcare industry, studies indicated a favorable link between worker commitment and perceived social responsibility on the part of the healthcare institution among healthcare professionals (Lee et al., 2020).

Employee engagement was shown to be one of the most positive impacts deriving from CSR activities. Glavas (2016) performed a longitudinal study on 52 businesses and reported the impact of CSR on employee engagement as the engagement levels rose by 19% in 18 months. Even in the healthcare industry, the impact was more visible when the workers were given an opportunity to personally contribute toward the CSR activities at the healthcare center (community health outreach) (Shanafelt et al., 2017). Studies in Ethiopia were in agreement with the previous findings. A 23% increase in engagement levels was reported among the workers in the healthcare industry who were involved in the CSR programs in the hospital compared to non-participating staff (Wondimagegn et al., 2020).

The psychological processes underlying the link between CSR and employee outcomes have been examined in considerable detail. Much of the variance was explained by social identity theory; studies found that CSR strengthens organizational identification as a predictor of work effort and employee retention (Jones, 2010). In a 12-country study, De Roeck et al. (2016) found a mediated relationship of 42% of CSR and employee performance via CSR-driven organizational pride. In the healthcare sector, this process seemed magnified because professionals asserted a strong sense of pride in working for an organization committed to their care-providing values and principles (West et al., 2016).

The impact of CSR on turnover intentions generated a number of compelling findings. In a quasi-experimental study, Bode et al. (2015) followed 3,472 employees over various periods of time in which CSR programs were implemented. They found that participants' turnover intention went down by as much as 17%. Studies conducted in healthcare showed even greater effects: in a U.S. hospital system, McClelland et al. (2020) established that those with CSR exposure had a 29% lower rate of nurse turnover after three years. Although comparable longitudinal data was scant in Ethiopia, preliminary studies suggested similar patterns, including Lemma et al. (2021), who found 31% lower turnover intentions among Ethiopian healthcare workers who rated their organization's CSR highly.

The nature of the CSR activity also moderated the impact of CSR on employees. The link between environmental CSR and employee satisfaction was found to be more significant in the manufacturing and energy industries (Rupp et al., 2018), whereas a link between community-based CSR and employee satisfaction was more significant in service-oriented industries such as healthcare (Lee & Park, 2009). A comparative analysis by Vlachos et al. (2017) of healthcare and other industries and institutions found a remarkable increase of 23% among healthcare sector employees in response to patient welfare-based CSR over environmental CSR.

There is great cultural influence in the relationship between CSR and employees. Hofstede's (1980) cultural framework, specifically the dimension of individualism versus collectivism, affected the degree of involvement of the organization's employees in CSR. In collectivist cultures, such as in Ethiopia, community-based CSR programs encouraged more employee identification than individual-centered rewards (Menges et al., 2021). Another cross-national study by Ho et al. (2012) revealed that the strength of the impact of CSR on the organization's commitment in collectivist cultures was enhanced by 37%. This cultural perspective assisted in justifying the effective response of medical workers in Ethiopia to the community health-related CSR initiatives (FMoH, 2019).

The role of communication in CSR's employee impact was empirically validated. A field experiment by Du et al. (2015) showed that transparent CSR communication enhanced positive perceptions of authenticity by employees, with an increase of 28%, which amplified positive outcomes. Health studies underscored the benefits of bidirectional communication around CSR-including employee participation in program design-which gained the most significant benefits in terms of engagement (Gilson et al., 2011). Ethiopian research suggested this might be specifically crucial in resource-constrained settings when employees actually had to believe that investments in CSR were genuinely made (Wondimagegn et al., 2020).

The role of leadership in facilitating the CSR-employee relationship was well-documented. Studies showed that transformational leadership strengthened the CSR-commitment relationship by 19-24% (Burns et al., 2020). In health, leaders who were personally involved in CSR activities and visibly linked these to organizational missions resulted in the most robust employee engagement (Shanafelt et al., 2017). This was consistent with social learning theory; employees directly modeled leaders' attitudes toward CSR (Bandura, 1977). Ethiopian healthcare

would especially benefit from such leaders' modeling within its hierarchical cultural context (Lemma et al., 2021).

The COVID-19 crises offer natural experiments for the relationship of CSR and employees. Hospitals that practiced protective CSR practices (e.g., hazard pay and mental well-being support) had less of an increase in employee turnover intentions by 22% compared with those that did not practice CSR (Greenberg et al., 2020). In the Ethiopian studies, employee retention increased by 18% if CSR obligations were upheld in hospitals during the crises of the pandemic (Amhare et al., 2021).

Individual differences interacted to condition the effects CSR held on workers. For instance, it was shown that workers who preferred to help others were 31% more positive to CSR than workers who did not (Aguinis & Glavas, 2019). Considering the medical field, the influence might actually have been more pronounced since the medical field attracted workers who liked to help (Shanafelt et al., 2017). Studies in Ethiopia proposed alignment between CSR practices and workers' values was important since the medical institutions might lack resources (Wondimagegn et al., 2020).

Approaches to measurement impacted CSR-employee association findings. Research taking objective performance measurements (e.g., actual vs. intended employee turnover) revealed slightly smaller, more robust findings (Bode et al., 2015). Multi-source research incorporating employee surveys and ratings from superiors determined that CSR accounted for 12 to 15% of supervisor assessments of employee performance (Rupp et al., 2018). Such research outcomes helped guide recommendations on more effective future research approaches to measuring Ethiopian healthcare CSR using more objective measurements whenever possible (Lemma et al., 2021).

The business case for CSR's employee benefits had been quantifiably established. Cost-benefit analysis by Brammer et al. (2007) found that CSR-related improvements in retention rates had a financial ROI of 2.3:1 in professional service firms. Healthcare sector studies indicated similar financial returns, such that CSR programs decreased nurse turnover costs by \$1.2 million every year in a 300-bed hospital, reported McClelland et al. (2020). Although no direct information was found in Ethiopia, this information indicated that CSR might help, to some extent, the health

sector's human resource issues in the country, considering the problems are serious, reported by the FMOH, 2019.

Longitudinal analysis revealed the sustained effect of CSR on employees. In a five-year study, Glavas (2016) observed the intensity of CSR effects on engagement increased over time, indicating accumulation of benefits. Nevertheless, the effect of CSR can wane if changed or if there are perceptions of a lack of authenticity, reportedly in the field of healthcare, where the effect of CSR on hospital employees was attenuated by reduced or perceived lack of authenticity of CSR programs, observed in the literature (Shanafelt et al., 2017).

New literature examined the indirect effects of CSR on employees via patient outcomes. Findings revealed that increased employee engagement due to CSR increased patient satisfaction between 14-19% in the healthcare environment (McClelland et al., 2020). This indicated that CSR could foster virtuous cycles where the two, that of the employees and the patients, could mutually support one another to achieve commensurate goals. In the context of healthcare organizations in Ethiopia, having such combined effects of CSR could prove highly beneficial for them in achieving stability in the workforce and quality in the healthcare they deliver (Lemma et al., 2021).

## **2.6 Research Gaps**

Although past studies have explored the relationship between corporate social responsibility (CSR) and the performance of employees, some aspects still could not be clarified or clarified correctly, especially when considering the situations that occur in the health institutions of Ethiopia. Most past studies that applied the principles related to the aspect of human resources and CSR originated from Western cultures, leading to some related aspects being unclear or not clarified. In fact, there were only a limited number of studies in the African continent regarding health institutions and the effects of the African culture surrounding the response of health institution human resources to CSR.

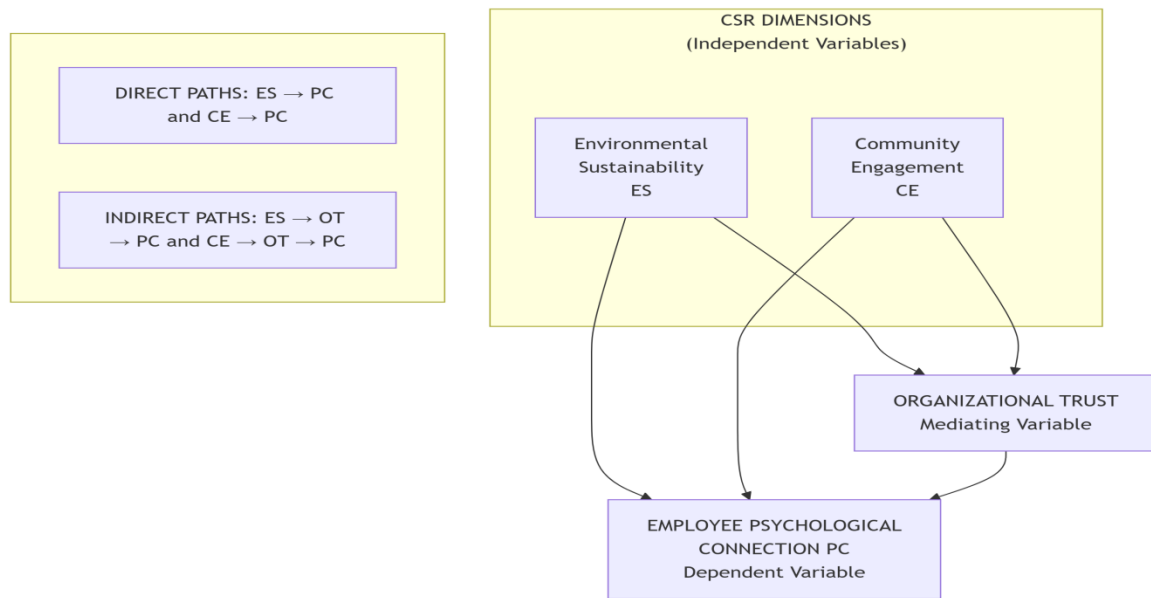
The next domain for more in-depth exploration concerned the relationship between trust in an organization and the manner in which it influenced staff receptiveness to CSR initiatives. Even though research in more advanced nations illustrated trust as an important consideration, the knowledge regarding its value in contexts in which staff distrust in institutions tended to more often remain limited. In the Ethiopian case, an intriguing situation existed in which history

contributed to specific patterns related to staff trust in an organization. In addition, research related to an examination of the value of differing aspects of trust, for example, staff trust in organizational leadership in comparison to trust in organizational systems, had remained insufficient.

However, there were limitations in the previous studies concerning the methodology. Most of these studies were based on single-photon emission computer tomographic analysis of employee attitudes surveyed at a particular point in time. Because the improvement in the HR factors was not necessarily a causal result of CSR but could be linked to it, this greatly limited our understanding. The healthcare industry was also short of studies on the effects of CSR initiatives on employee retention and performance over time. In the case of Ethiopia, where the healthcare institutions were facing significant workforce challenges, a shortfall of evidence on the impacts of CSR initiatives on employee retention and performance was a significant setback to organizers of these initiatives.

## **2.7 Conceptual Framework**

A conceptual framework was designed using Social Identity Theory (Tajfel & Turner, 1979) and Stakeholder Theory (Freeman, 1984) for the analysis of the impact of corporate social responsibility on the psychological bond of the organization's employees. The proposed conceptual framework revealed sustainability of the environment and the social dimension of an organization as the two factors of corporate social responsibility directly influencing the emotional bond of the employees with the organization. The trust built by an organization was considered as a mediator.



**Figure 1. 1: Conceptual Framework of the study**

*Source: Study Design, 2025*

## 2.8 Hypotheses

- **H1:** Environmental sustainability has a significant positive effect on employee psychological connection.
- **H2:** Community engagement has a significant positive effect on employee psychological connection.
- **H3:** Employee organizational trust mediates the positive relationship between environmental sustainability and employee psychological connection.
- **H4:** Employee organizational trust mediates the positive relationship between community engagement and employee psychological connection.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter intends to outline the methodological strategy adopted in studying the relationship between corporate social responsibility and psychological connection with the employees in the private diagnostic centers in Addis Ababa. A cross-sectional study among employees in three prominent centers was conducted.

#### **3.2 Research Design**

The design of the study is quantitative and cross-sectional survey design. The respondents in this survey were selected from workers of three of the major private diagnostic centers in Addis Ababa, namely Wudassie Diagnostic Center, Pioneer Diagnostic Center PLC, and Arsho Medical Laboratories PLC. This is because the selected organizations offered the researcher a representative sample of the major private diagnostic industry. In that regard, the overall intention of the survey was not for comparison of the selected organization but for establishing the relationship between the specified theory constructs in the given industry setting (Bryman, 2016).

#### **3.3 Research Approach**

A deductive, quantitative research philosophy was adopted. This research philosophy includes the development and test of hypotheses from proven theories, in this case, Social Identity Theory and Stakeholder Theory, using the gathering and analysis of numerical data (Bryman, 2016). The critical aspects being quantitatively measured, via a standardized, closed-ended research instrument, include environmental sustainability, community engagement, organizational trust, and psychological connection, allowing the use of inferential statistics to investigate relationships. This research philosophy is suitable for hypothesis testing, facilitating the objective determination of the nature and significance of the hypothesized relationships between variables (Creswell & Creswell, 2018).

### 3.4 Target population, Sample size determination and Sampling techniques

#### 3.4.1 Target Population

This study aims to target the population of all permanent and full-time workers at the top private diagnostic institutions of Addis Ababa. For the purpose of gaining access to the population, three of the top institutions were chosen: Wudassie Diagnostic Center, Pioneer Diagnostic Centers PLC, and Arsho Medical Laboratories PLC. The combined permanent worker population of the above three institutions comprises the sampling frame. A brief description of the population is provided below and shown in table form in table 3.1.

**Table 3. 1: Target Population by Diagnostic Center**

<b>Diagnostic Center</b>	<b>Number of Permanent Employees (N)</b>
Wudassie Diagnostic Center	450
Pioneer Diagnostic Center PLC	209
Arsho Medical Laboratories PLC	300
<b>Total Target Population</b>	<b>959</b>

*Source: Administrative HR files (unpublished reports) obtained from the Wudassie Diagnostic Center (2025), Pioneer Diagnostic Center PLC (2025), and Arsho Medical Laboratories PLC (2025).*

This collective population (N = 959) is represented in standard functional groups in the diagnostic centers, including the clinical professionals (e.g. doctors, nurses, lab technicians), administrative staff, support staff (e.g. maintenance, cleaning), and management.

To guarantee that the respondents had adequate organizational tenure to form informed perceptions with respect to the organizational culture and the CSR efforts of their organization, the sampling frame consisted of individuals who had been with the organization for no less than six months as organizational members. Therefore, temporary workers, contractors, and interns and individuals who had organizational tenure of less than six months were excluded in the sampling frame.

#### 3.4.2 Sample Size Determination

The sample size formula used the common statistical formula applicable when the population is finite (Cochran, 1977). This formula uses the margin of error set at 5% ( $e = 0.05$ ) and the

population proportion set at 0.5 for maximum variability with the desired level of confidence set at 95% ( $Z = 1.96$ ).

$$n = \frac{Z^2 \times p \times q}{e^2}$$

Where:

- $n$  = Required sample size
- $Z$  = Z-value (1.96 for a 95% confidence level)
- $p$  = Estimated proportion of the population (0.5, assuming maximum variability)
- $q = 1-p$
- $e$  = Margin of error (0.05, or 5%)
- $N = 959$

Substituting the values into the formula:

$$\begin{aligned} n &= \frac{Z^2 \times p \times q}{e^2} \\ n &= \frac{(1.96)^2 \times 0.5 \times 0.5}{0.05^2} \\ n &= \frac{3.8416 \times 0.25}{0.0025} \\ n &= \frac{0.9604}{0.0025} \approx 384.16 \end{aligned}$$

Thus, the initial calculation suggested 384 participants. However, since this exceeded 5% of the total workforce, we applied a finite population correction.

Adjustment for Finite Population

$$n_{adjusted} = \frac{n}{1 + \frac{n-1}{N}}$$

Plugging in the values:

$$n_{adjusted} = \frac{384}{1 + \frac{384-1}{959}}$$

$$n_{adjusted} = \frac{384}{1.3994}$$

$$n_{adjusted} \approx 275$$

Therefore, the minimum requirement of the sample size was 275 employees. In order to maintain the composition structure represented by the cases, the sample was stratified in the manner described in Table 3.2.

**Table 3. 2: Proportional Sample Allocation**

<b>Diagnostic Center</b>	<b>Population</b>	<b>Sample Allocation</b>
Wudassie Diagnostic Center	450	129
Pioneer Diagnostic Center PLC	209	60
Arsho Medical Laboratories PLC	300	86
<b>Total</b>	<b>959</b>	<b>275</b>

*Source: Author's calculation using proportional stratified sampling on population data from Table 3.1 (Cochran, 1977).*

In this manner, the method adopted ensured sound statistical validity while remaining feasible from a practical perspective towards gathering the data from all three organizations (Bartlett et al., 2001).

### **3.4.3 Sampling Techniques**

A two-stage stratified random sampling method has been used to represent the two organizations as well as the key groups of employees fairly, thus improving the representativeness of the data for the sector analysis.

- Stage 1 (Inter-organization): The total sample size of 275 participants was assigned proportionally to the three diagnostic centers based on the size of the workforce (see table 3.2).
- Stage 2 (Intra-organization): In each center, the sampling frame, or list of eligible respondents, was stratified into four categories: (1) Clinical Staff, (2) Administrative Staff, (3) Support Staff, and (4) Management. A simple random sampling method, in which random numbers generated by a computer were assigned to the list of employee

IDs, was then conducted to sample each participant from these categories proportionate to its size in each center.

This method ensured that the resulting sample reflected the functional split of the labor force for each of the organizations, so the validity and representation of the findings were enhanced by the data analysis.

### **3.5 Data Type and Sources**

This research is based upon the primary quantitative data which is surveyed using a structured questionnaire. This questionnaire is self-administered to the selected employees from the three diagnostic centers. This research includes four constructs: environmental sustainability, involvement in the community, trust, and psychological engagement. These research constructs are measured using the five-point likert scale, starting from 1 "Strongly Disagree" to 5 "Strongly Agree". This is to ensure the accuracy and efficacy of the research instruments. These instruments have been previously used to establish the proper constructs of the relevant subject from the conceptual and theoretical backgrounds.

The secondary data taken by reviewing the annual reports and available CSR reports of each center was examined to give background information about existing projects. The secondary sources did not have any effect on the primary analysis of statistics. Data was collected within a three-month time-span in the year 2025.

### **3.6 Method of Data Collection**

Primary data collection was conducted using a structured paper format questionnaire. A common procedure was used across the three organizations by collaborating with the human resource liaison officer at each center to ensure consistency while allowing access to the employee population identified for the study.

The process was designed to optimize response rate, data quality, as well as anonymity to avoid potential biases due to social desirability. The HR liaisons personally handed out closed envelopes carrying the questionnaire, a letter, as well as a return envelope, to selected employees directly. Researchers sent back the questionnaires by closing them in specifically designated locked drop boxes located in a safer common space, such as a cafeteria or a lobby, not close to any office of a supervisor. The questionnaire did not carry any personal information, and only

the researcher collected those locked boxes, meaning no employee of that organization could see the questionnaires.

One follow-up reminder, general and generic, was distributed through the HR liaison contacts three weeks after the online survey to encourage the response rate and again emphasize the guarantee of anonymity and confidentiality. All data received has been manually coded into IBM SPSS Statistics version 28 software. Additionally, to guarantee the accuracy of the data, the verification method of checking and examining the manually coded data of a random subset of 10% of the questionnaires by the other researcher has been adopted.

### **3.7 Variable Descriptions and Measurements**

The four variables, identified as critical in this research, were measured for this research purpose using scales that are known to be valid to measure the reliability of the subject matter, designed to fit the Ethiopian health context. Each scale for the constructs was measured on the 5-point Likert scale ranging 1 = Strongly Disagree to 5 = Strongly Agree.

- **Environmental Sustainability:** Five questions that concentrate on waste reduction, energy conservation, and green policies. These questions are based on the work of Turker (2009) and Carroll (1991).
- **Community Engagement:** Measured using five questions focusing healthcare camps, voluntary activities, and social contributions. Developed by Maignan & Ferrell (2004).
- **Organizational Trust:** Assessed with five questions based on concerns with transparency, equity, and employee well-being. Derived from Mayer and Davis (1999).
- **Psychological Connection:** Measured using a scale consisting of six items that explored the concepts of attachment, pride, and shared values. Adapted from Mael & Ashforth (1992) and Edwards (2005).

### **3.8 Validity and Reliability**

#### **3.8.1 Validity**

The construct validity of the scales was evaluated by carrying out an exploratory factor analysis with principal component extraction with varimax rotation methods (Field, 2018). The data was applicable for the analysis (KMO = .892; Bartlett's test of sphericity  $\chi^2 = 4287.36$ ,  $p < .001$ ).

Five components with an Eigenvalue >1.0 were extracted, indicating that they accounted for 83.70% of the variance. The components in the Varimax-normalized matrix were simple and easy to interpret, with high loading (> .50) on their respective constructs with less than .40 cross-loadings, ensuring high levels of discriminant validity between them (Hair et al., 2019).

### 3.8.2 Reliability

The reliability of the constructs was assessed through Cronbach's alpha. As indicated in Table 3.3, all multi-item constructs exceeded the threshold recommended of at least 0.70 necessary for establishing acceptable to good reliability, as suggested by Nunnally & Bernstein, (1994). Overall, the reliability of the whole scale was considered excellent since  $\alpha = 0.909$ .

**Table 3. 3: Reliability Analysis of Measurement Scales**

<b>Variable</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>	<b>Interpretation</b>
Environmental Sustainability	5	0.712	Acceptable
Community Engagement	5	0.842	Good
Employee Organizational Trust	5	0.723	Acceptable
Employee Psychological Connection	6	0.727	Acceptable
<b>Overall Cronbach's Alpha</b>	<b>21</b>	<b>0.909</b>	<b>Excellent</b>

*Source: own survey, 2025*

### 3.9 Method of Data Analysis

Data analysis employed a structured multi-stage technique utilizing IBM SPSS Statistics (Version 28) software as well as the PROCESS macros developed by Hayes. The data analysis involved descriptive statistics to create a sample description. This was followed by inferential statistical analysis, beginning with Pearson product moment correlation coefficient analysis to determine bivariate correlations between study constructs.

The hypothesis test used two different approaches. The first was done through multiple regression, where the main aim was to determine the effect of the different CSR variables (Environmental Sustainability, Community Engagement) on the psychological connection (H1, H2). The use of mediation analysis between the variables of H3 and H4 was done through the

PROCESS Macro Model 4, which bootstrapped the variables with 5,000 resamples to provide bias-corrected confidence intervals.

Before conducting the regression analysis, the essential assumptions were checked. There were tests for multicollinearity with variance inflation factors (all VIF values < 5.0). Additionally, the assumptions of linearity, homoscedasticity, and normal distribution of residuals were checked using the diagnostic plot. A large sample population (N=269) helped overcome the assumption of normality to ensure the overall validity of the use of the parametric tests used.

### **3.10 Ethical Consideration**

This particular study strictly followed ethical standards. Prior clearance was sought from the Ethics Review Board of the Addis Ababa University and from the management of the involved diagnostic centers. Informed consent was collected through a comprehensive cover letter, and the participation in the survey was taken as the consent by return of the questionnaire.

The respondents remained assured of anonymity since no personal identifiable information was collected. Confidentiality was observed since all the data collected was placed on a password-protected computer only accessible by the researchers. The destruction of all the data will take effect after five years from the completion of the research. The respondents had the right to withdraw without any penalty throughout the duration of the research. The results are presented in aggregate to preserve all identifiers, in accordance with international ethical requirements.

# CHAPTER FOUR

## RESULT AND DISCUSSION

### 4.1 Introduction

This chapter discussed the findings from the collected data in relation to the impact of Corporate Social Responsibility (CSR) activities, Environmental Sustainability, and Community Engagement, and its relationship with the Psychological Connection of Employees, with organizational trust acting as the mediator. The analysis followed the steps taken in the previous chapter. It began with the presentation of the rate and demographic information of the sample and proceeded to present the results of the correlation analysis, the testing of the regression assumptions, and the hierarchical regression analysis for the direct effects. Finally, the results for the mediation analysis using the PROCESS macro were reported. Each section was discussed with theoretical underpinnings covered in the existing literature.

### 4.2 Survey Response Rate and Demographic Profile

A total of 275 questionnaires were disseminated at Wudassie Diagnostic Center, Pioneer Diagnostic Center PLC, and Arsho Medical Laboratories PLC. With a total of 269 questionnaires as shown in table 4.1, the exceptionally high response rate was achieved at 97.8%, which reduced the possibility of non-response bias and created a reliable dataset for analysis (Saunders et al., 2019).

**Table 4. 1: Survey Response Rate**

Category	Frequency	Percentage (%)
Filled and Returned	269	97.8
Not Returned	6	2.2
<b>Total Distributed</b>	<b>275</b>	<b>100.0</b>

*Source: Field Survey (2025)*

The demographic features of the respondent groups were captured in Table 4.2. Proportional sampling was carried out for the three diagnostic centers. The largest percentage (48.3%) was contributed by the Medical Staff group, followed by management staff (17.5%), administrative staff (16.7%), and finally support staff (17.5%). On the basis of employment experience, the

largest percentage (43.1%) was contributed by those who had been working within the organization for a period of 1-5 years. This group was considered to have gained sufficient experience within the organization to form informed perceptions. The “26 to 35 years” age group had the largest proportion of 37.5%, with a slightly higher proportion of 54.6% contributed by the Male group, followed by a proportion of 45.4% contributed by the Female group.

**Table 4. 2: Demographic Profile of Survey Respondents (N = 269)**

<b>Demographic Variable</b>	<b>Category</b>	<b>Frequency</b>	<b>Percent (%)</b>
<b>Diagnostic Center</b>	Wudassie Diagnostic Center	128	47.6
	Arsho Medical Laboratories	84	31.2
	Pioneer Diagnostic Center	57	21.2
<b>Current Position</b>	Medical Staff	130	48.3
	Administrative Staff	45	16.7
	Management	47	17.5
	Support Staff	47	17.5
<b>Length of Employment</b>	1–5 years	116	43.1
	6–10 years	91	33.8
	Less than 1 year	41	15.2
	More than 10 years	21	7.8
<b>Age Group</b>	26–35 years	101	37.5
	18–25 years	69	25.7
	36–45 years	57	21.2
	56 years or above	31	11.5
	46–55 years	11	4.1
<b>Gender</b>	Male	147	54.6
	Female	122	45.4

*Source: Field Survey (2025)*

### **4.3 Descriptive Statistics of Key Study Variables**

Descriptive analysis was utilized to examine the central tendency and dispersion of the composite scores on the four primary study variables. The results unveiled an initial insight into the employee perspectives on the Corporate Social Responsibility initiatives established in their

organizations, the extent to which they trust their organizations, and their psychological association with their organizations. The five-point Likert-type scale (1 = Strongly Disagree to 5 = Strongly Agree) was utilized as the units of interpretation, and the point of neutrality on the scale was estimated as 3.0. Mean scores higher than 3.0 are generally considered an indicator of positively disposed or agreed perspectives, while those touching or below 3.0 indicate a state of disapproval or negatively disposed perspectives on the variables, respectively (Krosnick & Presser, 2010). The standard deviation scores highlight the extent to which there would be an opinion consensus, with low standard deviation scores indicating high agreements.

According to Table 4.3, the average scores of all the constructs were placed in the positive side of the scale denoting a generally positive orientation among the surveyed employees.

**Table 4. 3: Descriptive Statistics of Key Study Variables (N=269)**

<b>Variable</b>	<b>Mean</b>	<b>Std. Deviation</b>
Environmental Sustainability	3.62	0.70
Community Engagement	3.62	0.78
Organizational Trust	3.69	0.61
Psychological Connection	3.55	0.64

*Source: Field Survey (2025)*

Organizational Trust scored the highest mean value (M=3.69, SD=0.61), with the average employee expressing moderate positivity regarding trust with the management and mechanisms of the organization. For both Environmental Sustainability and Community Engagement, the mean value is identical (M=3.62), denoting the same level of positivity regarding the efforts of the organization from the standpoint of the CSR areas mentioned above. Although positive, the mean value for Employee Psychological Connection was slightly less (M=3.55, SD=0.64). Standard deviations varied from 0.61 to 0.78 and represented the same moderate level of agreement, with the highest level of disparity among the views concerning Community Engagement.

A more itemized-level analysis revealed nuances in attitudes on specific aspects. Under Environmental Sustainability, the highest rated of agreements fell with the statement that their organization is genuinely committed to sustainability effort, which describes beliefs of genuine commitment with a rating of M = 4.05. However, the lowest rated amongst them all was being

encouraged to participate in such initiatives with a rating of  $M = 3.04$ , suggesting a certain mismatch between what the organization has as a policy and what employees are empowered to undertake. For Community Engagement, the pride the employees had in the social contributions of their organization reached a high rate at  $M = 3.70$ , while perceived awareness of the types of resources donated was comparably low with a rating of  $M = 3.34$ , possibly related to possible deficits in organizational communications.

One of the most interesting findings in the Psychological Connection was the difference that existed between the high rating for pride in the organization ( $M=3.86$ ) and the low rating for feeling personally connected to the success of the organization ( $M=2.81$ ). The difference in these findings points towards the difference that can exist in feeling pride and having a deeper, more personalized connection with the success of the organization.

#### 4.4 Correlation Analysis

Pearson correlation was performed to explore the preliminary associations and direction of the key constructs in the proposed study. Pearson was used to assess the strength and significance of the relationships for the variables: Environmental Sustainability, Community Engagement, Trust in the Organization, and psychological Connection of Employees. The size of the correlation coefficients ( $r$ ) was evaluated for its significance in accordance with the conventional standards for the cut-off points for small, moderate, and large effects in the Social Sciences, where  $r = \pm.10, \pm.30, \text{ and } \pm.50$ , respectively (Cohen, 1988).

The findings from Table 4.4 revealed that all correlations between the variables indicated positive significance at the  $p < .01$  level, thereby establishing a prima facie case through empirical means to support the proposed connections shown in the conceptual framework.

**Table 4. 4: Pearson Correlation Matrix of Key Variables**

		Correlations			
		Environmental Sustainability	Community Engagement	Organizational Trust	Psychological Connection
Environmental Sustainability	Pearson Correlation	1	.437**	.361**	.504**

	Sig. (2-tailed)		.000	.000	.000
	N	269	269	269	269
<b>Community Engagement</b>	Pearson Correlation	.437**	1	.747**	.860**
	Sig. (2-tailed)	.000		.000	.000
	N	269	269	269	269
<b>Organizational Trust</b>	Pearson Correlation	.361**	.747**	1	.876**
	Sig. (2-tailed)	.000	.000		.000
	N	269	269	269	269
<b>Psychological Connection</b>	Pearson Correlation	.504**	.860**	.876**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	269	269	269	269

\*\* . Correlation is significant at the 0.01 level (2-tailed).

*Source: Field Survey (2025)*

As shown from the matrix, the correlation between Community Engagement and Psychological Connection was very strong ( $r = .860$ ), crossing the large effect size criteria, representing a strong linear relationship. An even stronger linear association existed between Organizational Trust and Psychological Connection, at  $r = 0.876$ . A moderate to large positive linear association existed between Psychological Connection and Environmental Sustainability, at  $r = 0.504$ . Moreover, a large linear association existed between the variables Community Engagement and Organizational Trust, at  $r = 0.747$ . Being strong, these correlations served as an indication for the model's validity, however, a closer look at the linear association between the variables Community Engagement & Organizational Trust became a requirement due to the strength of the association, for a possible diagnostic test for multicollinearities before going on to analyze the model with multiple regression analysis.

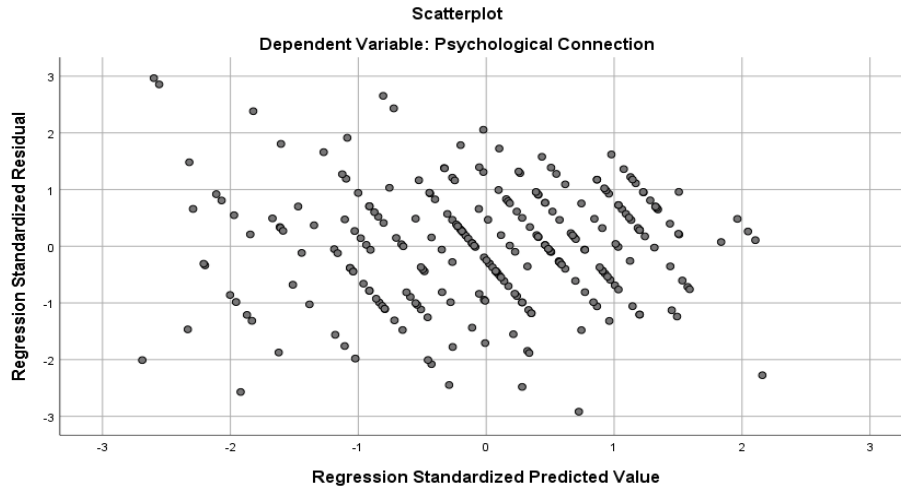
#### **4.5 Testing Regression Assumptions**

The main assumptions that were checked prior to the execution of regression analyses included independence, homoscedasticity, normality, linearity, and no/m little multicollinearity.

##### **4.5.1 Assessment of Linearity**

The straightness of the relationship between the independent variables and the dependent variable is checked by looking at the scatterplots of the standardized prediction values against the

standardized residuals. As shown in Figure 4.1, the distribution of the residuals appeared to be evenly spread around the zero point without the curvilinear/funnel plots, indicating that the relationship was straight (Field, 2018).



**Figure 4. 1: Scatterplot of Standardized Predicted Values vs. Standardized Residuals for Psychological Connection**

*Source: Field Survey Data (2025)*

#### 4.5.2 Assessment of Multicollinearity

For the regression model, the variance inflation factor and the tolerance statistic were checked to see whether multi-co-linearity occurs among the predictor variables. It can be seen from Table 4.5 that the value of tolerance for all predictor variables is above 0.10, while the VIF value is below the reduced limit of 5 proposed by Hair et al. (2019). This also showed the absence of hazardous multicollinearity because the maximum VIF value is only 2.442 for the variable Community Engagement.

**Table 4. 5: Collinearity Statistics for Regression Predictors**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Environmental Sustainability	.807	1.240
	Community Engagement	.410	2.442

	Organizational Trust	.440	2.272
a. Dependent Variable: Psychological Connection			

Source: Field Survey Data (2025)

### 4.5.3 Assessment of Normality of Residuals

A histogram of the regression standardized residuals was evaluated for normality. The data (Figure 4.2) plotted a nearly symmetrical bell curve with mean zero, and there was little skewness or kurtosis. Because the sample size was large (N=269), there was enough power to ignore minor lack of fit, and the assumption of normally distributed residuals was judged to be satisfied (Field, 2018).

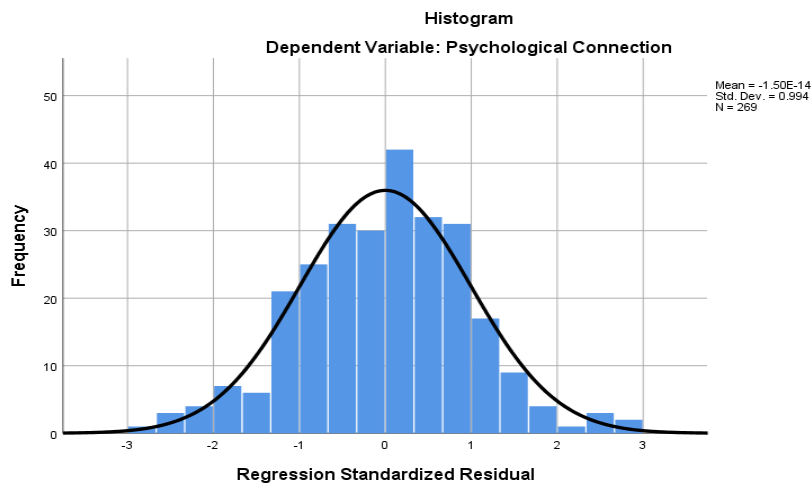


Figure 4. 2: Histogram of Regression Standardized Residuals

Source: Field Survey Data (2025)

## 4.6 Regression Analysis and Hypothesis Testing

### 4.6.1 Direct Effects of CSR on Psychological Connection (Testing H1 and H2)

In testing the first two hypotheses, a standard test for Multiple Regression analysis was utilized for the verification of the first two hypotheses, from which the test sought to determine the extent to which the Environmental Sustainability and Community Engagement dimensions would influence Psychological Connection. In these tests, the criterion or the dependent variable was Psychological Connection, while Environmental Sustainability and Community Engagement constituted the predictors or the independent variables.

The strategy used for this analysis was aimed at finding out how well the two Corporate Social Responsibility dimensions will contribute in relation to explaining the conceptual framework, in order to establish direct effects, taking into account that there is a relationship that exists between the two dimensions (Tabachnick & Fidell, 2019).

This general model was also significant,  $F(2,266)=421.93$ ,  $p<.001$ . As can be seen from the results in the last row in Table 4.6, this model was strongly related to the outcome, as measured by the multiple correlation coefficient,  $R=.872$ . The proportion of variance in Psychological Connection accounted for by the general model was measured by the square of the coefficient of determination,  $R^2=.761$ .

Additionally, the model's Adjusted R-Square was .759, reflecting the goodness-of-fit of the model. From this, it became clear that the two facets of Corporate Social Responsibility contribute jointly to the explanation of the overall variance in the psychological link of employees with the organization; that is, 76% measures the degree to which the two variables explain the variation in the response variable.

**Table 4. 6: Model Summary for Direct Effects of CSR on Psychological Connection**

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.872 <sup>a</sup>	.761	.759	.31282
a. Predictors: (Constant), Community Engagement, Environmental Sustainability				

*Source: Field Survey Data (2025)*

Besides, according to Table 4.7, further analysis of the individual coefficients of the model supported the theoretical correlations. Environmental Sustainability was positive in relation to influencing Employee Psychological Connection ( $\beta =.159$ ,  $p =.001$ ), and Community Engagement was also positive ( $\beta =.791$ ,  $p =.001$ ).

However, it shortly is derived that though important, the impact of Environmental Sustainability is less profound than the influence brought about by Community Engagement. This follows because the effect of Community Engagement was found to be close to five times more

significant than the influence of Environmental Sustainability on Employee Psychological Connection. This may be explained by looking at the beta values.

**Table 4. 7: Regression Coefficients for Direct Effects Model**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.705	.112		6.294	.000
	Environmental Sustainability	.144	.030	.159	4.758	.000
	Community Engagement	.643	.027	.791	23.716	.000

a. Dependent Variable: Psychological Connection

*Source: Field Survey Data (2025)*

These results showed full support for both research hypotheses, H1 and H2. Perceptions of the two CSR constructs formed significant positive predictors in the model of Employee Psychological Connection. In other words, when the other variable was controlled, a one standard deviation increment in the perception of Environmental Sustainability was related to a .159 standard deviation increase in the Psychological Connection. Conversely, a one standard deviation increment in the perception of Community Engagement was related to a substantially larger .791 standard deviation increase in the Psychological Connection.

This trend asserted that community-centered social initiatives, as related to healthcare, have been the most critical within the context of promoting worker commitment and also reaffirmed that environmental stewardship has been an equally positive factor, albeit with slightly lesser direct influence.

#### **4.6.2 Mediating Role of Organizational Trust (Testing H3 and H4)**

For testing hypotheses H3 and H4, concerning mediated processes, i.e., the relationship between the CSR scale variables and Psychological Connection as mediated by Employee Organizational Trust, mediation analysis using the PROCESS macro for mediation analysis (Model 4 with 5,000 bootstrapped samples) was used. This allowed the simultaneous analysis of the direct, indirect, and total effects. Further, bias-corrected bootstrap CIs were also used to provide a more conservative test of mediation (Hayes, 2018).

**Mediation for Environmental Sustainability (H3):**

The mediation model with Environmental Sustainability (ES) as the independent variable, Organizational Trust (OT) as the mediator, and Psychological Connection (PC) as the dependent variable has been proposed and tested. The test result is shown in Table 4.8.

**Table 4. 8: Mediation Analysis for Environmental Sustainability**

Path	Effect	SE	t	p	95% Bootstrap CI (LLCI, ULCI)
<b>a-path (X → M):</b> ES → OT	.315	.050	6.327	.000	(.217, .413)
<b>b-path (M → Y):</b> OT → PC	.826	.030	27.668	.000	(.768, .885)
<b>Direct Effect (c'):</b> ES → PC	.195	.026	7.492	.000	(.144, .247)
<b>Indirect Effect (a*b):</b> ES → OT → PC	.261	.039			(.184, .334)

*Source: Field Survey Data (2025)*

*Note. ES = Environmental Sustainability; OT = Organizational Trust; PC = Psychological Connection. CI = Confidence Interval; LLCI = Lower Limit; ULCI = Upper Limit.*

The indirect effect of Environmental Sustainability on Psychological Connection through Organizational Trust was significant. Effect = .261, 95% CI [.184, .334]Effect = .261, 95% CI [.184, .334]. Since the bootstrap confidence interval does not contain zero, this mediated effect is significant. The direct effect of the Environmental Sustainability on Psychological Connection did not change substantially with the addition of the mediator,  $c' = .195, p < .001$  $c' = .195, p < .001$ .

This implies partial mediation Baron & Kenny, 1986. It is, therefore, clear that H3 is supported, as Employee Organizational Trust partly mediates the positively related relationship between Environmental Sustainability efforts and Employee Psychological Connection.

**Mediation for Community Engagement (H4):**

The same analytical technique was used to determine the mediator effect of Organizational Trust between Community Engagement (CE) variables and Psychological Connection (PC). The results are shown in Table 4.9.

**Table 4. 9: Mediation Analysis for Community Engagement**

Path	Effect	SE	t	p	95% Bootstrap CI (LLCI, ULCI)
<b>a-path (X → M): CE → OT</b>	.587	.032	18.376	.000	(.524, .649)
<b>b-path (M → Y): OT → PC</b>	.546	.035	15.446	.000	(.477, .616)
<b>Direct Effect (c'): CE → PC</b>	.379	.028	13.648	.000	(.324, .434)
<b>Indirect Effect (a*b): CE → OT → PC</b>	.321	.032			(.261, .385)

*Source: Field Survey Data (2025)*

*Note. CE = Community Engagement; OT = Organizational Trust; PC = Psychological Connection.*

The findings showed that Organizational Trust significantly mediated the psychological connection of employees to Community Engagement initiatives, with an effect size, Effect= .321 and 95% CI [.261, .385]. The direct effect was also significant at  $c' = .379$ ,  $p < .001$ . This, therefore, again confirmed another case of partial mediation.

Therefore, H4 was supported as follows: Employee Organizational Trust partially mediates the positive relationship between Community Engagement initiatives and Employee Psychological Connection. Strong direct effects for both mediation models indicated that while trust acts as a valuable mechanism, both dimensions of CSR affect psychological connection via additional paths other than the one represented by the mediator.

#### **4.7 Discussion of Findings**

The empirical results offer context-specific insights into the research questions and hypotheses. The findings provide support for the application of Social Identity Theory (Tajfel & Turner, 1979) and Stakeholder Theory (Freeman, 1984) within the sampled Ethiopian private diagnostic centers.

##### **4.7.1 Direct Effects of CSR on Employee Psychological Connection**

The regression analysis confirms significant positive associations between both CSR dimensions and employee psychological connection, supporting Hypotheses H1 and H2. This aligns with global literature suggesting a positive link between CSR perceptions and employee affiliation (Aguinis & Glavas, 2012).

A key finding is the substantially larger standardized coefficient for Community Engagement ( $\beta = .791$ ) compared to Environmental Sustainability ( $\beta = .159$ ). It is important to clarify that this divergence in predictive strength is not contradictory to the fact that both constructs had identical mean scores ( $M = 3.62$ ). The mean reflects the average level of employee agreement, while the beta coefficient in a multiple regression represents the *unique contribution* of each variable after controlling for the other. The bivariate correlations provide the foundational insight: Community Engagement was far more strongly correlated with Psychological Connection ( $r = .860$ ) than Environmental Sustainability was ( $r = .504$ ). When both are included in the model, the large beta for Community Engagement captures its potent unique explanatory power. The significant, yet smaller, beta for Environmental Sustainability represents its distinct contribution after accounting for the variance already explained by Community Engagement. Therefore, while employees perceived both CSR efforts positively to a similar degree, perceived community engagement emerged as a far stronger and more distinct driver of their psychological connection to the organization.

This pattern is consistent with the premise of Social Identity Theory, wherein activities that visibly align with the core care-giving values of healthcare professionals may more powerfully reinforce professional identity and pride (Ashforth & Mael, 1989; Jones, 2010). The very strong bivariate correlation ( $r = .860$ ) further underscores this close association. This finding may also resonate within Ethiopia's collectivist cultural context, where community welfare is a prominent social value (Hofstede, 1980; Jamali & Karam, 2018).

The results also confirm a significant positive association for Environmental Sustainability. This finding is consistent with research indicating that sustainable practices can signal organizational integrity, which employees value (Rupp et al., 2013; Boiral, 2002). In healthcare, such practices are directly relevant to public health outcomes (WHO, 2018). The descriptive statistics suggest room for increased employee participation in these initiatives (e.g., item A4,  $M=3.04$ ), which may relate to its comparatively smaller predictive strength in the model.

#### **4.7.2 The Mediating Role of Organizational Trust**

The mediation analyses support Hypotheses H3 and H4, indicating that organizational trust is a significant mechanism in the observed relationships.

The significant indirect effects support the theoretical proposition that CSR perceptions can serve as cues influencing judgments of organizational character, thereby fostering trust (Farooq et al., 2014; Mayer & Davis, 1999). This trust-building pathway may be particularly relevant in contexts like Ethiopia, where building institutional trust is a recognized challenge (Gebreegziabher & Van Dijk, 2020).

The indirect effect of trust was stronger for the Community Engagement pathway (Effect = .321) than for Environmental Sustainability (Effect = .261). This differential may be understood through a Stakeholder Theory lens; community initiatives often involve direct, visible engagement with multiple stakeholders (including employees and patients), potentially offering more potent signals of organizational benevolence and integrity (Freeman, 1984).

The persistence of significant direct effects (c') alongside the indirect effects indicates partial mediation. This suggests that CSR perceptions are associated with psychological connection through additional mechanisms beyond trust alone. Social Identity Theory suggests these could include direct enhancements to organizational pride or identification, especially when CSR activities are highly congruent with employee values (Kim et al., 2010; De Roeck et al., 2016). The descriptive statistic showing higher pride (D2, M=3.86) relative to personal investment (D4, M=2.81) hints at this complexity.

#### **4.7.3 Synthesis and Theoretical Implications**

The integrated model finds empirical support, demonstrating that CSR perceptions particularly of community engagement are associated with stronger employee psychological connection, partly via the mechanism of increased organizational trust. This substantiates the relevance of both Social Identity Theory, where CSR enhances group prestige and self-concept, and Stakeholder Theory, where attending to societal obligations strengthens relationships with internal stakeholders (Freeman et al., 2010).

By testing this model in Ethiopia's private healthcare sector, the study addresses geographic and sectoral research gaps (Jamali & Karam, 2018) and provides empirical evidence for trust as a mediator in a developing economy context (Farooq et al., 2014). The findings also indicate that not all CSR dimensions hold equal weight in these associations within this specific industry context.

#### **4.7.4 Consideration of Demographic Variables and Future Inquiry**

The study tested a generalized model across the aggregate sample. The demographic profile (Table 4.2) shows diversity in gender and job position. However, the analysis did not test whether the strength of the established associations varies systematically across these subgroups. For instance, while cultural theory suggests gender roles or professional responsibilities (e.g., clinical vs. support staff) could influence how CSR is perceived, the present data do not speak to these conditional effects.

Therefore, the findings should be interpreted as describing significant central tendencies within the overall employee population of the studied centers. They demonstrate that the hypothesized relationships exist on average but do not specify potential variations across different employee types. This delineates an important boundary condition of the current results and a clear direction for future research, as discussed in Chapter 5.

# CHAPTER FIVE

## CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

In this chapter, the results were highlighted based on the context of the entire study. The chapter consisted of a number of main parts: the Summary of Key Findings, the Conclusions drawn from the interpretation of the results, the Implications and Limitations of the study, and, finally, the Recommendations for practice as well as for further research.

### 5.2 Summary of Major Findings

The quantitative analysis provided a coherent set of empirical results from survey data that was collected from 269 employees across Wudassie Diagnostic Center, Pioneer Diagnostic Center PLC, and Arsho Medical Laboratories PLC. Descriptive statistics showed that all the constructs had moderately positive perceptions, with organizational trust ranking highest ( $M=3.69$ ), followed by environmental sustainability and community engagement at  $M=3.62$ , and psychological connection at  $M=3.55$ . An item-level analysis indicated an appreciable gap between employees' pride in the organization and feeling personally invested in its success.

Bivariate correlation analysis revealed robust, positive, and statistically significant interrelations across all major variables,  $p < .01$ . The strength of relationships was particularly high between organizational trust with psychological connection,  $r = .876$ , and between community involvement and psychological connection,  $r = .860$ .

Direct effects analysis using standard multiple regression was highly significant ( $F(2,266)=421.93$ ,  $p<.001$ ), accounting for 76.1% of the variance for psychological connection. Environmental sustainability ( $\beta = .159$ ,  $p < .001$ ) and community engagement ( $\beta = .791$ ,  $p < .001$ ) had significant positive direct effects, the latter approximately five times stronger.

Lastly, the results from mediation analysis conducted with the PROCESS macro by Hayes confirmed that organizational trust is an important mediator. In relation to environmental sustainability, the results revealed that the indirect relationship through trust was .261 (95% CI = [.184, .334]), with the direct relationship having an effect of  $c' = .195$ . For community

interaction, the indirect relationship was .321 (95% CI = [.261, .385]), with the direct relationship having an effect of  $c' = .379$ .

### **5.3 Conclusions**

Based upon the synthesis of the results, the following definite conclusions can be arrived at. Firstly, the organizational CSR activities do have an influence on the psychological linkage with the employees working in the private diagnostic centers of Addis Ababa, though this relationship is nonlinear and affected by the nature of the activity related to the CSR effort.

Secondly, community engagement initiatives can be identified as the strongest antecedent of employee psychological attachment, as the magnitude of the impact it has on employee psychological attachment dwarfs that of environmental sustainability initiatives by a considerable margin. This difference arises from the strong intrinsic fit between community-oriented corporate social responsibility and the inherent care giving orientation of health professionals, as well as cultural fit within the collectivist-oriented society of Ethiopia.

Third, organizational trust acts as the crucial and empirically validated mediator. In other words, CSR activities signal credible organizational character and create employee trust; this increased trust in turn fosters the psychological linkage. This route is strong for both types of CSR but proves especially powerful for community involvement.

Therefore, from an integrated framework from a theoretical point of view, the theories of Social Identity Theory and Stakeholder Theory are established and proven to be highly relevant within the Ethiopian private healthcare context.

Finally, for managers, it is a strategically designed and authentically implemented CSR-with deliberate emphasis on community-oriented programs-which provides a powerful, evidence-based instrument for strategic human resource management that can mitigate sectoral workforce challenges.

### **5.4 Implications of the Study**

#### **5.4.1 Theoretical Implications**

- The research successfully tested and verified mainstream Western management theories in an understudied, non-Western context, filling an important geographical research gap within the CSR body of knowledge (Jamali & Karam, 2018).

- Through the empirical verification of the mediating role of organizational trust, the study has been able to advance CSR research at the micro-level because the field has shifted from the existence of a relationship to understanding the manner of the relationship's operation (Farooq et al., 2014).
- The large difference in effect size across the CSR dimension variables emphasizes the contingent role of CSR and the need to integrate a theoretical model with the specific type of CSR and the cultural-professional context in which it operates.

#### **5.4.2 Practical and Managerial Implications**

For practitioners, the stronger association of Community Engagement suggests a strategic focus on social initiatives. However, to translate this into action, managers should identify and amplify the specific sub-dimensions of engagement that offer the most direct employee involvement and community visibility, such as employee-led health outreach programs or transparent partnerships with local clinics. Similarly, for Environmental Sustainability, moving beyond generic 'green' policies to implement tangible, participative programs like departmental recycling challenges or visible investments in renewable energy can enhance perceived authenticity and impact. Ultimately, CSR should be designed and communicated not as monolithic categories but as a portfolio of specific, credible actions.

#### **5.4.3 Policy Implications**

- To health care regulators and industry associations, the findings provide a rationale to formally recognize or incentivize community-focused CSR.
- At the national level, the study contributes to the "business case" for CSR in Ethiopia, showing its dual utility in advancing social goals while strengthening private sector organizations.

#### **5.5 Limitations of the Study**

Despite the important findings provided by this study, several limitations warrant consideration:

- The survey captured data at a single point in time, which prevents definitive conclusions about causal relationships between CSR, trust, and psychological connection.

- All data were self-reported via a single questionnaire, which may inflate the observed correlations between variables.
- The sample was drawn from three large private diagnostic centers in Addis Ababa. Consequently, the findings may not be generalizable to other sectors (e.g., public hospitals), other industries, or other cultural contexts.
- The model tested only organizational trust as a mediator. Other influential mechanisms, such as leadership style or employee-organization value congruence, were not examined.
- The study tested a generalized model and did not investigate whether the strength of the established relationships varies across key employee subgroups, such as by gender or job position. This limits our understanding of potential boundary conditions for the proposed framework.

## **5.6 Recommendations**

### **5.6.1 Recommendations for Practice**

- Diagnostic centers should develop a formalized CSR strategy that actively involves employees, aligns with their values, and includes clear objectives and participatory mechanisms.
- Move beyond passive awareness by creating structured employee volunteer programs for community initiatives and systematically soliciting employee feedback on CSR project design and impact.
- Implement regular, transparent communication channels to inform employees about CSR activities, their outcomes, and how these efforts connect to the organization's mission and employee roles.
- Integrate the organization's CSR vision into employee orientation and formally recognize or reward employees who actively champion and contribute to these initiatives.

### **5.6.2 Recommendations for Future Research**

- Employ longitudinal or experimental designs to establish temporal precedence and strengthen causal inferences regarding the relationships between CSR, trust, and employee outcomes.

- Replicate the study in Ethiopia’s public healthcare sector and other industries to test the model’s applicability and identify context-specific nuances.
- Investigate Additional Mechanisms and Moderators:
  - Examine other mediating variables, such as perceived organizational support or ethical leadership.
  - Critically, test key demographic and occupational moderators. Future research should explicitly investigate whether the established pathways are moderated by gender or job position (e.g., clinical vs. administrative staff). This would clarify for whom CSR initiatives are most effective in building trust and connection.
- Use qualitative interviews or focus groups to explore the identified disconnect between organizational pride and personal investment, probing issues of empowerment, authenticity, and meaningful participation in CSR.
- Extend the research model to investigate downstream behavioral consequences, such as actual turnover rates, patient care quality, and organizational citizenship behaviors, to outline the full impact pathway.
- This study validated relationships at the broad dimension level (Environmental Sustainability, Community Engagement). Future research should break these down into specific sub-dimensions or discrete practices (e.g., within Community Engagement: medical donations, volunteer days, health education workshops). Analyzing which specific initiatives have the strongest links to trust and connection would provide a much finer-grained and actionable evidence base for CSR portfolio management in the healthcare sector.

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# **APPENDIX**

## **QUESTIONNAIRES**

### **Research Survey on CSR and Employee Perceptions**

Dear Participant,

Thank you for completing this academic survey. This survey is designed to explore the perceptions of employees regarding Corporate Social Responsibility initiatives in diagnostic centers and their association with attitudes at the workplace. This study is a part of the research work of a Masters' dissertation at Addis Ababa University.

Your response to the questionnaire will remain anonymous. No personal detail is collected. Your responses will remain confidential, to be used for the purpose of aggregate analysis only, without any results being shared with your employer. Submission of this questionnaire indicates your informed consent.

Your honest opinion is invaluable to this study.

### **Section 1: Demographic Information**

*(Please select ONE option per question by marking [X])*

1. Your Diagnostic Center:

- Wudassie Diagnostic Center
- Pioneer Diagnostic Center PLC
- Arsho Medical Laboratories PLC

2. Your current position:

- Management
- Medical Staff (Doctor, Nurse, Lab Technician)
- Administrative Staff
- Support Staff
- Other (Please specify): \_\_\_\_\_

3. Your length of employment at this center:

- Less than 1 year
- 1–5 years

- 6–10 years
  - More than 10 years
4. Your age group:
- 18–25 years
  - 26–35 years
  - 36–45 years
  - 46–55 years
  - 56 years or above
5. Your gender:
- Male
  - Female
  - Prefer not to say

## Section 2: Main Survey

**Instructions:** Please indicate your level of agreement with each statement regarding your organization by marking [X] in the appropriate box, based on the following scale:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

### A. Environmental Sustainability Initiatives

(Adapted from Turker, 2009; Carroll, 1991)

No.	Statement	1	2	3	4	5
A1	My organization actively promotes waste reduction (e.g., recycling, minimal paper use).					
A2	My organization invests in energy-saving technologies or practices (e.g., efficient lighting, solar power).					
A3	I am aware of my organization’s formal policies on environmental sustainability.					
A4	My organization encourages employees to participate in eco-friendly initiatives.					
A5	I believe my organization’s environmental efforts are genuine and have a positive impact.					

**B. Community Engagement Initiatives**  
*(Adapted from Maignan & Ferrell, 2004)*

No.	Statement	1	2	3	4	5
B1	My organization regularly participates in community health or development programs.					
B2	Employees are encouraged to volunteer in community activities organized by the center.					
B3	My organization donates resources to local social causes (e.g., free health camps, educational support).					
B4	I feel proud of my organization's contributions to society.					
B5	Community engagement is a core part of my organization's values and identity.					

**C. Organizational Trust**  
*(Adapted from Mayer & Davis, 1999)*

No.	Statement	1	2	3	4	5
C1	I trust that my organization keeps its promises to employees.					
C2	Management is transparent in communicating important decisions.					
C3	I believe my organization genuinely cares about employee well-being.					
C4	I feel secure about my job future in this organization.					
C5	My organization treats all employees fairly and without favoritism.					

**D. Psychological Connection to the Organization**  
*(Adapted from Mael & Ashforth, 1992; Edwards, 2005)*

No.	Statement	1	2	3	4	5
D1	I feel a strong emotional bond with my organization.					
D2	I take pride in telling others I am part of this organization.					
D3	My personal values are a good fit with the values of this organization.					
D4	I feel personally invested in the success of my organization.					
D5	I would choose to stay with this organization even if offered a similar job elsewhere.					
D6	I actively speak positively about my organization to friends and family.					

**Thank you for your valuable time and contribution to this research.**