



**EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON EMPLOYEE'S  
PERFORMANCE: A CASE OF SELECTED INSURANCE COMPANIES**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF  
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DEGREE OF MASTER OF ARTS IN HUMAN RESOURCE MANAGEMENT**

**BY: SAMUEL ABATE**

**ADVISOR: ABDURAZAK MOHAMMED (PhD)**

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## **DECLARATION**

I, Samuel Abate, declare that the research project entitled “Effect of Corporate Social Responsibility on Employee’s Performance: A Case Of Selected Insurance Companies” is my original work that is done under the guidance and advice of my advisor, Abdurazak Mohammed (PhD). This research project is done as partial fulfillment for Masters of Arts Degree in Human Resource Management (MAHRM). This research has not been done before and all sources of materials used for the study have been appropriately acknowledged.

Samuel Abate

Sign \_\_\_\_\_

Date \_\_\_\_\_

## **CERTIFICATION**

This is to certify that Samuel Abate has done the study on the topic, Effect of Corporate Social Responsibility on Employee's Performance: A Case Of Selected Insurance Companies. This study is authentic and has not been done before by any other researcher on the same topic.

Advisor Name: Abdurazak Mohammed

Sign \_\_\_\_\_

Date \_\_\_\_\_

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE GRADUATE  
PROGRAM**

**EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON  
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INSURANCE COMPANIES.**

**By: Samuel Abate**

**Approved By:**

<b>Abdurazak Mohammed(PhD)</b>	_____	_____
	<b>Advisor signature</b>	<b>Date</b>
<b>Wubeshet B.(PhD)</b>	_____	_____
	<b>Examiner signature</b>	<b>Date</b>
<b>Dereje T.(PhD)</b>	_____	_____
	<b>Examiner signature</b>	<b>Date</b>

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## **Abstract**

*The main purpose of the study is to investigate the effect of corporate social responsibility on Employee's Performance in selected insurance companies in Addis Ababa region. To identify and explain the relationship between corporate social responsibility and employee's performance, the study applied explanatory research design. Both quantitative and qualitative research approaches were used to collect data through the utilization of a questionnaire and interviews respectively. A total of 287 respondents were participant in the study. Primary and secondary data were used to find out the research output. To generate the output of the study results the statistical software version 20.0 was used and analyzed and interpreted accordingly. The finding of the study revealed that corporate social responsibilities in general and discretionary corporate social responsibility, legal corporate responsibility, ethical corporate responsibility and economic corporate social responsibility were practiced in different magnitude in the companies. Generally there were limited corporate social responsibility practices in a fragmented ways. Most frequently mentioned practice were helping the needy and street children, accepting the call of the government, be proactive to communities need, employees support, community service, environmental protection, and customer handling. Provision of health insurance, freedom of associations for labor, facilitating continuous skill based training, support to local NGOs, offering scholarship opportunities, and providing charity and other emergency support are some of the involvements. Thus activities have positive effect on employee performance. Due to this the researcher recommends the management of selected insurance company should include other internal and external corporate social responsibility strategies in their long term strategic plan.*

*Key Words: corporate social responsibility and employee performance*

# **CHAPTER ONE**

## **1. INTRODUCTION**

### **1.1 Background the Study**

The rationality behind corporate social responsibility varies from corporation to corporation and organization to organization. Prominently most corporate social responsibility performers assert enhanced organization reputation, increased sales, increased ability to attract better employees, decreased operating costs and reduced business risk (Paul L., 2008).

According to Abe M. and Ruanglikhitkul W (2007) corporate social responsibility is a business philosophy gaining popularity in the 21st century. They also point out that corporate social responsibility policy is aimed at building self-regulating mechanism that enables the business to monitor and ensure efficient compliance with the spirit of law, international norms and ethical standards. Corporate social responsibility is the managerial obligation to take action that protects and improves both the welfare of society as a whole and the interests of the organization (Aimie, 2011).

According to W. Visser, (2014) corporate social responsibility is one of the management strategies where companies try to create a positive impact on society, while doing business. He also asserts that organizations need to cater for the environment where they carry out their operations so as to earn the goodwill of their stakeholders and this in turn enhances the performance of the organization financially and other areas.

The main idea of CSR is that companies should accept that they play in society more than just an economic role. It means an interest to take liability not only for activities and impact in business, but also responsibility for their impact on society and environment. This commitment as noted by scholars is thereafter perceived as a significant competitive advantage mostly in high developed countries. Sources of the advantage lay on a wide range of socially responsible activities, which can be targeted on three areas, in terms of CSR (Thi Hoang, 2014)

According to Rangan (2012) organizations are expected to be efficient, profitable and to keep shareholder interests in mind. The legal responsibilities relate to the expectation that organizations will comply with the laws set down by society to govern competition in the marketplace. Organizations have thousands of legal responsibilities governing almost every aspect of their operations, including consumer and product laws, environmental laws and employment laws.

The ethical responsibilities concern societal expectations that go beyond the law, such as the expectation that organizations will conduct their affairs in a fair and just way. This means that organizations are expected to do more than just comply with the law, but also make proactive efforts to anticipate and meet the norms of society even if those norms are not formally enacted in law. Finally, the discretionary responsibilities of corporations refer to society's expectation that organizations be good citizens. This may involve such things as philanthropic support of programs benefiting a community or the nation. It may also involve donating employee expertise and time to worthy causes (Akpan, 2016).

Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business. Sustainability refers to an organization's activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Bang, 2015).

It is no longer acceptable for a corporation to experience economic prosperity in isolation from those agents impacted by its actions. A firm must now focus its attention on both increasing its bottom line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organizations to reshape their frameworks, rules and business models. To understand and enhance current efforts, the most socially responsible organizations continue to revise their short- and long-term agendas, to stay ahead of rapidly changing challenges. Corporate responsibility is therefore a prominent feature of the business and

society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management (Carroll, 2010).

## **1.2 Statement of the problem**

Over the last few decades there has been a growing public awareness of the role of corporations in society (Jamali, D., and Karam, C., (2016). They also point out questions like is profit the only concern of corporations? Or do other social and environmental concerns play a role as well? Not only these questions became common place at the business table and business press, but also vast body of academic literature emerged around these questions (Margolis & Walsh, 2003). Corporate social responsibility (CSR) refers to the concept whereby companies integrate such social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (Reverte, 2009).

Most discussions in the CSR field are driven by issues inherent to external CSR (e.g., the preservation of the environment; companies' involvement in the communities where they operate), while the concept of internal CSR (I-CSR) has been relatively ignored (Aguinis, 2011). I-CSR refers to how firms respond to their responsibilities in regards to their employees, i.e., the work relations sphere.

A study done by Paulik, J., Kombo, F. and Ključnikov, A (2015) remarked employee performance basically depends on many factors like performance appraisals, employee motivation, employee satisfaction, compensation, Training and development, job security, organizational structure, qualification, experiences, working environment, management styles, technology, efficiency, ability, motivation and opportunity etc. The other determinants of performance include support from other colleagues, production materials, health condition of employees, job security, and retirement and other benefits, age, loyalty or commitment as explained in (Gopalan S. & Kamalnath, 2015).

Aguinis (2009) have provided his version of performance determinants to complement the general determinants. He suggested that individual differences on performance are a function of three main determinants: declarative knowledge, procedural knowledge, and motivation. Additionally Njiru (2014) remarked performance is also affected by motivation (effort),

ability, and opportunity. Effective performance on the part of workers can be said to be the result of their abilities backed by proper motivation.

Ethiopia is one of the developing countries where the philosophy of corporate social responsibility is not well developed and also the governance system takes the form of mere control and decision making rather than encouraging development and implementation of a well-developed ethical code of conduct. However, currently there are some good starts by some organization (Mathias N., 2016)

A study done by Rajasekhara Mouly Potluri, Zelalem Temesgen (2018) point outs Ethiopian companies expressed 100 percent positive attitude in implementing CSR towards customers, creditors and suppliers, general public and government. However, only 40 percent of companies' were positive on periodical disclosure of information to its shareholders, 80 percent believed in fair wages and security of employment, and 10 percent of companies were negative on meaningful freedom, job satisfaction and humane treatment and overall 69 percent employees were not happy with companies' policies, 71 percent customers thought they were manipulated and another 75 percent general public were not pleased with CSR from the Ethiopian corporate sector but researchers (Bhattacharya, Korschun, & Sen, 2009) have suggested that companies with a socially responsible culture have an intangible asset to attract, retain, and engage the workforce.

However Yeneneh Tadesse(2015) asserts only little is known about the outcomes of specific I-CSR investments in terms of employees' performance. Therefore, the paper was mainly designed to address these problems by raising the following research question.

### **1.3 Research Questions**

1. How does insurance company in Ethiopia practice CSR?
2. What kinds of activities constitute insurance company's social responsibility commitment?
3. To what extent CSR activities are integrated to the employee's performance?

## **1.4 Research Objectives**

### **1.4.1 General Objective**

The main objective of the study is to assess the Role of CSR on employee`s performance in selected insurance companies in Addis Ababa

### **1.4.2 Specific Objectives**

The specific objectives of the research are:-

- To assess the practice of CSR in insurance sector in Addis Ababa
- To review the various CSR initiatives undertaken by selected Insurance companies
- To examine the relationship between CSR and employee performance in the selected companies

## **1.5 Hypothesis of the study**

The main purpose of conducting this study is to examine the relationship between corporate social responsibilities and employee`s performance in selected insurance companies. Hence the following hypotheses were developed.

**H1:** Economic corporate social responsibility has positive and significant effect on employee performance

**H2:** Legal corporate social responsibility has positive and significant effect on employee performance

**H3:** Ethical corporate social responsibility has positive and significant effect on employee performance

**H4:** Discretionary corporate social responsibility has positive and significant effect on employee performance

## **1.6 Significance of the Study**

**For insurance company mangers:** the result of the study gives an insight to mangers and human resource professional on how to manage employee performance as well as CSR in their organization.

**For Researchers:** The study will pave a way for other researches to probe on the topic; therefore the study will serve as a literature review for others. Furthermore this study will

equip readers with the knowledge about corporate social responsibilities and their manifestation in insurance companies and how they are perceived among employees to distinguish if employees know which regulations and performances of the company are embraced by corporate social responsibility of the company.

## **1.7 Scope of the Study**

The scope of the study was delimited to the selected insurance companies in Addis Ababa region and the effect of the CSR practices of the companies on the performance of their employees. Theoretical backgrounds discussed in the literature review will be used as a spring board to deal with the argument for CSR furthermore the scope delimited in

- ❖ **Conceptual Scope:** Although there may be several factors which affect employee performance, selected specific CSR efforts will be discussed in the research .The CSR measured in this research are work environment oriented responsibilities, employee oriented responsibilities.
- ❖ **Geographic scope:** The study were delimited on three insurance companies one governmental, Ethiopian Insurance Company and two private companies Lion insurance S.C and Africa insurance S.C on employees residing in Addis Ababa.

## **1.8 Organization of the Study**

The study organized in five main chapters. The first chapter deals with the introductory part which is deliberate on back ground of the study then statement of the problem, objective of the study (general and specific objectives), significance of the study, scope of the study, limitation of the study. The second chapter of the research includes important points as review of related literature such as definition and meaning of CSR, its importance, guidelines of CSR. The third chapter of this paper includes the methodology part which includes data sources, data gathering methods, sampling and sampling procedures, data analysis techniques. Chapter four deals with analysis and discussion of the results based on the data collected using the questionnaire. The last chapter (fifth) concentrates on the conclusions and recommendations that have been given based on the findings of the study. Finally, references and appendixes are included in the paper.

## **CHAPTER TWO**

### **2. REVIEW OF LITERATURE**

#### **2.1 THEORETICAL LITERATURE REVIEW**

##### **2.1.1 Definition of Corporate Social Responsibility**

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. To engage in CSR means that, in the ordinary course of business, a company is operating in ways that enhances society and the environment, instead of contributing negatively to them. (Margolis W., 2003).

According to Tilakasiri (2011) companies must voluntarily develop responsible citizenship both in economic and social terms by integrating economic, social, societal, and environmental concerns into their activities and relationships with stakeholders, employees, customers, suppliers, local authorities, non-governmental organizations, the broader environment etc.

Omran R., (2015) explained the concept of corporate social responsibility by promoting a comprehensive and multidimensional idea of performance that is not simply economic and financial. He defined Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

## 2.2 Importance of Corporate Social Responsibility

Many theoretical and quantitative studies have been conducted to identify relation, if there is any between corporate social performance (CSP) and corporate financial performance (CFP). Paul Lee M (2008) point outs the following importance.

- ❖ **Enhanced Organization Reputation:** Stakeholders are more likely to engage in transactions with companies that have a CSR record of showing a commitment to the community and environment. The benefits of enhanced reputation include less scrutiny from society, an increase in customer and investor loyalty, and an increase in intangible assets all of which lead to stronger financial performance in the long run. CSR programs also improve the esteem of customers because they enable customers to feel more valued by society since they are helping improve the community with their consumer decisions.
- ❖ **Increased Sales:** Another potential explanation for a positive associate between CSP and CFP is that CSR programs are revenue generators especially in the long run either through an increased customer base or an ability to increase prices.
- ❖ **Increased Ability to Attract Better Employees:** Corporations with CSR programs have a competitive advantage because they attract better employees. Job seekers consider CSR records important at all stages of the job search, but most important when determining whether to take a job offer. Thus, companies with CSR programs attain competitive advantage by receiving the benefit of attracting a larger pool of employees to select from.
- ❖ **Decreased Operating Costs:** One argument against CSR programs is it is an increase in cost and thus clashes with the objective of a business. However, this is a short-term focus, and when implemented correctly, CSR programs can actually decrease operating costs in the long run.

- ❖ **Reduced Business Risk:** Corporate culture culminates from the actions of top executives, and reputation is developed through the values of trust, credibility, reliability, quality, and consistency. Companies that do not link a comprehensive CSR program with risk management can leave a company vulnerable, with no appropriate controls or countermeasures.

To reap these benefits from carrying out their CSR duties, companies including insurance have to accomplish a variety of CSR tasks.

## 2.3 Types of Corporate Social Responsibility

According to Rangan K., Chase, L. and Karim (2012) Corporate Social Responsibility initiatives are based on four different categories that are:-

- **Ethical Responsibility:** Ethical responsibility is about looking after the welfare of the employees by ensuring fair labor practices for the employees and also the employees of their suppliers. Ethical labor practices for suppliers mean that the companies will ensure the use of products that have been certified as meeting fair trade standards. Ensuring fair labor practices for employees mean that there will be no gender, race or religious discrimination among the employees and each employee will be given equal pay for equal work and better living wage compensation.
- **Philanthropic Responsibility:** Philanthropic responsibility means to serve the humanity. This criterion pays attention to the wellbeing of the unprivileged or needy people who badly require our support to sustain on this planet. Companies fulfill their philanthropic responsibility by donating their time, money or resources to charities and organizations at national or international levels. These donations are mainly given to a variety of worthy causes including human rights, national disaster relief, and clean water and education programs in underdeveloped countries.
- **Environmental Responsibility:** Companies are bound to fulfill their economic responsibility because awareness of environmental issues are growing largely among the consumers and today they want businesses to take necessary steps to save our planet and preserve all the lives in it. Companies that are concerned about reducing

air, land and water pollution have increased their standing as good corporate citizens while benefiting the society.

- **Economic Responsibility:** Economic responsibility is an interconnected field which focuses to strike a balance between business, environmental and philanthropic practices. Economic responsibility abides by, the set standards of ethical and moral regulations. In this context, companies try to find out a solution which can facilitate their business growth and generate profits by benefitting the community and our society.

## **2.4 Ways of Corporate Social Responsibility**

### **2.4.1 External CSR**

External corporate social responsibility refers to corporate socially responsible actions directed outside the boundaries of the organization reported that external CSR promotes positive impacts of activities and operations on society and the natural environment (Smith, R., 2011).

According to This Hoang (2014) external CSR relate to external stakeholders such as customers, business partners, and local communities. With regards to customers, socially responsible companies are required to provide products or services in an efficient, ethical, and environmentally friendly manner.

Customers not only look for quality products and services that comply with social responsible criteria but also for quality relationship with organizations that provide these products and services where they are able to provide proposals, complaints, and suggestions without any problem (Van, M., 2012).

According to Visser, (2014) explanation business partners need socially responsible companies are required to be good partners to their business partners and controlling labor standards in compliance with legal requirements and having in place complaints procedure for their suppliers and other business partners.

According to Takeuchi (2016) regarding local communities, socially responsible companies are required to take philanthropic initiatives such as sponsorship activities. In addition

organizations are considered socially responsible if they make infrastructure investments, launch community development activities, encourage their employees to participate in community projects, and provide financial support to social and other non-commercial community projects. These initiatives and activities add value for both the company and community.

### **2.4.2 Internal Corporate Social Responsibility**

Most discussions in the CSR field are driven by issues inherent to external CSR which are the preservation of the environment; companies' involvement in the communities where they operate while the concept of internal CSR (I-CSR) has been relatively ignored. I-CSR refers to how firms respond to their responsibilities in regards to their employees, i.e., the work relations sphere (Aguinis & Glavas, 2012).

I-CSR initiatives on the organizational level focus the work context and entail broad policies that aim at improving the physical environment for several employees, such as eliminating workplace risks that might pose a threat to their health and safety, or designing jobs in ways that promote involvement and participation (Turker, 2009).

I-CSR initiatives on the individual level focus on employees more directly, and address their specific needs. They range from programs that center on professional development, such as sponsoring training and professional education, to initiatives that attend to their needs beyond the workplace, such as offering pension plans and profit-sharing (Aguilera et al., 2007).

Although some internal CSR investments may reflect a concern with legal aspects and aim at reducing labor-related cost several I-CSR initiatives can promote positive employee attitudes and their improved performance, and therefore affect organizational effectiveness, particularly those that directly affect individual employees (Cohen, 2010).

### **2.4.3 Stakeholder Oriented CSR**

Stakeholder theory, which has been described by Edward Freeman and others, is the mirror image of corporate social responsibility. Instead of starting with a business and looking out into the world to see what ethical obligations are there, stakeholder theory starts in the world. It lists and describes those individuals and groups who will be affected by (or affect) the

company's actions and asks, "What are their legitimate claims on the business?" "What rights do they have with respect to the company's actions?" and "What kind of responsibilities and obligations can they justifiably impose on a particular business?" (Freeman, 2001).

It is noted that increasingly, corporate boards of directors find themselves in a position to assess the impact of social issues on stakeholder value that means at the very least, there is growing view that business is part of the larger society and, therefore, it has responsibilities other than simply maximizing profits (Oketch, 2004).

According to Freeman's "stakeholder model of a corporation," stakeholders include managers, owners, suppliers, employees, local community, and customers; and that businesses shall be managed in consideration of the interests of these stakeholders (Freeman, 2001) and embracing stakeholders is one of the quality of responsible companies. In view of this, put forth that responsible companies not only involve stakeholders in decisions, but also motivate them to be part of designing and executing business plans. These ideas indicate the importance of stakeholders in business decision-making in general, and execution of CSR activities in particular (Lambooy, 2011).

## 2.5 The Three-Domain Model of CSR

The three-domain model of CSR is composed of the three responsibility areas: economic legal, and ethical. In general, these domain categories are defined in a manner consistent with Carroll's four part model, with the exception that the philanthropic category is subsumed under the ethical and/or economic domains, reflecting the possible differing motivations for philanthropic activities (Mark and Carroll, 2012).

- ❖ **Economic Domain:** For the purposes of the three-domain model, the economic domain captures those activities which are intended to have either a direct or indirect positive economic impact on the corporation in question. In this sense, it is similar to the Carroll formulation of this component. The positive impact is based on two distinct but related criteria. These are the maximization of profits and/or the maximization of share value.

It is to be expected that the vast majority of corporate activities will be economic in nature. However, there may be some activities that would not be included. A corporation's actions would fall outside of the economic domain. If they are not intended to maximize profit (or minimize loss when a more profitable alternative exists, or they are engaged in without any real consideration of the possible economic consequences to the firm. In terms of the outcome or results, if the activity produces a decline in profits or share value, this may be an indication of a non-economic motive, but may also merely represent a flawed business decision and the action would still be considered to fall within the economic domain.

❖ **Legal Domain:** The legal category of CSR pertains to the business firm's responsiveness to legal expectations mandated and expected by society in the form of federal, state, and local jurisdictions, or through legal principles as developed in case law. In this context, legality may be viewed in terms of three general categories: (1) compliance, (2) avoidance of civil litigation, and (3) anticipation of the law. The first legal category, compliance, can be further sub-divided into three types: passive, restrictive, and opportunistic. The first type of compliance is of a passive or accidental nature the company is doing what it wants and just happens to be complying with the law (Yeneneh T., 2015).

According to Yeneneh T., (2015) the second type of compliance, referred to as restrictive compliance, occurs when a corporation is legally compelled to do something that it would not otherwise want to do. The payment of taxes, tariffs, or duties is often done reluctantly and, therefore, restrictively. Although a company may want to pollute at higher levels or sell goods with fewer safety warnings, the law may prohibit it from doing so, leading to restrictive compliance. The adjective restrictive is used to reflect the idea that the legal system is limiting, constraining, or modifying otherwise intended behavior in a restrictive fashion.

The third type of compliance is that of opportunistic compliance. There are two general modes of opportunistic compliance. First, a corporation may actively seek out and take advantage of loopholes in the legislation to be able to engage in certain activities. In such cases one typically finds that the corporation is abiding by the letter of the law but not the

spirit of the law. Second, a corporation may choose to operate in a particular jurisdiction because of its weaker legal standards. In such a case, the corporation has based its decision on the legal system, and is still technically complying with the law (Njiru J.N., 2014).

Carroll's treatment of the legal domain appears to embrace these types of legal motives although he does not distinguish between or elaborate upon them. There are, however, other legal dimensions as well. The second general legal category, avoidance, relates to corporate activities that are motivated by the desire to avoid possible current or future civil litigation for negligent conduct (Paulik, J et.al, 2015).

The third legal category consists of the anticipation of changes to legislation. The legal process is often slow in nature, and corporations may wish to engage in activities that will result in immediate compliance upon the legislation's eventual enactment. Changes to legislation in other jurisdictions often serve as an indication of forthcoming similar legislation in one's own jurisdiction. If laws are anticipated, companies may engage involuntary activities to help prevent, modify, or slow down the pace of new legislation being enacted, and are thus acting based on a consideration of the legal system (Proksch et.al, 2013).

❖ **Ethical Domain:** The ethical domain of the three-domain model refers to the ethical responsibilities of business as expected by the general population and relevant stakeholders. This domain includes responsiveness to both domestic and global ethical imperatives. Based on this general definition, the three-domain model both broadens and refines Carroll's concept of the ethical domain by including only three general ethical standards:

✓ **Conventional standard:** The standard of conventions can be explained by the moral philosophy known as ethical relativism (Pojman 1995: 31). The manner by which Carroll defines the standard of conventions as noted above to limit it to a concern for justice or moral rights. For the purposes of the new model, the standard of conventions will be defined as those standards or norms which have been accepted by the organization, the industry, the profession, or society as necessary for the proper functioning of business.

- ✓ **Consequentialist standard:** The consequentialist standard (sometimes referred to as “teleological”) focuses on ends or consequences. Although there are several types of consequentialism, the form that is relevant for the purposes of the ethical domain suggests that “the morally right thing to do is to promote the good of persons. In this respect, consequentialism includes both egoism (promoting the good of an individual) and utilitarianism (promoting the good of society). Although egoism can be used as a moral justification for the economic domain, only utilitarianism is considered relevant for the purposes of the ethical domain under the consequentialist standard (Raman et.al, 2012)
- ✓ **Deontological standard:** The deontological standard, as opposed to focusing on consequences, is defined as embodying those activities which reflect a consideration of one’s duty or obligation. This category would embrace two of Carroll’s ethical principles, moral rights and justice. Rights are defined as an individual’s “entitlement to something and can be of a positive or negative nature. Justice can be of several different types, distributive whether benefits and burdens have distributed equitably compensatory, or retributive (Rangan et.al, 2012).

## 2.6 Employee Performance

According to Ermias B., (2017) employee performance refers to how workers behave in the workplace and how well they perform the job duties obligated to them. A company typically sets performance targets for individual employees and the company as a whole in hopes that business offers good value to customers, minimizes waste and operates efficiently.

For an individual employee, performance may refer to work effectiveness, quality and efficiency at the task level. Your salesperson, for example, may be expected to complete a certain quota of calls to potential leads per hour with a specific portion of those resulting in closed sales. On the other hand, a production worker may have performance requirements for product quality and hourly output (Ermias B., 2017).

### 2.6.1 Common Employee Performance Metrics

The specific metrics used to monitor employee performance will ultimately depend on the type of work your business does. However, there are some universal metrics to consider (Zhang Y., 2012).

Based on Zhang (2012). Businesses should monitor the quality of work, individual employee goals, and effectiveness of training and employee efficiency. Evaluating quality of work and efficiency helps you prevent expensive mistakes, makes it more likely that employees meet deadlines and reduces wasted time, materials and effort. Evaluating the effectiveness of training and individual employee work goals will help the employees are best equipped to perform their jobs and to offer guidance when needed.

Some more specific performance metrics are the following such as number of product defects, number of errors, number of sales, and number of units made, and call handling time, first-call resolution, and absenteeism rate

### 2.6.1 Evaluating Employee Performance

As per Zhang (2012) there are different employee performance evaluation methods. These are:

- ❖ **Management by objectives:** This employee performance-review method focuses on goal setting between managers and employees. It has the advantage of giving employees clear expectations of how they should perform their jobs and uses deadlines to monitor progress toward these goals.
- ❖ **360-degree feedback:** This method takes advantage of getting input on employee performance from several individuals with whom the person works. In addition to having a direct supervisor look at work-performance metrics like effectiveness and efficiency, co-workers, other managers and anybody else to whom the worker reports can provide perspective on the employee's skills and character.
- ❖ **Scale and ranking methods:** There are various employee performance-review options that use lists or scales of desired traits to assess an employee. Employees may be ranked based on best to worst performance to easily identify those who may be desirable for higher roles as well as those who need more training.
- ❖ **Employee self-evaluation:** Often used in conjunction with another review method, self-evaluation gives employees a chance to think about their own work performance

and identify their strengths and weaknesses. The disadvantage of this method, though, is that it can be hard for employees to be subjective about themselves.

## **2.7 Empirical Literature Review**

### **2.7.1 Corporate Social Responsibility and Employee Performance**

A study done by Li Sun et.al (2015) found that CSR activities increase customer satisfaction/ performance and customer satisfaction also plays an important role in the relationship between CSR and firm market value.

This Hoang T., (2014)) suggest that employees are one major stakeholder group demanding CSR. In his survey he found that CSR performance can increase the firm's reputation and attractiveness as an employer.

T. van, M. Roberts, and E. van (2012) find that CSR performance is positively related to employer attractiveness only for job seekers with a high level of job choice. His sample consists of 79 highly qualified students, 91 less-qualified students and 30 actual job seekers.

This Hoang (2014) find that prospective job applicants are more likely to pursue jobs from socially responsible firms than from firms not exhibiting CSR. He remarked in his study that CSR has a positive impact on employee commitment and CSR can increase employer attractiveness.

Backhaus et al. (2002) find that environment, community relations and diversity have the largest influence on employer attractiveness compared to other CSR components. The influence is strongest among minorities and women. Using a list of firms on the "Best Companies to Work for in America"

Lentner et.al (2015) finds that CSR activities can increase employee commitment and satisfaction. He concludes CSR is positively related to employee commitment.

Li, Shaomin et. al (2010) find that employees' commitment levels decrease rapidly once they realize that their firm is only focusing on chasing greater profitability and not following appropriate ethical and legal requirements. The above studies suggest that CSR can have a positive influence on employees, especially their performance and commitment to companies.

Chung et.al (2015) also suggests that many business programs like CSR programs can increase employee commitment and morale. Stronger employee commitment may encourage positive work attitude that can lead to greater employee productivity. Hence, if companies take responsibility for their impact on stakeholders and actively engage in CSR activities, they can attract or motivate employees who are more likely to work effectively and efficiently compared to employees of firms with less CSR.

According to Chun, K. and Bang, W. (2016) a firm with good reputation may result in lower labor (employee) costs because of employee attraction. In other words, it is possible that employees in socially responsible firms are willing to work for less compensation because they share the notion that their job satisfaction does not merely depend on their own profitability or monetary gains.

On the other hand, socially responsible firms may be willing to provide employees higher compensation because these firms care more about their employees than do peer firms. In addition, socially responsible firms can attract skilled employees who possess higher education and more experience than their peers. Consequently, these skilled employees may demand higher remuneration because of the competition for the limited supply of skilled human capital in the labor market. Therefore, it is plausible that socially responsible firms are more likely than their peers to compensate their employees better to attract and retain them and enhance their performance.

## **2.8 Definition of variables**

Jayne Thompson (2020) articulates four Components of Corporate Social Responsibility. Those components were found suitable for development of the conceptual framework. Those components are:-

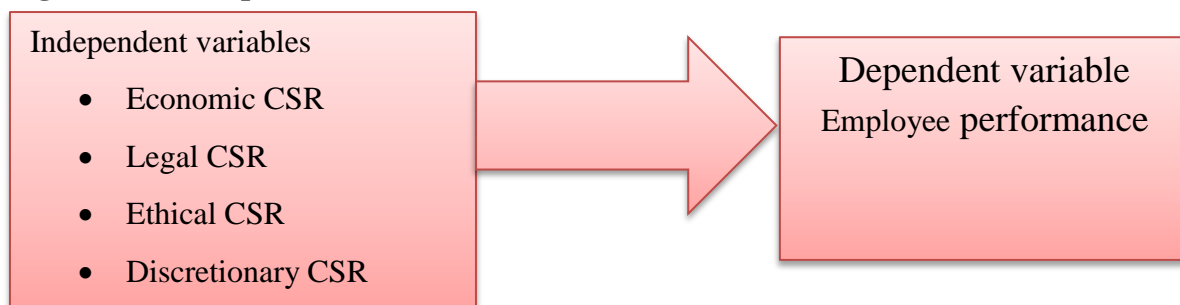
- ❖ **Economic Social Responsibility:** Economic social responsibility begins with being profitable. Before a business can give back, it must be sustainable. Sustainability includes making a profit for shareholders, paying its employees an appropriate wage, paying business taxes and meeting other financial obligations. Corporations can show economic social responsibility by being transparent with all stakeholders regarding the financial status of their business.

- ❖ **Legal Social Responsibility:** Consumers are more likely to buy products and utilize services from companies they trust. A part of building that trust is abiding by the laws that regulate your business.
- ❖ **Ethical Social Responsibility:** Economic and legal corporate responsibility laid the groundwork for corporations to move into ethical social responsibility, which means doing the right thing at all levels of your business. This ranges from paying employees a living wage to ensuring that the companies you work with and buy materials from are abiding by all labor laws. Go beyond meeting the minimum environmental requirements and look at how the company can exceed those requirements, which gives consumers a good impression of your brand.
- ❖ **Discretionary Social Responsibility:** Discretionary social responsibility means the company's time and resources to contribute to the community at large in whatever way are meaningful. This includes providing employees with opportunities to volunteer; donating money, services or products to charitable organizations.

## 2.9 Conceptual Frame Work

Based on the above empirical and theoretical review the researcher constructed the following conceptual framework. In the conceptual framework four independent variables were extracted and articulated from the theoretical literature review. A framework has been developed to represent the relationship between Corporate Social Responsibility and employee's performance. The research study conceptualized economic, social, ethical and discretionary corporate social responsibility as independent variables and employees performance as dependent variables as illustrated below. The employees performance was measured via their perceived performance.

**Figure 2.1 Conceptual Framework**



Source: Developed for the study 2020

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **Introduction**

In this section the overall research methodology were described such as the methods used, the design and approach; subjects included in the study; the instruments and procedures used for data collection and the techniques employed for data analysis.

#### **3.1 Research Design**

Regarding research design the researcher used explanatory research design. Explanatory research design helped the researcher to describe, and explains the relationship between economical, legal, ethical and discretionary corporate social responsibilities in Ethiopian insurance companies.

In this study the researcher wants to explore and explain the practice of corporate social responsibility in selected insurance companies. The major objective of this research is to explore the practice of corporate social responsibility in selected insurance companies. To this end the research has to show casual relation between the dependent and independent variables. Therefore, the researcher applied more of an explanatory design believing that it is a preferable research design to arrive at the required result.

#### **3.2 Research Approach**

Research approach is a plan and procedure that consists of the steps of broad assumptions to detailed method of data collection, analysis and interpretation. It is therefore, based on the nature of the research problem being addressed (Kothari, 2004).

In this research, the researcher has applied both qualitative and quantitative research approach. Qualitative research is an approach used largely in social sciences to explore social interactions, systems and processes while quantitative approach emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. Quantitative research focuses on gathering numerical data

and generalizing it across groups of people or to explain a particular phenomenon (Kothari, 2004).

The reason why the researcher prefers to use both qualitative and quantitative approach is to fill the gap of one approach by another approach. In addition to this, since the data was collected in the form of numbers, questionnaires and structured interviews such variety of data needs both approaches.

### **3.3 Data Source and Type**

Regarding data source, the researcher used both secondary and primary data sources. The primary data was collected from employees of selected insurance companies

Regarding the types of data, the researcher used cross sectional data type. It is type of data that collects once from the participants via any means of data collection tools. In addition the researcher collected secondary data from annual reports of insurance companies, books articles and journals.

### **3.4 Study Population and Sampling Method**

#### **3.4.1 Study Population**

According to the human resource director of each insurance company their employee are depicted as follows. The total employees who work at Ethiopian Insurance Corporation are 1227; the total numbers of employees who work in lion insurance are 213 and the total numbers of employees who work in Africa insurance are 324. There for the total number is 1764. Hence the total employees become the sample of the study. After the sample size determined via the following sample size determination formula, systematic sampling method were used.

#### **3.4.2 Sample Size Determination**

In order to determine the sample size the researcher used Yamane's (1967) formula. As per the formula, to calculate sample sizes,

Where N is total population

n: is required sample size

e: is margin of error,

The maximum sample size is computed as follows:

Therefore,

$$n = \frac{N}{1 + N \cdot e^2} = \frac{1764}{1 + 1764 \cdot (0.05)^2} = \text{approximately } 326 \text{ employees}$$

In order to determine the sample size from each branch the researcher used proportional method. The proportion is  $n/N$  which is  $326/1764$  becomes 0.18. This number is the rate which minimizes the sample of the population

**Table 3.1 Sample Size Proportion**

No	Insurance companies name	Total employees	Selected sample size
1	Ethiopian insurance company	1227	224
2	Lion insurance	213	41
3	Africa insurance	324	61

Source Survey Result, 2020

By using sampling ratio or skip interval  $K = N/n$ . Then  $1764/326 = 5.4$  which equal to 5. Finally, by lottery method, select the first respondents and lastly select the whole sample by 2<sup>nd</sup> interval. Then the first respondent selected by the lottery method from the list of employees was No. 2. After that it will be selected 7, 12, 17, 22 and the like. In addition to this, the researcher was manipulating the sample purposely. Because some branch has very clerical employees while others have high number of clerical employee.

### 3.5. Data Collection Instruments

The data collection instruments that used to collect the necessary information regarding the effect of corporate social responsibility on employee's performance on selected insurance companies were questionnaires and interviews. Regarding the secondary data the researcher used reports, journal and articles of the study area.

### **3.5.1. Questionnaires**

Questionnaire is a fairly reliable tool for gathering data from large, diverse, varied and scattered social group. The questionnaire has close ended one that is in the form of Likert scale and open ended parts, prepared in English language.

After the sample frame constructed through their alphabet order the printed questionnaire were distributed to the selected respondents to gather primary data.

### **3.5.2. Interview**

To obtain detail information on the topic, interviews was held with the concerned human resources directors in each insurance company. All the interview questions were prepared in a well standardized open ended format and enabled the researcher to manage it easily, to focus on topics and limit possibilities for the interviewee a way out. The question was arranged in a way that the objectives set in order.

## **3.6 Data Analysis Techniques**

After the data was collected, data presentation and analysis is the necessary step. The information collected from both primary and secondary data sources through review of different documents and interviews with key informants, personal observations as well as questionnaire survey was organized and narrated

After the data is collected by questionnaires, then they were summarized, edited, coded, tabulated and analyzed. Editing was done to improve the quality of data for coding. The data which collected by structured questionnaire were coded and analyzed using Statistical Package for Social Sciences (SPSS) 20 version software.

The researcher use descriptive form of analysis such as frequency, percentage, mean and standard deviation and explaining and triangulating it with other studies. Furthermore inferential analysis in the form of correlation and regression were conducted.

## 3.7 Validity and Reliability of Research Instruments

### 3.7.1 Reliability Test

Test reliability refers to the degree to which a test is consistent and stable in measuring what it is intended to measure. Most simply put, a test is reliable if it is consistent within itself and across time. It is commonly used as a measure of the internal consistence or reliability of a psychometric test score for a sample of examinees. Cronbach's alpha reliability coefficient normally ranges between 0 and 1.

**Table 3.2 Cronbach's Alpha**

No	Cronbach's Alpha	Description
1	$\geq .9$	Excellent
2	$\geq .8$ but $< .9$	Good
3	$\geq .7$ but $< .8$	Acceptable
4	$\geq .6$ but $< .7$	Questionable
5	$\geq .5$ but $< .6$	Poor
6	$\leq .5$	Unacceptable

Source: Kothari (2004)

Based on this to ensure the reliability this study used self-administered questionnaire .then the questionnaires are pre-tested based on pilot study, to guarantee a common understanding of questions among respondents. The alpha results for the items of the questionnaire and their alpha values have met "Good" which is 0.859 in relation to the aforementioned requirement range.

**Table 3.3 : Reliability Statistics Result of the Study**

No	Variables	Cronbach's Alpha	Number of items
1	Legal CSR	0.78	5
2	Economical CSR	.921	5
3	Ethical CSR	.879	5
4	Discretionary CSR	.924	5
5	Employee performance	.793	5

### 3.7.2 Validity Test

According to Kothari (2004), validity aims at establishing the results which are linked with the condition. Test validity is the extent to which a test accurately measures what it is supposed to measure. To check the content validity the questioners were examined and edited by different experts and advisers.

### 3.8 Model Specification

To examine the effects of CSR on employee performance in selected insurance companies, the following linear regression model is developed. Variables are carefully selected in review of literature which needs to be specified. Linear regression techniques were employed to analyze the relationships between the dependent variable and independent variables.

Specified regression model equation for linear relationship among variables is;

$$Y_j = \beta_0 + \beta_1 x_{1j} + \beta_2 x_{2j} + \dots + \beta_p x_{pj} + \epsilon_j$$

Where:  $Y_j$  is represents dependent variable for observation  $j$ .

$X_j$  is represents the independent variables (IV's) for observation  $j$

$\beta_0$  is the intercept

$\beta$  is the unknown regression coefficients.

$\epsilon_j$  is the error (residual) of observation  $j$ .

Based on the above, the model is modified based on the research variables that described in the conceptual framework in chapter two. To examine the effects of CSR on employee performance the researcher develops the following model.

$$E_p = B_0 + B_1 ECSR + B_2 LCSR + B_3 E_TCSR + B_4 DCSR + E \dots\dots\dots 1$$

EP = Employee Performance (Dependent Variable)

ECSR= economic corporate social responsibility

LCSR= Legal corporate social responsibility

$E_T$ CSR= Ethical corporate social responsibility

DCSR= Discretionary corporate social responsibility

B0, B1, B2, B3, B4, B5, = All are unknown Intercepts

$\varepsilon$ =error term or the residual

### **3.9 Ethical Consideration**

During data collection, respondents were informed as to why the data is collected. They become informed about the objectives and methods of the study. The privacy of respondent will kept safe. Moreover, respondents expected to provide their response voluntarily. Finally, any works of scholar were acknowledged at reference part.

## **CHAPTER FOUR**

### **4. DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS**

#### **4.1 Introduction**

In this chapter, data analysis, discussion and interpretation were covered. The analysis and interpretation of the various data collected through the use of data collection instrument as per objectives of the study. The main emphasis of the research was to investigate the effects of corporate social responsibility on employee performance in selected insurance companies. Primary data was collected from employees of respective insurance companies and human resource directors of each company. Primary data were collected by questionnaire and interview questions by using structured, semi structured and open ended questionnaire and secondary data was collected through reviewing, journals, articles, books and corporation's policy, procedure and annual reports of human resource department.

This chapter contains three parts. These are the demographic part which presented first, followed by the descriptive analysis part and the inferential analysis part specifically it contains the data diagnosis part, the correlation and regression analysis were presented in the last part.

The collected data were described and analyzed using statistical tools. Descriptive and inferential statistics such as correlation and linear regressions were conducted with the help of SPSS version 20. The total numbers of employees were 1764 and by using Yamane's (1967) formula the sample size is determined and come up with 326. Out of 326 distributed questionnaires, 287 of them are collected back which is around 88 % is collection rate. The total number of questions was 25 which are the sum of questionnaires under each variable in the form of Likert scale and below is the analysis of the collected data.

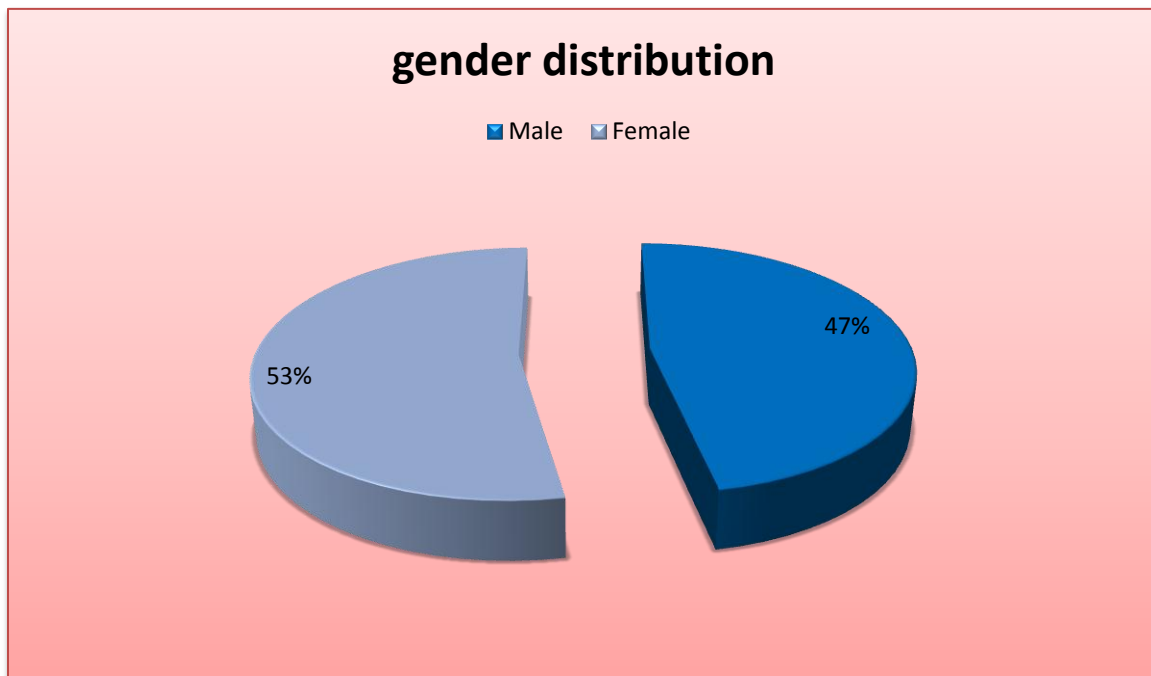
#### **4.2 Demographic Characteristics (Profile) of Respondents**

The demographic information of respondents gathered for the study was gender, age, educational qualification and work experience in the insurance companies .

### 4.2.1 Gender

The paper tried to address gender distribution of respondents in order to answer the questionnaires provided as shown on the following figure. The following figure represents that respondents of male and female answered the questionnaires distributed. Out of 287 respondents 134 (46.6%) were male while 153 (53.3%) were females. This indicates that number of female exceeds number of male in the selected insurance companies. This implies that the female population of the study area has a bigger chance of being represented in the study.

**Figure 4.1 Gender Distribution**



Source: survey result, 2020

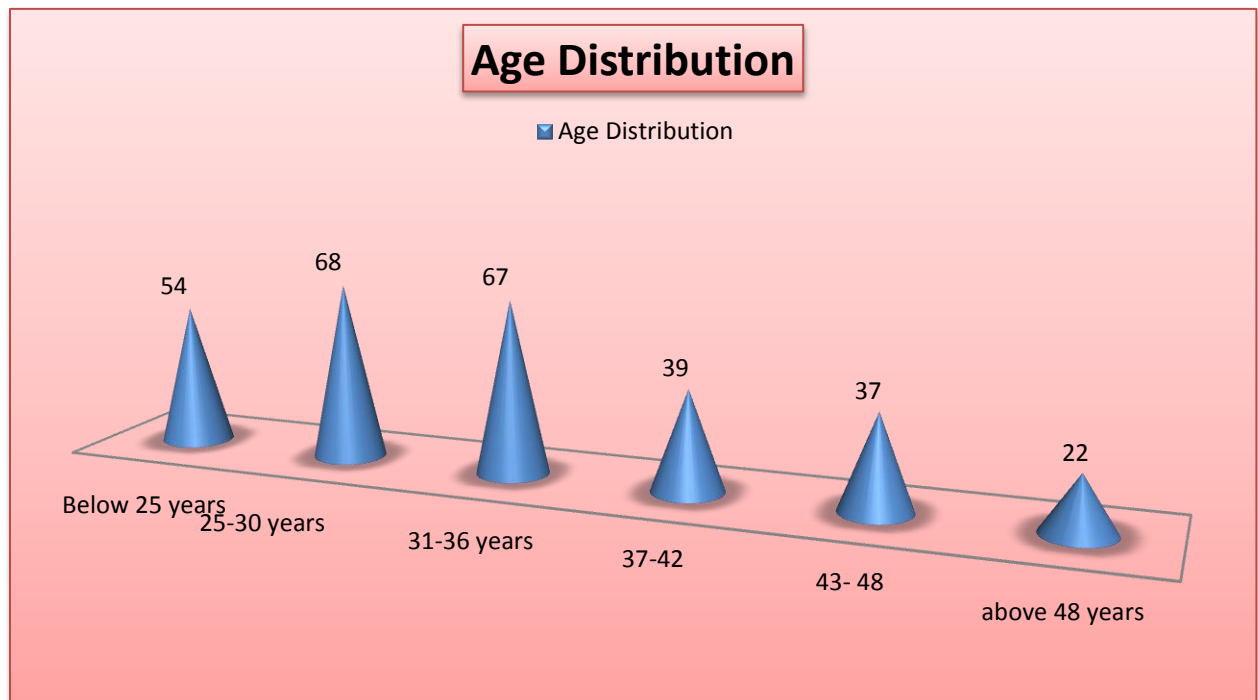
One difficulty encountered by the researcher of sex differences and performance among workers in organizational settings is the difficulty of comparing the performance of men and women carrying out exactly the same job due to gender segregation in the allocation of work tasks.

Regarding the selected insurance company from an interview the interviewed revealed that there is no significant difference in job performance due to sex.

## 4.2.2 Age Distribution of Respondent

When we look the age group of respondents, the age below 25 are accounts 54 respondents representing to 18.8% of the total respondents. The largest age groups which constitute 47.1% of the respondents are 26-36 years of age. The rest covers 34% of the population which accounts 36 and above. From this result we can observe that the majority of employees (65.5%) of selected insurance companies are at the productive age group. In addition, there are many senior experts in the corporation who have better understanding about corporates social responsibility in its detailed concept which make the study valid.

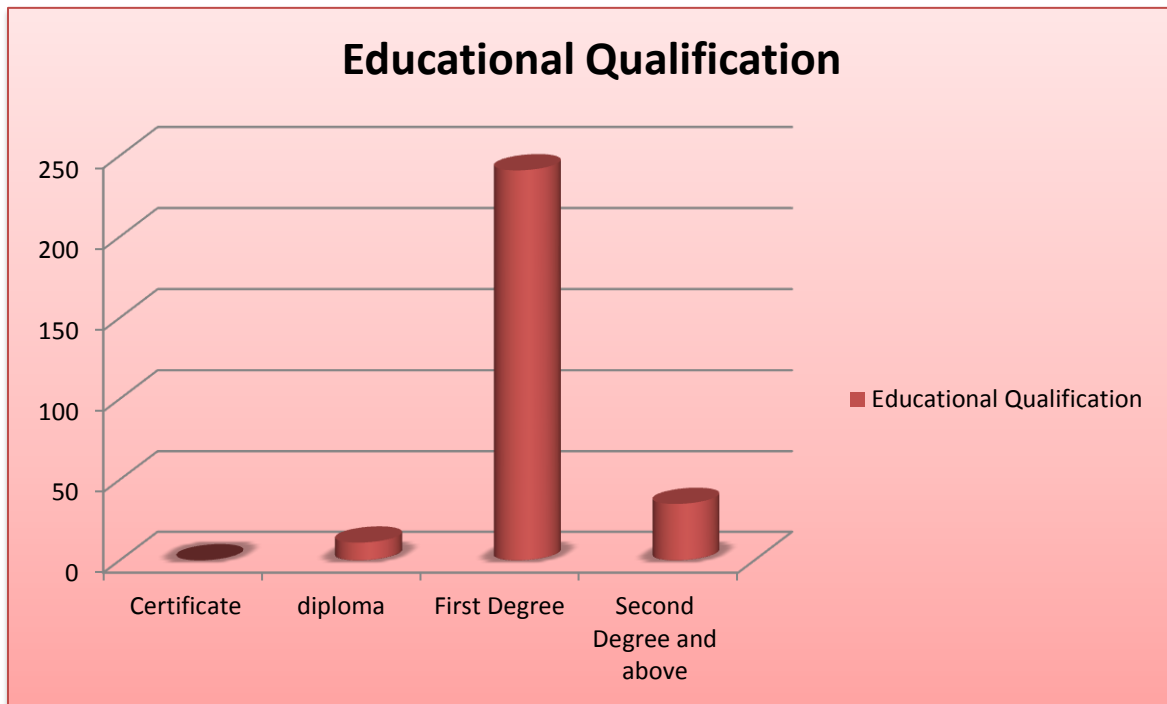
**Figure 4.2 Age Distribution**



Source: Survey result, 2020

### 4.2.3 Educational Qualification

Figure 4.3 Educational Qualification of Respondents



Source: survey result, 2020

As the above tables describes majority (96.1%) respondents were above first degree holder. In the selected insurance companies the interviewed have stated that there is less convenience for continuing higher education to update their education. Though the company gives extensive training on the insurance sector, the employees were not able to attend formal education via the sponsorship of the company.

### 4.2.4 Work Experience

Table 4.1 Working Experience of Participants

No	Demographic Factor		Percent	Frequency
1	Experience	under 3 years	7.3%	21
		3-6 years	19.5%	56
		7-10 years	30.3%	87
		over 10 years	42.8	123

Source: survey result, 2020

As the above table shows regarding experiences 92.7 % of the participants has more than three year experience. Thus has a positive effect on the study. The more the employees have experience in the insurance sector the more they understood the role of corporate social responsibility.

### **4.3 Descriptive Analysis**

In this section, the collected data was entered and reported using SPSS. The mean value of each question is analyzed and presented. The following tables showed the mean and standard deviation of the question distributed to the participant.

In the first open ended question employees were asked to point out their view about the economic corporate social responsibility, Legal corporate social responsibility, ethical corporate social responsibility and discretionary corporate social responsibility. In the insurance companies employees revealed that only limited practices have been done as CSR in a fragmented ways at the selected insurance companies. Most frequently mentioned practices were helping the needy and street Children, accepting the call of the government, be proactive to communities need, employees support, community service, environmental protection, and customer handling. Provision of health insurance, freedom of associations for labor, facilitating continuous skill based training, support to local NGOs, offering scholarship opportunities, and providing charity and other emergency support are some of the involvements.

A study done by Sintayehu T.,(2019) examined the practice of corporate social responsibility in Ethiopia, specifically in Hilton Hotel located at Addis Ababa. The finding of the study shows that Hilton Hotel has several corporate social responsibility programs (CSR) in relation to employees support, community service, environmental protection, and customer handling. Provision of health insurance, freedom of associations for labor, facilitating continuous skill based training, support to local NGOs, offering scholarship opportunities, and providing charity and other emergency support are some of the involvements Hilton Hotel has made through its CSR program. This research concluded that though there are several CSRs made by the hotel but these have been made without regular budget as well as

working procedures (Sintayehu T., 2019). The finding of the study were strongly supported by Sintayhu's(2019) study.

### 4.3.1 The Current Practice of Economic Corporate Social Responsibility

**Table 4.2 Mean and Standard Deviation of Economic Corporate Social Responsibility**

	N		Mean	Std. Deviation
	Valid	Missing		
The company pays reasonable profit for the shareholder	287	0	3.1742	.83056
The company pays its employees an appropriate wage	287	0	2.9373	.11705
The company pays business taxes and meeting other financial obligations	287	0	2.9477	.66432
The company is transparent to shareholders and concerned bodies	287	0	2.8014	.81008
The company executes its economics corporate social responsibility	287	0	2.9895	.63952
Economic corporate social responsibility	287	0	2.9700	.59885

Source: survey result, 2020

The mean score of Economic corporate social responsibility 2.9 and its standard deviation come with .59885. This modest level of participants agreement revealed that the selected insurance company somehow pays reasonable profit for the shareholder, the company relatively pays its employees an appropriate wage, the company pays business taxes and meeting other financial obligations, the company is transparent to shareholders and concerned bodies and the company executes its economics corporate social responsibility in rare manner.

A study done by Kabir (2017) explained the consequences and benefits that are associated with CSR activities. He remarked stakeholder's advantage, legitimacy corporate social activity by the stakeholder, the availability of resource in the company and being free from dependence, leverage, profitability, board diversity and ownership concentration were

prominent factor of any company to involve in economic way of corporate social responsibility.

From an open ended questioner and interview respondents revealed that a focus on economic way of CSR can reduce costs as well as waste. But on the contrary, selected insurance companies were not just doing the right thing. Moreover participants revealed that though participating in Economic CSR offers direct business benefits like reducing waste.

An interview with the Ethiopian insurance corporation manager revealed that

*Participating in a costly activity like waste treatment and care for the environment has positive effect on the corporation, because it helps to build a reputation as a responsible business sets, many customers prefer to buy from ethical businesses.*

But in the open ended question participants revealed that insurance companies were involve in corporate social responsibility activity only to fulfill the policy requirement or to execute the government call. All corporates social responsibilities were not from the company's inners initiation but the government initiation or enforcement to involve in CSR. The recent the planting of trees and fulfilling the students stationery material was the direct call of the government.

Furthermore the participants revealed insurance companies were involve in corporate social responsibility activity not to minimize the risk of any damage or to increase their own reputations but they scare to stand against the government call for political reason.

A study done by Yeneneh Tadesse(2015) asserted good reputation makes it easier to recruit employees, employees stay longer, reducing the costs and disruption of recruitment and retraining, employees are more involved and motivated and, as a result, they're more productive, CSR helps ensure compliance with regulatory requirements, involvement with the local community creates ideal opportunities to generate positive press coverage, good relationships with local authorities make doing business easier, understanding the wider impact of a business can help in thinking up profitable new products and services. He concludes CSR can make firms more competitive and reduces the risk of sudden damage to

their reputation and sales but in case of selected insurance companies the motive in involving on CRS activity were not purely economic.

### 4.3.2 The Current Practice of Legal Corporate Social Responsibility

**Table 4.3 Mean and Standard Deviation of legal corporate social responsibility**

	N		Mean	Std. Deviation
	Valid	Missing		
Customers have high trust to the company	287	0	2.8397	.85409
The company is adhering to labor law	287	0	3.0488	.80061
The company is adhering to tax and other laws	287	0	3.0000	.77098
The company has transparent law to the stakeholder	287	0	3.0871	.70170
Rule of law is practiced in the company	287	0	3.0697	.68092
legal corporate social responsibility	287	0	3.0090	.57947

Source: survey result, 2020

The perceived mean score of legal corporate social responsibility 3.0090 and its standard deviation come up .57947. The mean score is modest level of agreement or being neutral to the issue. In other words customers have modest trust to the company in the company's execution of rule and regulation, the company were adhering to labor law and tax and other laws in a rare case. Furthermore participants perceived the existence of blurred law to the stakeholder. In short rule of law is practiced in the company in smooth way.

A study done by Lambooy T (2014) remarked laws have been drafted that promote socially responsible behavior by companies. He also asserts CSR is a subject that has links with many areas of law, including international law and European law, corporate law and corporate governance, tort law and contract law, procedural law, labor and environmental law, and criminal law. All of these areas contribute importantly to the development of CSR, and ultimately to respond to the serious challenges that this world faces.

From an open ended question participants revealed that in the selected insurance company customers are more likely to buy products and utilize services from companies they trust. A part of building that trust is abiding by the laws that regulate the business. Paying the required taxes, adhering to labor laws and allowing inspections are frequently mentioned legal social responsibility practices.

An interview with lion insurance firm revealed the strict observance of legal CRS by referring the earth declaration as reference. His word

*‘We must decide to live with a sense of national responsibility, identifying ourselves with the whole country as well as our local communities. We are at once business firms of different kind and work and develop one country in which the local and country are linked. Everyone business firm shares responsibility for the present and future well-being of the human family and the larger living world. Taking this in to consideration lion were strictly observes the legal aspect of corporate social responsibility.*

On the contrary to this participants were revealed a modest level of observing and practicing legal corporate responsibility, just not to be penalized and criminalized.

### 4.3.3 The Current Practice of Ethical Corporate Social Responsibility

**Table 4.4 Mean and Standard Deviation of Ethical Corporate Social Responsibility**

	N		Mean	Std. Deviation
	Valid	Missing		
The company do the right thing at all level	287	0	2.9373	1.11705
The company respects the societies code of conduct in its operation	287	0	2.9477	.66432
The employees strictly observe the code of conduct of the firm	287	0	2.8014	.81008
The company strictly observes waste material	287	0	2.9895	.63952
The company strictly observes environmental standards	287	0	2.8397	.84998
Ethical corporate social responsibility	287	0	2.90312	0.81619

Source: survey result, 2020

The perceived mean score of ethical legal corporate sociality come up with 2.9 which is modest level of agreement. This implied that the company rarely does the right thing at all level, the company respects the society's code of conduct in its operation and the selected insurance the employees infrequently observe the code of conduct of the firm. In its operation the company modestly observes waste material treatment and the company strictly observes environmental standards

From an open ended question participants list out Ethical CSR initiatives such as enforce fairer treatment for all customers regardless of sex and ethnicity, employees with common paying higher wages, offering jobs to those who might otherwise struggle to find work, ensuring that decent standards are maintained in the organizations and refusing to partner in business with unscrupulous parties.

An interview from Africa insurance point outs

*Ethical corporate social responsibility programs in Africa Insurance focus on ensuring that all stakeholders in a business receive fair treatment, from employees to customers. Ethical responsibilities are self-enforced initiatives that Africa Insurance puts in place because we believe it is the morally correct thing to do rather than out of any obligation. Africa Insurance considers how stakeholders will be affected by our activity and work to have the most positive impact to our customer*

A study done by Mathias Nigatu (2016) asserted the primary focus on ethical CSR is to provide fair labor practices for businesses employees as well as the employees of their suppliers. This mean fair business practices for employees include equal pay for equal work and living wage compensation initiatives. Ethical labor practices for suppliers include the use of products that have been certified as meeting fair trade standards.

### 4.3.4 The Current Practice of Discretionary Corporate Social

#### Responsibility

**Table 4.5 Mean and Standard Deviation of Discretionary Corporate Social Responsibility**

	N		Mean	Std. Deviation
	Valid	Missing		
The company use its resource to support the community	287	0	2.9895	.77768
The company provides its employee to volunteer service	287	0	3.0836	.70461
The company donates money to charitable organization	287	0	3.2334	.91100
The company strictly observes the customers need	287	0	3.0488	.80061
The company frequently assess its impact on the community	287	0	3.0000	.77098
Discretionary corporate social responsibility	287	0	3.1847	.66567

Source: survey result, 2020

The mean score of discretionary corporate social responsibility come up with 3.18 and standard deviation scored.665. This relatively high mean value indicates selected insurance companies used their resources to support the community, they provides their employee to volunteer service and donates money to charitable organization, in addition the company strictly observes the customers need and the company frequently assess its impact on the community.

In the open ended questions participants revealed that selected insurance companies used their company resources for educational support (starting from fulfilling educational material to raising straight child), health care services, helping HIV victims, supporting the needy (old women and man home maintaining), group contribution in terms of food, cloth, money donation for eradication of pandemics etc. were mentioned as a practice of corporate social responsibility.

An interviewed in Ethiopian insurance corporation reveals

*Ethiopian Insurance Corporation used our company's time and resources to contribute to the community at large in whatever way are meaningful for our and our brand reputation. This may include providing our employees with opportunities to volunteer; donating money, services or products to charitable organizations; or initiating our own charitable organization that ties into the company's mission and goals.*

A study done by Dragoş B., (2014) asserted many companies' activities bring, inevitably a number of negative consequences, which companies should try to compensate through social responsibility initiatives. Such initiatives raised in sensitive areas. For this reason, for most companies producing toxic products, awareness campaigns on the undesirable effects of the product are an important component of their social responsibility strategy.

#### **4.4 Inferential Analysis**

Inferential analysis is a type of analysis that used a random sample of data taken from a population to make inferences about the population. Inferential statistics are valuable when examination of each member of an entire population is not convenient or possible (Kothari, 2004).

##### **4.4.1 Diagnostics of Assumptions in Regression**

Before conducting a regression analysis, the basic assumptions concerning the original data must be made. This is a mandatory prerequisite in explaining the relationships between dependent and explanatory variables. Five major assumptions have to be checked and proved to be met reasonably well. In this study these important least square assumptions were checked and explained as below.

##### **4.4.2 Testing the Skewness and Kurtosis of the Data**

Skewness is a measure of symmetry, or more precisely, the lack of symmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the center point. Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. That is, data sets with high kurtosis tend to have heavy tails, or outliers. Data sets with low kurtosis tend to have light tails, or lack of outliers. A uniform distribution

would be the extreme case (Kothari, 2004). The following table shows the Skewness and Kurtosis of the data

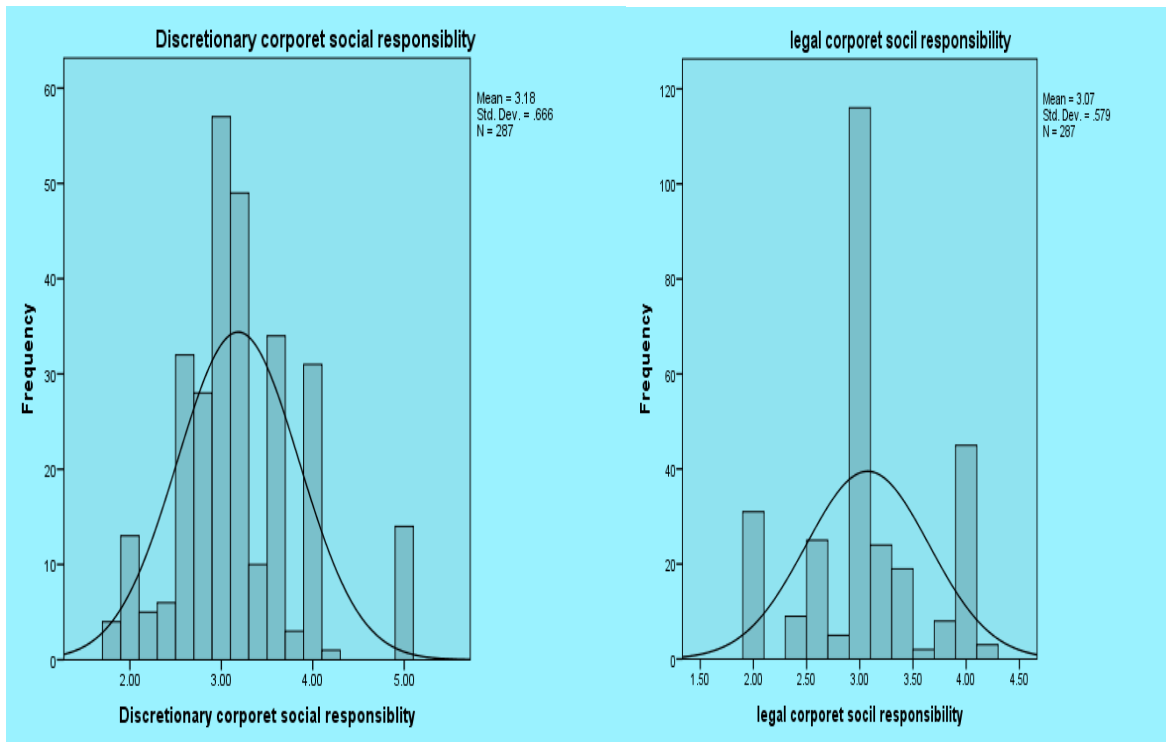
**Table 4.6 Skewness and Kurtosis**

Statistics					
		ECSR	LCSR	EtCSR	DCSR
N	Valid	287	287	287	287
	Missing	0	0	0	0
Skewness		.277	.003	.513	.675
Std. Error of Skewness		.144	.144	.144	.144
Kurtosis		-.722	-.343	-.229	.968
Std. Error of Kurtosis		.287	.287	.287	.287

Source: Researcher Survey, 2020

The values within the range of +1.96 and -1.96 are the said to be acceptable. Beyond these limits can be called skewed data (Hair, 2010) and Bryne (2010) argued that data is considered to be normal if Skewness is between - 2 to +2 and Kurtosis is between - 7 to +7. From rule of the thumb the researcher's data is normally distributed.

**Figure 4.4 Data Distribution of independent variables**



Source: Researcher Survey, 2020

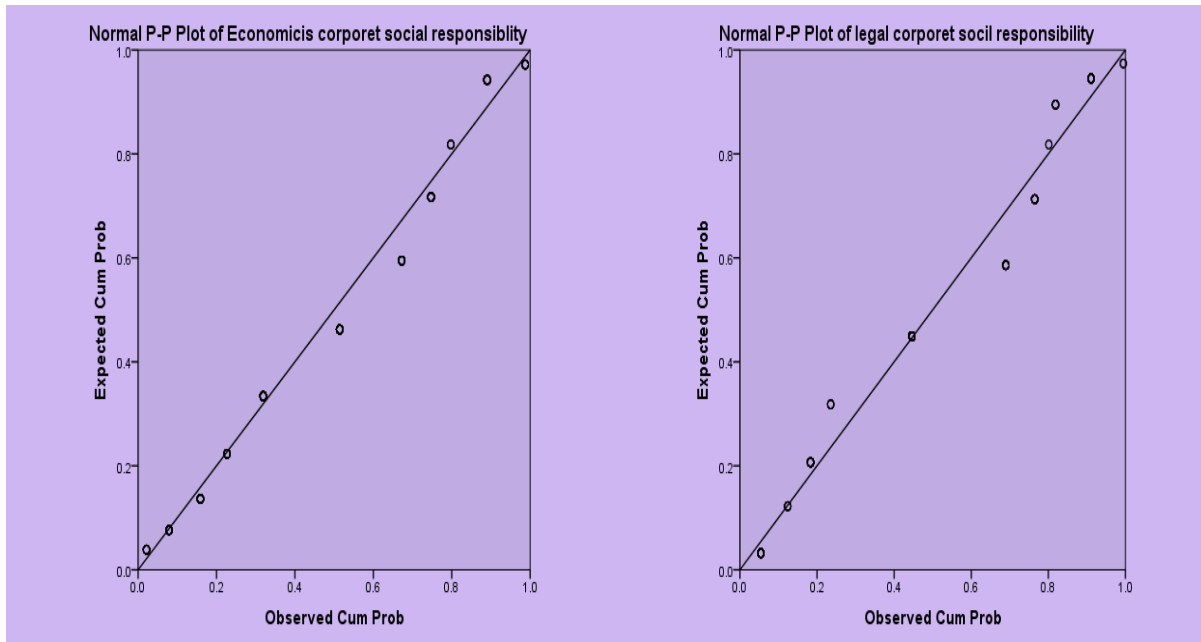
### 4.4.3 Normality Test

Normality test is a statistical process used to determine if a sample or any group of data fits a standard normal distribution. A normality test can be performed mathematically or graphically.

Normality tests are used to determine if a data set is well-modeled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed. The tests are a form of model selection, and can be interpreted several ways, depending on one's interpretations of probability:

Linear regressions assume that variables have normal distributions (Kothari, 2004). This implies that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve. This assumption can be tested by looking at the P-P plot for the model together with above histogram of the standardized residuals. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed.

**Figure 4.5 Normality Test**



Source: Researcher Survey, 2020

In the above figure data distribution looks normal and in the P-P plots also the dots are reasonably closer to the normal line. The combination of both inspections support that the residuals are normally distributed.

#### **4.4.4 Multicollinearity Test**

Multicollinearity means a state of very high inter-correlation or inter-associations among the independent variables. It is therefore a type of disturbance in the data, and if present in the data the statistical inferences made about the data may not be reliable.

Multicollinearity generally occurs when there are high correlations between two or more predictor variables. In other words, one predictor variable can be used to predict the other. This creates redundant information (Kothari, 2004)

Strong relationship between explanatory variables is a problem of multicollinearity and not acceptable for ordinary list square regression analyses.

**Table 4.7 Multicollinearity Test**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	economic corporate social responsibility	.891	5.304
	legal corporate social responsibility	.822	3.813
	Ethical corporate social responsibility	.872	5.336
	Discretionary corporate social responsibility	.897	1.434

a. Dependent Variable: employee performance

Source: Researcher Survey, 2020

Variance-inflation factor (VIF) has also been checked and values are found smaller, which supports that multicollinearity is not a problem. In this study all VIF were less than 10 got acceptances as per (Hair, 2010). Moreover, tolerance statistics in regression analysis helps to detect co-linearity problem. Tolerance value runs from 0 to 1 and values closer to 1 indicates no multicollinearity problem (Keith, 2006). In this study all the tolerances are above 0.8 and, therefore, the amount of variation in that construct is not explained by other predictors. All the two tests indicated that there is no multicollinearity problem.

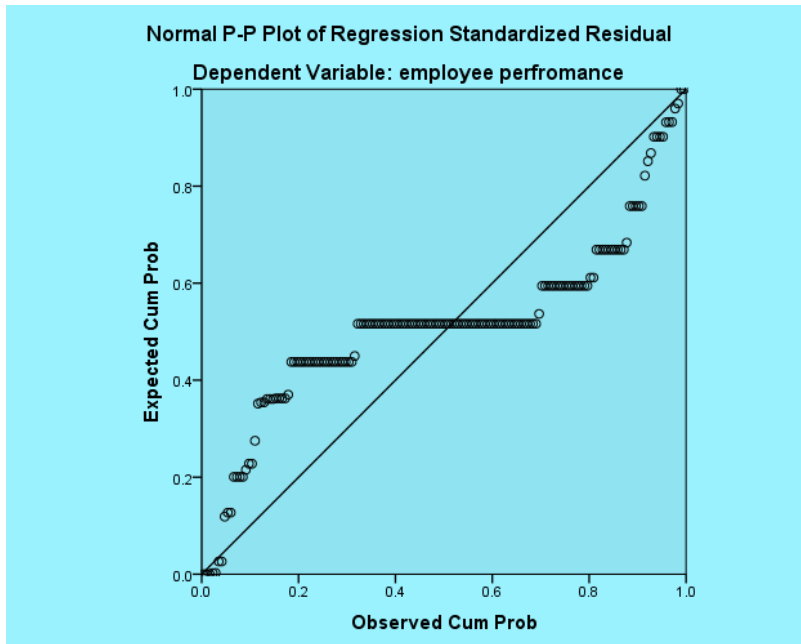
#### **4.4.5 Homoscedasticity Test**

Homoscedasticity means that the variance around the regression line is the same for all values of the predictor variable (X). The plot shows a violation of this assumption. For the lower values on the X-axis, the points are all very near the regression line. For the higher values on the X-axis, there is much more variability around the regression line

This assumption requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborn & Waters, 2002). If the error terms are distributed randomly with no certain pattern then the problem is not detrimental for analyses. The following Figures below shows that the standardized

residuals in this research are distributed evenly indicating heteroscedasticity are not a serious problem for this data.

**Figure 4.6 Data Distribution of dependent variable**



Source: Researcher Survey, 2020

#### **4.4.6 Autocorrelation Test**

Autocorrelation is a mathematical representation of the degree of similarity between a given time series and a lagged version of itself over successive time intervals. It is the same as calculating the correlation between two different time series, except autocorrelation uses the same time series twice: once in its original form and once lagged one or more time periods (Kothari, 2004)

**Table 4.8 Autocorrelation Test**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.827 <sup>a</sup>	.684	.679	.36622	1.371
a. Predictors: (Constant), Discretionary corporate social responsibility, Ethical corporate social responsibility, legal corporate social responsibility , economic corporate social responsibility					
b. Dependent Variable: employee performance					

Source: Researcher Survey, 2020

Autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently (Stevens, 2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the DW value needs to be close to 2. Values below 1 and above 3 are problematic and causes for concern.

#### **4.5 Correlation Analysis**

Correlation analysis was applied to test the “interdependency” of the variables. In this section, the direction and degree of the strength of the relationship among the variables were determined. The Pearson Correlation Coefficient was computed to determine the relationships between Discretionary corporate social responsibility, Ethical corporate social responsibility, legal corporate social responsibility, economic corporate social responsibility and employee Performance.

Correlation analysis is useful way of exploiting relation (association) among variables. The value of the coefficient (r) ranges from -1 up to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If  $r = -1$  there is perfectly negative correlation between the variable. If  $r = 0$  there is no relationship between the variable and if  $r = +1$  there is perfectly positive relationship between the variables. For values of r between +1 and 0 or between 0 and -1, different scholars have proposed different interpretation with slight difference.

For this study decision rule given by (Kothari, 2004) was used to describe the strength of association among the variables as follows.

**Table 4.9 Correlation Coefficient**

No	Measure of Association	Descriptive Adjectives
1	>0.00 to 0.20; <-0.00 to -0.20	Very weak or very low
2	>0.20 to 0.40; <-0.20 to -0.40	Weak or low
3	>0.40 to 0.60; <-0.40 to -0.60	Moderate
4	>0.60 to 0.80; <-0.60 to -0.80	Strong or High
5	>0.80 to 1.0; <-0.80 to -1.0	Very high or Very Strong

Source: Kothari (2004)

**Table 4.10 Correlation Result**

Correlations						
		ECSR	LCSR	EtCSR	DCSR	Performance
ECSR	Pearson Correlation	1	.820**	.886**	.477**	.742**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	287	287	287	287	287
LCSR	Pearson Correlation	.820**	1	.821**	.548**	.765**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	287	287	287	287	287
EtCSR	Pearson Correlation	.886**	.821**	1	.476**	.799**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	287	287	287	287	287
DCSR	Pearson Correlation	.477**	.548**	.476**	1	.351**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	287	287	287	287	287
Performance	Pearson Correlation	.742**	.765**	.799**	.351**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	287	287	287	287	287

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

Source: Researcher Survey, 2020

The above table showed the correlation between dependent variable employee performance and independent, Ethical corporate social responsibility, legal corporate social responsibility, economic corporate social responsibility. As clearly indicated, except Discretionary corporate social responsibility all independent variables have positively correlated with the dependent variable, employee performance with significant level of 0.01.

The magnitude of correlation between independent variables ECSR and the dependent variable employee performance come up with ( $r=.742^{**}$ ). This shows the variable strongly or highly relate with the dependent variable. In addition to this, LCSR has a strong correlation with employee performance ( $r=.765^{**}$ ). Furthermore EtCSR ( $r=.799^{**}$ ) and employee performance has strong correlation in the selected insurance companies. Though all independent variables have a positive significant relationship with employee performance, ethical corporate social responsibility, and legal and economical has a strong correlation with job performance in the selected insurance companies except discretionary corporate social responsibility. To sum up the correlation result showed the existence of positive direction and strong magnitude. The more the selected insurance companies work on in the independent

variable (developing and practicing corporate social responsibility) there is an increment in employee's job performance.

#### 4.6 Regression Analysis Results

In this section the researcher used linear regression analysis to observe the relationship between the dependent variable and independent variables. Further, regression analysis helps the researcher to understand how typical value of the dependent variable changes when any one of the independent variable is varied, while other independent variables are held fixed.

**Table 4.11 Model Summery**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.827 <sup>a</sup>	.684	.679	.36622	1.371
a. Predictors: (Constant), Discretionary corporate social responsibility, Ethical corporate social responsibility, legal corporate social responsibility , economic corporate social responsibility					
b. Dependent Variable: employee performance					

Source: Researcher Survey, 2020

R-square- is statistical measure that tells the proportion of the variance for a dependent variable that is explained by an independent variable or variables included in regression model. R<sup>2</sup>- also explains to what extent the variance of one variable explains the variance of other variable. R-squared value range from 0 to 1and commonly stated as a percentage from 0%to100%. An R-square of 100% indicates that, dependent variable is completely explained by independent variable of the model. 0% shows the model explains none of the variability of the response data around its mean.

The value of R-square in this study was found to be .684. This indicates that, 68.4 % of variation in employee performance is explained by selected explanatory variables and other factors captured by the constant.

The regression model considers employee performance as dependent variable and discretionary corporate social responsibility, ethical corporate social responsibility, legal corporate social responsibility and economic corporate social responsibility as independent

variables. The linear combination of those factors is significantly related to employee performance ( $R^2=.684$ ). This means that 68.4 percent of the variance in the dependent variable employee performance can be explained by the independent variables discretionary corporate social responsibility, ethical corporate social responsibility, legal corporate social responsibility and economic corporate social responsibility.

#### 4.6.1 ANOVAa result

**Table 4.12 ANOVAa**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.846	4	20.462	52.5	.000 <sup>b</sup>
	Residual	37.822	282	.134		
	Total	119.668	286			
a. Dependent Variable: employee performance						
b. Predictors: (Constant), Discretionary corporate social responsibility, Ethical corporate social responsibility, legal corporate social responsibility , economic corporate social responsibility						

Source: Researcher Survey, 2020

Analysis of variance was also done to establish the overall significance of the model. ANOVA also tells whether the overall effect of the four independent variables on employee performance is significant. As depicted in the above table, at 95% confidence interval, significant P-value of .000 and F value.

Accordingly, it shows the F value of 52.5 was recorded. This implies the regression model is a suitable prediction for explaining the effect of corporate social responsibility (economical, legal, ethical and discretionary) on employee performance in selected insurance companies.

#### 4.6.2 Results of Regression coefficients

In accordance with classical linear regression model, the model has satisfied the five diagnostic tests. Based on this, linear regression analysis was determined in order to reveal the value of coefficient included in the model.

**Table 4.13 Regression Coefficients**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.170	.133		1.276	.203
	ECSR	.025	.083	.023	.304	.761
	LCSR	.429	.073	.384	5.876	.000
	EtCSR	.639	.095	.519	6.707	.000
	DCSR	.115	.039	.118	2.946	.003

a. Dependent Variable: employee performance

Source: Researcher Survey, 2020

Under Beta coefficient table, standardized Beta coefficient and unstandardized beta coefficient values are used to predict the relative importance of each independent variable and to formulate the linear regression equation respectively. Based on the standardized beta coefficient values, it can be shown that discretionary corporate social responsibility, Ethical corporate social responsibility, legal corporate social responsibility, economic corporate social responsibility found to be significant predictors of employee Performance.

The linear multiple regression formula for the dependent variable, employee performance and independent variables discretionary corporate social responsibility, Ethical corporate social responsibility, legal corporate social responsibility, economic corporate social responsibility took the form of:

$$E_p = B_0 + B_1ECSR + B_2LCSR + B_3E_TCSR + B_4DCSR + E \dots\dots\dots 1$$

EP = Employee Performance (Dependent Variable)

ECSR= economic corporate social responsibility

LCSR= Legal corporate social responsibility

E<sub>T</sub>CSR= Ethical corporate social responsibility

DCSR= discretionary corporate social responsibility

$$E_p = .170 + .023E_{CSR} + .384L_{CSR} + .519E_T_{CSR} + .118DCSR + E \dots\dots\dots 2$$

The implication of the above formula showed that

- ✚ For every unit increase in the value of economic corporate social responsibility in selected insurance company job performance will increase by 2.3 %.
- ✚ For every unit increase in the value of Legal corporate social responsibility in selected insurance company job performance will increase by 38.4 %.
- ✚ For every unit increase in the value of Ethical corporate social responsibility in selected insurance company job performance will increase by 51.9 %.
- ✚ For every unit increase in the value of discretionary corporate social responsibility in selected insurance company job performance will increase by 11.8 %.

### 4.6.3 Hypothesis Testing

Based on the above standardized beta coefficient and the F value and P value in the ANOVA table, the hypothesis of the study is tested as follows

➤ **H1: Economic corporate social responsibility has positive and significant effect on employee performance**

There is positive and significant relationship between economic corporate social responsibility and employee performance. But the  $P > 0.05$  and the Value of Beta value .023 which shows that 2.3 % variance in employee performance is determined due to economic corporate social responsibility. Economic corporate social responsibility has no positive and significant relation with employee performance. Therefore H1 is rejected.

➤ **H2: Legal corporate social responsibility has positive and significant effect on employee performance**

There is positive and significant relationship between Legal corporate social responsibility and employee performance. The  $P < 0.05$  and the Value of Beta value .384 which shows that 38.4 % variance in employee performance is determined due to legal corporate social responsibility. Legal corporate social responsibility has

positive and significant relation with employee performance. Therefore H2 is supported

➤ **H3: Ethical corporate social responsibility has positive and significant effect on employee performance**

There is positive and significant relationship between ethical corporate social responsibility and employee performance. The  $P < 0.05$  and the Value of Beta value.519 which shows that 51.9 % variance in employee performance is determined due to ethical corporate social responsibility. Ethical corporate social responsibility has positive and significant relation with employee performance. Therefore H3 is supported

➤ **H4: Discretionary corporate social responsibility has positive and significant effect on employee performance**

There is positive and significant relationship between discretionary corporate social responsibility and employee performance. The  $P < 0.05$  and the Value of Beta value.118 which shows that 11.8 % variance in employee performance is determined due to discretionary corporate social responsibility. Discretionary corporate social responsibility has positive and significant relation with employee performance. Therefore H4 is supported

## Chapter Five

### 5. Conclusion and Recommendation

The study aimed to examine the effects of corporate social responsibility on employee's performance in selected insurance companies in Addis Ababa area based on the questionnaire collected from employees. Out of 326 distributed questionnaires, 287 of them are collected back which is around 88 % is response rate which acceptable for data analysis and discussion of the study. Based on the analysis the finding is concluded as follows.

#### 5.1 Conclusion

In the demographic analysis, out of 287 respondents 47% were male while 53 % were females. It implies majority of the selected insurance company workers are female. Regarding age group of respondents, the larger numbers of employees which constitute 47.1% of the respondents are 26-36 years of age while their education level, majority of respondents (96.1%) are above first degree holder. Lastly regarding experiences 92.7 % of the participants have served more than three year in the insurance sector.

The result of the descriptive analysis shows that economic corporate social responsibility 2.9 and its standard deviation come with .598, legal corporate social responsibility mean 3.0090 and its standard deviation come up .579, ethical legal corporate social responsibility mean 2.9, discretionary corporate social responsibility mean is 3.18. From the above mean score relatively discretionary corporate social responsibility were practiced in selected insurance companies but other are practiced in modest level. Furthermore, in insurance companies employees revealed that only limited practices have been done as CSR in a fragmented ways. Most frequently mentioned practices were helping the needy and street children, accepting the call of the government, be proactive to communities need, employees support, community service, environmental protection, and customer handling. provision of health insurance, freedom of associations for labor, facilitating continues skill based training, support to local NGOs, offering scholarship opportunities, and providing charity and other emergency support are some of the involvements

Results from inferential analysis particularly from Pearson's Coefficient and as per Kothari (2004) interpretation of r value were used to discuss the relationship between dependent variable (employee performance) and independent variables (ethical corporate social responsibility, legal corporate social responsibility, economic corporate social responsibility). The magnitude of correlation between economic corporate social responsibility and employee performance come up with ( $r=.742^{**}$ ), legal corporate social responsibility and employee performance ( $r=.765^{**}$ ) and ethical corporate social responsibility and employee performance come up with ( $r=.799^{**}$ ). Though most independent variables have a positive significant relationship with employee performance, ethical corporate social responsibility, and legal and economical has a strong correlation with job performance in selected companies but discretionary corporate social responsibility were not found significant in  $p$  value  $< 0.05$ .

The model summary or the linear combination of the independent variable was significantly related to the dependent variable, The linear combination of those factors is significantly related to employee performance ( $R^2=.684$ ). This indicates that, 68.4 % of variation in employee performance is explained by selected explanatory variables and other factors captured by the constant. Accordingly, it shows the F value of 52.5 was recorded. This implies the regression model is a suitable prediction for explaining the effect of corporate social responsibility (economical, legal, ethical and discretionary) on employee's performance in selected insurance companies. Regarding the hypothesis, except hypothesis one all hypothesis were accepted.

From an open ended question, items related to policy and procedure of CSR participants revealed that insurance companies were involve in corporate social activity only to fulfill the policy requirement or to execute the government call. Most corporates social responsibilities were not from the company's inners initiation but the government initiation or enforcement them to involve in CSR.

Generally corporates social responsibility play a significant role in recognition and reputation, increased customer loyalty and employee performance and attracting talented staff, therefore it should be managed by in strong manner and attention should be given.

## 5.2 Recommendation

On the basis of the above conclusions of the study, the following recommendations are forwarded to the management of respective insurance corporation managers.

- The management of selected insurance company should include internal corporate social responsibility strategy in their long term strategic plan. Alternative internal corporate responsibility practices are building inner values and principles among employees, updated training and staff development; employee involvement in decision making; job security for employees and job seekers; employee health and well-being; equal opportunities; work-life balance; and integration of disadvantaged groups into the work-force.
- The management of selected insurance company should include external corporate social responsibility strategy in their long term strategic plan. Alternative external corporate responsibility practices are volunteerism, cause-related marketing, corporate philanthropy, and environmental and wildlife protection or work with employees, shareholders, stakeholders, suppliers, customers, state authorities, non-governmental organizations etc.

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## Appendices



### SCHOOL OF COMMERCE

#### DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Dear respondents!

The main objective of this questionnaire is to gather your opinion regarding the effects of corporate social responsibility on employee performance in select insurance companies at Addis Ababa region. The data and opinion gathered will be used for partial fulfillment of the requirement for Master's Degree in human resource at school of commerce. Your faithful and quick response will make the research fruitful. The information you provide will be kept confidential. Thank you in advance for your collaboration. If you have problems in completing this form, please do not hesitate to contact.

Samuel Abate

Mobil No: 251+ 91 1-73 3-326

## Part One: General Information of Respondents

Note: no need of writing your name

Circle your answer

- 1) Gender: A. Male                      B. Female
- 2) Age: A. Below 25 years      B.25-30 years      C.31-36 years  
          D.37-42 years              E.43- 48 years      F. above 48 years

3) Educational Qualification:

- A. Certificate                      B. diploma
- C. First Degree                      D. Second Degree and above

4) work experience

- A. under 3 years                      B.3-6 years
- C.7-10 years                          D. over 10 years

Part II Specific Questions about corporate social responsibility

Questions are designed to ask your level of agreement on the raised point. You chose from the given alternatives where

SDA =strongly disagree

DA = disagree

N = Neutral

A = Agree

SA = Strongly Agree

**Table APP questioner**

No	Items of questioner	SDA	DA	N	A	SA
	<b>Economic Corporate Social Responsibility</b>					
1	The company pays reasonable profit for the shareholder					
2	The company pays its employees an appropriate wage					
3	The company pays business taxes and meeting other financial obligations					
4	The company is transport to shareholders and concerned bods					
5	The company executes its economics corporate social responsibility					
	<b>Legal Corporate Social Responsibility</b>					
1	Customers have high trust to the company					
2	The company is adhering to labor law					
3	The company is adhering to tax and other laws					
4	The company has transparent law to the stakeholder					
5	Rule of law is practiced in the company					
	<b>Ethical corporate social responsibility</b>					
1	The company do the right thing at all level					
2	The company respects the societies code of conduct in its operation					
3	The employees strictly observe the code of conduct of the firm					
4	The company strictly observes waste material					
5	The company strictly observes environmental standards					
	<b>Discretionary Corporate Social</b>					

Responsibility						
1	The company use its resource to support the community					
2	The company provides its employee to volunteer service					
3	The company donates money to charitable organization					
4	The company strictly observes the customers need					
5	The company frequently assess its impact on the community					
Employee performance						
1	I meet the target quality of service required by the organization.					
2	I deliver service that that meets the standard of the corporation					
3	I take the appropriate amount of time to complete my tasks					
4	I produce good results with low cost to the organization.					
5	I am present on work on a regular basis					

**Part Three: Open Ended Questions**

1. What corporate social responsibility practices are conducted in the company

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2. What do the company performs to meet its economical CSR?

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3. What do the company performs to meet its legal CSR?

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4. What do the company performs to meet its ethical CSR?

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5. What do the company performs to meet its discretionary CSR?

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## SCHOOL OF COMMERCE

### DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Checklist for key informant interview for selected insurance company Human Resource Directors.

Place \_\_\_\_\_

Key informant interview Identification number \_\_\_\_\_

The Researcher signature \_\_\_\_\_

Name of supervisor \_\_\_\_\_ sign \_\_\_\_\_

Date of Interview \_\_\_\_\_

Interview started at \_\_\_\_: \_\_\_\_ hrs Interview finished at \_\_\_\_: \_\_\_\_ hrs (fill at the end)

#### Interview Question

1. How corporates social responsibility practiced in your company? What are the common practices that the company practiced regularly?
2. Why the company engages itself in CSR? Is it legal, ethical or economical reason to behind it?
3. How do you see the role of CRS for employee's performance in your company?

Thank you!