



***College of Business and Economics***  
***Master of Business Administration***

The Effect of Corporate Social Responsibility Practices on Employee  
Retention and the Moderating Role of Top Management Support:  
The Case of Ethiopian Sugar Corporation.

By: Mekdes Mengiste

Advisor: Lakew Alemu (PhD)

November 2020.

Addis Ababa, Ethiopia.

*Addis Ababa University*  
*Faculty of Business & Economics*  
*Master of Business Administration (Regular Program)*

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By

*Mekdes Mengiste*

*Advisor: Lakew Alemu (PhD)*

**A Thesis Submitted to the graduate programs of Addis Ababa  
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of Master of Art in Business Administration**

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*Addis Ababa University*

**College of Business and Economics**  
**Graduate Studies**

**Statement of Certificate**

**This is to certify that Mekdes Mengiste has completed her thesis entitled “*The Effect of Corporate Social Responsibility Practices on Employee Retention and the Moderating Role of Top Management Support: The Case of Ethiopian Sugar Corporation*” is her original work and is submitted for examination with my approval as thesis.**

**Lakew Alemu (PhD)**

\_\_\_\_\_

\_\_\_\_\_

**Name of Advisor**

**Signature**

**Date**

**Addis Ababa University**  
**College of Business and Economics**  
**Graduate Studies**  
**Approval**

This is to certify that the thesis prepared by Mekdes Mengiste entitled; “*The Effect of Corporate Social Responsibility Practices on Employee Retention and the Moderating Role of Top Management Support: The Case of Ethiopian Sugar Corporation*” in partial fulfillment of the requirements for the award of the degree of Master of Arts in Business Administration, is with the regulation of the university and accepted standards with respect to originality.

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**Advisor**

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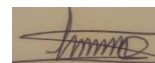
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***College of Business and Economics***  
***Graduate Studies***

**DECLARATION**

I hereby declare that the thesis /Project work/entitled ***“The Effect of Corporate Social Responsibility Practices on Employee Retention and the Moderating Role of Top Management Support: In the Case of Ethiopian Sugar Corporation”*** submitted to the School of Business and Economics, Addis Ababa University for the award of the Degree of Masters of Business Administration is based on my original research work carried out by me myself under the supervision and guidance of Lakew Alemu (PhD). I declare that this study is my original work and has not been submitted earlier in full or in a part there, for the award of other similar degree, Diploma, Fellowship, Associateship or any other similar titles to this or any other University or Institutions.

Name: Mekdes Mengiste

Signature: \_\_\_\_\_

Date of submission: November 2020

Addis Ababa Ethiopia

Email: [mekmen07@gmail.com](mailto:mekmen07@gmail.com)

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## Table of Contents

Chapter One .....	1
Introduction.....	1
1.1 Background of the study .....	1
1.2 Background of the organization.....	3
1.3 Statement of the problem .....	5
1.4 Research questions.....	7
1.5 Objective of the study .....	8
1.5.1 General objective .....	8
1.5.2 Specific objective.....	8
1.6 Significance of the study.....	8
1.7 Scopes of the study .....	9
1.9 Organization of the study.....	9
Chapter Two.....	10
Literature review .....	10
2.1 The definition and concept of CSR.....	10
2.2 CSR and Stakeholder theory .....	11
2.3 Benefit of CSR for an organization.....	12
2.3 Forms and Models of CSR.....	13
2.4. Carroll’s CSR Pyramid Model.....	14
2.4.1 Economic Responsibility .....	15
2.4.2 Legal Responsibility .....	16
2.4.3 Ethical Responsibility .....	17
2.4.4 Philanthropy responsibility .....	18
2.4.5 Labor practice responsibility.....	20
2.5 Employee retention .....	22
2.5.1 The definition and concept of Employee retention.....	22
2.5.2 Drivers of employee retention.....	23
2.5.3 CSR and employee retention.....	23
2.5.4 The moderating role of top management support .....	26
2.6 Empirical evidence.....	27

2.6.1 The relationship between Corporate Social Responsibility practice and Employee Retention.	28
2.7 Conceptual Framework of the study .....	30
Chapter Three.....	33
Methodology of the study .....	33
3.1 Description of the study area .....	33
3.2 Research design .....	33
3.3 Research approach .....	33
3.4 Data types and sources.....	34
3.5 Population and sample .....	34
3.5.1 Target Population.....	34
3.5.2 Sampling Technique and Sample size determination. ....	35
3.6 Variable measurement.....	35
3.6 Data collection procedures.....	36
3.7 Data Analysis.....	36
3.8 Reliability and Validity.....	37
3.8.1 Reliability test .....	37
3.8.2 Validity test.....	38
3.8 Ethical Consideration.....	38
Chapter Four .....	39
Data Presentation, Analysis and Interpretation.....	39
4.1 Data Cleaning.....	39
4.2 Descriptive Analysis .....	39
4.2.1 Personal Background of Respondents.....	39
4.1.2 Descriptive Statistics.....	41
4.3 Inferential Analysis .....	42
4.3.1 Diagnostic Test of Assumptions of Classical Linear Regression Model. ....	42
4.3.2 Bivariate Correlation.....	46
4.3.3 Regression analysis .....	48
4.4 Discussion .....	53
Chapter Five.....	57
Conclusion, Managerial Implication, Limitation and Recommendation for Future Research. ....	57
Introduction.....	57

5.1 Conclusion .....	57
5.2 Practical/Managerial Implications .....	59
5.3 Limitations of the study and Recommendations for Future Researches .....	60
5.3.1. Limitation of the study .....	60
5.3.2 Future research directions .....	61
References.....	63
Appendixes .....	73
Appendix A: Factor analysis.....	73
Appendix B: SPSS out puts for Linearity test.....	77
Appendix C: Regression Outputs.....	82
Appendix D: Data for visualizing the conditional effect of the focal predictor.....	86
Appendix E: Research Questioner .....	87

## List of Tables

<b>Table 3. 1 Job Category of Respondents.....</b>	<b>34</b>
<b>Table 3. 2 Reliability Statistics for all study variables .....</b>	<b>37</b>
<b>Table 4. 1 Demographic profile of respondents (N= 195) .....</b>	<b>39</b>
<b>Table 4. 2 Descriptive Statistics for study variables .....</b>	<b>41</b>
<b>Table 4. 3 Multicollinearity analysis .....</b>	<b>44</b>
<b>Table 4. 4 Autocorrelation Test .....</b>	<b>45</b>
<b>Table 4. 5 Correlations analysis of each predictor variable with Employee Retention.. .....</b>	<b>47</b>
<b>Table 4. 6 Hierarchical regression results for the effects of Corporate Social Responsibility subscales on Employee Retention.....</b>	<b>48</b>
<b>Table 4. 7 Result of Testing the First Main Hypothesis .....</b>	<b>50</b>
<b>Table 4. 8 Hierarchical regression results for testing the moderating effect of top management support between corporate social responsibility practices and employee retention.....</b>	<b>51</b>
<b>Table 4. 9 Result of Testing the Second Hypothesis .....</b>	<b>53</b>

## **List of Figures**

<b>Figure 2. 1 Carroll’s (1991) pyramid of Corporate Social Responsibility model .....</b>	<b>19</b>
<b>Figure 2. 2 Adopted from Carroll (1991) and researcher’s modified conceptualization. ....</b>	<b>31</b>
<b>Figure 4. 5 Graphical demonstration of the Conditional effect of Corporate Social Responsibility on Employee Retention.</b>	<b>52</b>

# ACRONYMS

**ANOVA:** Analysis of variance

**B,  $\beta$ :** Beta

**CLRM:** Classical linear regression model

**CSR:** Corporate Social Responsibility

**ER:** Economic Responsibility

**ER:** Employee Retention

**ER:** Ethical Responsibility

**LR:** Legal Responsibility

**LPR:** Labor Practice Responsibility

**PR:** Philanthropy Responsibility

**TMS:** Top Management Support

**DF:** degrees of freedom

**H1:** Hypothesis 1

**H2:** Hypothesis 2

**N:** Sample Size

**P:** Significance Value

**R:** Pearson Correlation Coefficient

**R<sup>2</sup>:** R Square

**SPSS:** Statistical Package for Social Science

**SD:** Standard Deviation

**$\alpha$ :** Cronbach's alpha

**$\Delta R^2$ :** R Square change

## ***Abstract***

*Businesses are growing rapidly and competition is getting stiff. Thus, capturing the hearts and minds of employees and customers is becoming very important. Corporate Social Responsibility (CSR) is a very effective tool in attracting and retaining stockholders and employees (Jamali et al., 2014; Petersen & Vredenburg, 2009). This thesis intended to explore and examine the effect of CSR on employee retention in the case of Ethiopian Sugar Corporation and identify which CSR dimensions significantly predict employee retention. The study further aimed endeavored to determine whether Top Management Support had a moderating effect on the relationship between CSR and Employee Retention. A quantitative, cross-sectional research design was adopted. The total population was divided into strata and then a simple random sampling was employed. A total of 195 (i.e. 86 % of response rate) standard questionnaires were distributed, collected and analyzed from the management and employees of the Ethiopian Sugar Corporation. Descriptive statistics, Correlation, Hierarchical regression analysis and Factor loading were used to analyze both the study variables and the moderating variable using the data by applying SPSS version 25. In addition, Hayes process model version 3.3 was used for computing and depicting the moderation analysis. Evidence from the study showed that all the study variables (labor practice responsibility, economic responsibility, legal responsibility, ethical responsibility and philanthropy responsibility) significantly influenced the level of employee retention, whereas, Labor practice responsibility dimension had a significant positive effect. Top management support is found to have a moderating role in the relationship between the five CSR dimensions (economic, legal, ethical, philanthropy, labor practice responsibility) and employee retention. The study shows that CSR practices and top management support are important factors for retention of employees in the organization. Based on the findings, it is recommended that the corporation should handle employee retention with great concern and use it as a core input to its competency. However further research is necessary to consider the impact of other retention factors and the moderating effect of other CSR, human resource and organizational behaviour factors in predicting employee retention.*

***Keywords:*** *Corporate Social Responsibility, Economic Responsibility, Legal Responsibility, Ethical Responsibility, Philanthropy Responsibility, Labor Practice Responsibility, Top Management Support, Employee Retention*

# Chapter One

## Introduction

This study focuses on analyzing the moderating role of top management support in the link between corporate social responsibility practices and employee retention in the Ethiopian Sugar Corporation. Thus this introductory part of the study contains; the background of the study, the background of the organization, the problem statement, research question, the objectives, Significance of the study and Scope that guided this paperwork.

### 1.1 Background of the study

Over the years, the concept of Corporate Social Responsibility has grown exponentially. It has received growing attention from businesses and academics. These interests originate from different aspects of changes and challenges facing in the business world today. Hence, understanding the importance of Corporate Social Responsibility (CSR) by the organization towards society also has effects on the performance of an organization.

According to the World Bank, as quoted by Chung, Yu, Choi, & Shin (2015) (CSR) corporate social responsibility (CSR) is defined as:

*“The commitment of the business to contribute economics developments working with employees, their families, local community, and sociality to improve quality of life, in ways that are both good for the business and good for development”.*

In earlier thoughts, organizations were only working towards the maximization of their profit and that of shareholders wealth, neglecting the impact or contribution their work has on the environment and society it operates in. But to survive in the competitive business world today, focusing only on profit-making is no longer adequate, and as such companies have to engage and incorporate strategic corporate social responsibility activities for the benefit of the organization and the society (McWilliams et al 2006).

CSR is the commitment of an organization to improve the community through its business practices and its contribution of resources. It is an effort and responsibility of a company to incorporate social and environmental concerns in their business operations to avoid or reduce the harmful effects of its operation and increase long-run positive impacts on the society where it operates in. The CSR theory encourages organizations to be committed to contributing to sustainable economic development and working with employees, the local community and society at large to improve the quality of life (Kotler & Lee, 2008; Khan et al., 2012).

Corporate Social Responsibility is a concept whereby companies voluntarily integrate social and environmental concerns in their operations and interaction with their stakeholders. It is a process which aims to embrace responsibility for the company's activities and to encourage a positive effect through its actions on both internal and external stakeholders; consumers, employees, regulators, communities, suppliers, investors and others who may be considered as stakeholders (Dahlsrud, 2008). Organizations who focus on CSR practices foster a healthier relationship among stakeholders of an organization (Vilkè, 2014). Hence, CSR involves understanding and managing these relationships for the mutual benefit of the organization and the society in which it operates. It also presents a win-win scenario, enabling companies to simultaneously increase their profitability and produce social benefits.

Corporate social responsibility (CSR) can serve as a highly effective component of internal marketing programs by attaining to employee needs and drawing them closer to the company and to acquire and retain employees. Thus, CSR activity is capable of yielding considerable returns to both the employee and the company (Vinerean, Cetina, & Dumitrescu, 2013). Becker et al, (2006) argued employees' attitude towards their organizations is dependent on the organizations' engagement in CSR activities.

Top management support plays a vital role in the implementation of organizations' engagement in different programs and projects, it can be viewed in different forms; in-time allocation of financial, human and other physical resources, helping teams in dealing with hurdles, exhibiting a

commitment to the work and encouraging the subordinates (Kandelousi et al, 2011). Top management's interest in and support of CSR is important for retaining employees because members of top management are the final decision-makers who allocate resources and determine the strategic direction of the business, including employees' development (McCracken & Wallace, 2000).

Different scholars have examined the moderating role of top management support in a different context. Aebi, Sabato, & Schmid, (2012) find top management support, moderating the relationship between the level of Enterprise Risk Management practices and bank performance. Lee, Park, & Baker, (2017) explored the moderating role of top management support on the relationship between human resource development efforts and employees' job satisfaction and found out that top management support had a moderating effect on the relationship between human resource development efforts and employee job satisfaction. But the moderating role of top management support on CSR practice in relation to employee retention has been disregarded.

In this study, the researcher analyzed the effect CSR practices have on employee retention. the researcher adopted Carroll's CSR Pyramid Model four potential variables, which are: economic responsibility, legal responsibility, ethical responsibility, philanthropy responsibility and included labor practice responsibility as a predictor of employee retention and top management Support as a moderating variable which was proposed to influence the relationship between the dependent variable (employee retention) and the multiple independent variables.

The researcher believes this paper will add a pool of knowledge on the literature of employee retention specifically on CSR practices by using Carroll's (1991) CSR pyramid model and also including a moderating variable which is rarely studied on the area.

## **1.2 Background of the organization**

The modern sugar industry in Ethiopia began 69 years ago when the shareholders' agreement was signed between the Ethiopian government and a Holland-based company called HVA in 1950 G.C. The sugarcane farm started on 5000 hectares of land in a city called Wonji 110 kilometre distance from the capital city Addis Ababa. At that time the factory had the capacity of producing 1400

quintals of sugar per day and distribute it to the market. In 1962 another sugar factory called Shewa in Wonji city was producing 1 thousand 700 quintals of sugar per day (Ethiopian Sugar Corporation, 2016).

The Ethiopian Sugar Corporation was established with the Industry Minister Law section announcement No 58/1970 to administer the Wonji and Metehara sugar factories and Addis Ketema and Asmera candy factories. The currently functioning Ethiopian Sugar Corporation was established in 2011 as per the Council of Ministers Regulation No.192/2011. The Corporation is administered under the board of Management and is made accountable to Ministry of Developmental Enterprises as per proclamation no.916/2018 (Ethiopian Sugar Corporation, 2016).

There are eight sugar factories and projects under Ethiopian Sugar Corporation; Wonji Shoa, Metahara, Fincha, Tendaho (Phase I), Kesseme, Arjo Diddessa, Omo Kuraz (NO.2) and Omo Kuraz (No.3). This time apart from sugar, the company produces other by-products like molasses, ethanol and bagasse. The company also produces co-products such as; electricity, animal feed, variety of fruits, sesame, rice, cotton and the like (Ethiopian Sugar Corporation., 2019) The Ethiopian Sugar Corporation currently has 20,170 employees, of which 350 are working in the headquarters Addis Ababa office and the rest in the regional sugar factories (Ethiopian Sugar Corporation Company Profile, 2019).

The Ethiopian Sugar Corporation being a manufacturing industry provides appropriate ground for the study. Ethiopia Sugar Corporation claims that the company actively engaged in corporate social responsibility activities in various ways; in collaboration with Ministry of Water, Irrigation and Energy the Ethiopian Sugar Corporation has built 255 social service institutions like schools, potable water supply, health institutions, mills and roads. The company also creates job opportunities for the local community after training them in different professions. In 2010 more than 450 thousand citizens have got employment opportunity on permanent temporary and contractual basis. Overall the Ethiopian Sugar Corporation has spent about ETB 1.2 billion for different corporate social responsibility engagements such as; construction of social service

institutions, infrastructure, compensation, vocational training and other CSR activities that would benefit the local community (Ethiopian Sugar Corporation Company Profile, 2019).

### **1.3 Statement of the problem**

Business models which disregard social effects and environmentally friendly conditions and exclusively focus on earning and maximizing wealth or profit as the ultimate goal are becoming outdated. Companies are forced to adapt to the new realities, face the challenge and at the same time, survive the competition by incorporating CSR in their operation. Aguilera et al, (2007) stated that by engaging in CSR practice, firms can show concern for both internal and external stakeholders. Therefore, companies are highly encouraged to integrate and adopt a CSR strategy that is concerned with economic, ethical, legal and philanthropic expectations to generate a useful and positive relationship with their stakeholders and the business environment they operate in. This requires companies to be committed to achieving corporate goals through the provision of resources to the stakeholders, employees and investors (Maignan & Ferrell, 2004).

In recent years, CSR has gained significant attention from both academics and professionals. This attention originates mainly from the understanding of the strategic gain in pursuing CSR practices (McWilliams et al, 2006). For instance, firms can possibly achieve actual benefit from a favourable and better relationship with employees of the organization through CSR practices. However, compared to developed countries, fewer studies are done on CSR in the context of developing countries (Jamali & Mirshak, 2007). The majority of the studies on social corporate responsibility cover the developed countries and limited work was found on emerging and developing countries. This suggests that much of the CSR research originating from the Western context may well be inapplicable for developing country contexts (Prieto-Carrón et al, 2006).

In today's dynamic and competitive world, employees (internal stakeholders) hold a competitive advantage for the success of an organization. They are also considered as one of the most valuable assets of an organization. Retaining employees is a challenging task for most companies, which force them to craft strategies to continue to maintain their talented, skilled and experienced employees. Retaining top and talented employees is as crucial as recruiting new ones, and an

organization's success in retaining employees will, in turn, be rewarded by an improvement of its performance (Malensek, 2008). According to Money & Schepers (2007), CSR is regarded as a key strategy to attract and retain top employees in a company. It involves building a relationship and collaboration between employees and management, to bring a sense of value for them to remain with the firm. Engaging in CSR activities could be perceived positively in many ways, such as by attracting and retaining talented employees and motivating the workforce. CSR is one of the major corporate activities that enable organizations to increase employee retention, which has a positive consequence on firms' performance and productivity (Laufer & Coombs, 2006).

There is still very little known about the link between CSR and employee retention. It is one of the least researched yet a vital aspect of CSR (Kathure, 2014; Aminudin, 2013; Collier & Esteban, 2007). Much of the available literature concentrates on the effects of CSR customer satisfaction, loyalty and buying behavior which focuses on the external stakeholders of organizations (Nochai & Nochai, 2014). With regard to employees (internal stakeholders), available studies focus on job attraction and performance, employee engagement (Santhosh & Baral, 2015; Shabnam & Sarker, 2012; Maignan & Ferrell, 2004; Grow, Hamm, & Lee, 2005). Greening & Turban, (2000) also carried out a study related to CSR and found out that employees perceptions of an organizations CSR activities contribute to their attraction to the organization. However, these studies fail to address and shed light on the impact of CSR on employee retention by explicitly demonstrating CSR's relationship with employee attraction, which leaves a huge gap on the effect of CSR on employee retention.

In Ethiopia, there is limited research done in the area of CSR, as most of the studies are about assessments and practices of CSR from employees' perspectives. For example, Ruhama,( 2019) shows that Addis Abba Abattoirs Enterprise has good CSR practices regarding organizational governance, fair operating practices and customer issues. On the other hand, the enterprise has poor CSR practices regarding human rights, labor practices, environmental protection and community involvement. In the case of the health sector, Sara, (2018) studied the factors affecting the practices of CSR in her paper "Health Sector: Empirical Evidence from Local Hospitals in Ethiopia". The study's findings show that organizational culture, governmental policy, and

pressure groups positively and significantly influence the level of CSR adoption. On the other hand, employee demands, competition and customers demand have a positive relationship but not significant in explaining the level of CSR compliance in the health sector. Ephrem, (2018) also conducted an assessment on the practices and determinants of CSR in the Ethiopian leather industry. The comparative study was conducted in Abyssinia Tannery PLC and Blue Nile Tannery S.C. His study's findings show that the type of CSR practices that are better in Abyssinia Tannery include labor handling, consumer protection, environmental protection and human rights. In contrast, Blue Nile Tannery is better in terms of community welfare, transparency and anti-corruption efforts. Overall, he concluded both companies are operating well within CSR practices. Regarding the determinants of CSR practices, he also found out that CSR has a strong positive relationship with labor pressure, consumer demands, community enforcement, sustainability and profitability. These studies have a great contribution to the literature in assessing the practice and determinants of CSR but failed to relate the effect of CSR on other constructs such as employee retention.

It proves difficult to find enough published research on the moderating role of management support in the relationship between CSR practice and employee retention, specifically in relation to Ethiopia. Given these identified gaps, this research aim at bridging the knowledge gap by focusing on the effect of CSR practice on employee retention and the moderating role of top management support in the sugar industry. The study will particularly focus on Ethiopian Sugar Corporation, which is one of the highest contributors to the Ethiopian economy in the sugar sector. By conducting this study, the researcher believes that CSR practices and their effect on employee retention can be applied in the context of organizations in Africa as well as in Ethiopia.

#### **1.4 Research questions**

The research has tried to answer the following research questions;

- ❖ Do corporate social responsibility practices affect employee retention?
- ❖ Which dimensions of corporate social responsibility practices have the most effect on employee retention?

- ❖ Does top management support moderate the relationship between the independent variables and the dependent variable (Employee Retention)?

## **1.5 Objective of the study**

### **1.5.1 General objective**

The general objective of the study was to explore the effect CSR practice has on employee retention and to understand the moderating role of top management support between the two with a particular emphasis on Ethiopian Sugar Corporation.

### **1.5.2 Specific objective**

- To explore the effect of corporate social responsibility on employee retention.
- To show which dimension of CSR practices have the most effect on employee retention.
- To analyze the moderating role of top management support in the relationship between CSR and employee retention in the case of Ethiopian Sugar Corporation.

## **1.6 Significance of the study**

The uniqueness of the study lies in its framework, as the research attempted to analyze the relationship between CSR practice and employee retention while investigating the moderating role of top management support. As mentioned in the problem statement, most of the research done focuses on the assessment of CSR practice and its determinants (Abdulhamid, 2013).

The Sugar industry is one of the biggest manufacturing industries that highly contribute to the Ethiopian economy, but there is very little research done on the industry in general and on CSR concepts in particular. This research will contribute to various aspects of the literature gap; provides insight and information for top management of Ethiopian Sugar Corporation regarding the impact of CSR practice on employee retention, adds to the current knowledge in the area of CSR for many Ethiopian industries particularly for the Sugar industry, contributes to the formulation of policies and strategies for the nation in general and the case company in particular, Serves as an input for further study on the area.

Furthermore, the study investigates the effect of CSR dimensions on employee retention and the moderating role of top management support has on the relationship in the case of Ethiopian Sugar Corporation.

### **1.7 Scopes of the study**

In recent years, various corporate social responsibility models have been developed. To make this study manageable, the researcher will focus on explaining the effect of CSR practice on employee retention by using Carroll's, (1991) pyramid model. The modified model integrates the five CSR dimensions; economic, legal, ethical, philanthropic and labor practice to be included in the study. This study is focused on the sugar sector and particularly the headquarters of Ethiopian Sugar Corporation.

### **1.9 Organization of the study**

This paper is organized in five chapters. The first chapter includes the background of the study, the background of the organization, statement of the problem, objective of the study, significance of the study, scope of the study, limitation of the study and the overall organization of the study. The second chapter covers the review of related theoretical and empirical literature. The third chapter is all about research design and methodology of the study. Results and discussion are discussed in chapter four. The last chapter includes conclusion, managerial Implications, recommendation and suggestions for future research.

## **Chapter Two**

### **Literature review**

On this section of the paper, the researcher presents a comprehensive review of relevant literature in an attempt to position the study in an appropriate theoretical framework. Hence, the researcher tried to identify, read, analyze, summarize and evaluate scholarly articles and related materials on CSR practices, top management support and employee retention and finally present the conceptual framework of the study.

#### **2.1 The definition and concept of CSR**

Despite the growing importance of CSR, there is little consensus on the definition of CSR with a lot of effort to come up with an accepted and clear definition of CSR. One of the common definitions of CSR is from the World Business Council for Sustainable Development (Baker, 2004) defines CSR as the ongoing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, the local community and society at large. The European Commission (2011) defined CSR as the responsibility of organizations for their impacts on society and outlines what an organization should do to meet that responsibility.

Davis, (1973) on the other hand defines CSR as the organization's considerations and action to, concerns beyond the economic, technical, and legal requirements of the organization to achieve social and environmental benefits along with the economic gains which the organization pursues achieve.

According to David & Gallego, (2009), a socially responsible organization will do more than expected by investing in human resource management; fulfill the legal requirements and, environmental protection technologies, etc. Engaging corporate social responsibility activities in

an organizations' operation not only add to investments but also provides a competitive advantage to the company.

Hay, Stavins, & Vietor, (2005) stated corporate social responsibility as a permanent pattern of company activities that engaged to accomplish and exceed legal and governmental expectations, by improving the well-being of the community through employee safety and health insurance.

## **2.2 CSR and Stakeholder theory**

Edward Freeman, (1984) one of a prominent scholar defined a stakeholder as any group or individual who can affect or is affected by the realization of an organization's objectives. He categorized the primary stakeholders (employees, customers, suppliers and management) who are vital for the survival and smooth running of an organization. On the other hand, he categorized the community, media, government, general public and the society as secondary stakeholders. He further argued that CSR is about identifying and managing the relationship with key stakeholders who include individuals and groups with similar interests in a particular organization.

Freeman, (1984) identified groups which are stakeholders of an organization as external and internal to the organization. Managers, owners and employees make up the internal stakeholders of an organization, while customers, suppliers, government, shareholders and creditors makeup the external stakeholders of an organization. Neville & Menguc, (2006) argued that both internal and external stakeholder of the firm has an essential value to add to the organization in addition to maximize shareholder returns. Hence, executives should avoid any trade-off among stakeholders; rather they need to find ways to lead them into the same direction (Freeman & Dmytriiev, 2017).

According to Maignan & Ferrell, (2004) the stakeholder theory considers the firm as a system consisting of different actors and agents in the network of interactions with other stakeholders. The fundamental concept of stakeholder theory is that firms have the responsibility not only to shareholders but also the broader group of stakeholders. Hence, it also offers a different way of thinking/philosophy towards businesses' responsibility, suggesting that shareholders desire cannot be achieved without fulfilling the needs of stakeholders to some level. (Jamali D. , 2008.).

The outcome of CSR practices is not intended at only the external stakeholders, but also internal stakeholders of the company who act as a reliable source of information for external groups of stakeholders as well (Collier & Esteban, 2007).

As opposed to the traditional stockholder view, whereby the prime objective of a firm is to maximize stockholder value as the only social responsibility of business (Friedman M. , 1970), stakeholder theory argued that a business has wider responsibilities that are best expressed in terms of the stakeholder concept (Friedman & Miles, 2006). The fundamental idea of stakeholder theory is to consider the moral interests of corporate groups rather than just those of shareholders (Freeman & Dmytriyev, 2017). In this view, CSR is an act of mutual benefit between a firm and its stakeholders and is manifested in stakeholder theory (Lenz, Wetzel, & Hammerschmidt, 2017). Thus, CSR activities enhance firm value by strengthening the relationships with its stakeholders. Freeman, (1984) also argued that CSR is about identifying and managing the relationship with key stakeholders who include individuals and groups with similar interests in a particular organization.

Corporate social responsibility is described as a stakeholder-focused concept that transcends the borders of an organization and is based on an ethical understanding of organizational responsibilities towards the influence of business activities on the society and environment (Maon et al., 2010).

### **2.3 Benefit of CSR for an organization**

Many scholars such as Asemah et al (2013) stated the advantages organizations can get by implementing CSR such as; enhancing brand and reputation, reducing operation costs, attracting new customers, balancing power with responsibility, discourages or avoid government regulations and restrictions, promoting long-run profit, recognizing business moral obligations, better access to capital and investors, enhancing employee relations (productivity and innovation), stronger relations with stakeholders. James, (2012) also listed six reasons why companies should practice CSR, he suggested that it will help the companies in innovation, cost savings, brand differentiation, long-term interest and concerns, customer engagement and employee engagement.

Moreover, organizations who engage in CSR will have a potential benefit which is a payback for the organization. ISO 26000, (2009) listed the benefits as; organizations can make decisions based on the expectations of the society by avoiding the risk of not being socially responsible and also better management of legal risks, enhance the reputation of the organization, increase competitiveness in relation to competitors, attracting the financial community like investors, donors, sponsors and partnerships, enhancing an organization's ability to recruit, motivate and retain its employees, achieving savings associated with increased productivity and resource efficiency, lower energy and water, reducing potential conflicts with consumers about products or services, contributing to the public good and to strengthening society and institutions. Paul, (2005) also adds that CSR implementation will enhance the ability to recruit, develop and retain staff, competitiveness and market positioning, improve the capability of effective and efficient supply chain relationships, enhanced ability to address change, more strong acceptance by the community the organization operates in and better relations with regulators.

### **2.3 Forms and Models of CSR**

Various definitions of CSR cover various dimensions of CSR. For example; Rehman, (2011) came up with ten important dimensions of CSR; economic, ethical, environmental, law-abiding, human rights, voluntariness, transparency and accountability, stakeholders' involvement. Another definition of CSR is from Dahlsrud, (2008) after analyzing various definitions of CSR and developed a five dimension of CSR which consists of an economic, social environmental, philanthropy and legal dimensions.

Dahlsrud further explained the five dimensions; the first highlights the economic dimension that organizations are established to provide the economic need of goods and services in need of them. To provide these goods and services companies must bring its stakeholders on board and addressing their interests for a good working relationship. The second dimension, which is the legal dimension, requires that an organization is expected to obey the existing laws and regulations of the region, the country and local government. For the organization to run any activities it must operate under these laws and regulations.

The ethical dimension which is the third dimension expects an organization to comply by the activities, practices and norm existing in a community, a society or a country much as they are not embedded in the national legal documents. All the values and norms attached to society but not mentioned in-laws must be complied with. The fourth dimension, the environmental dimension underlines on the need to conserve, protect and improve the environment in which an organization is operating in. This is through environmental friendly manner for waste disposal, participation in environmental conservation activities and campaigns. Finally, the philanthropy dimension involves the set of activities by an organization that includes those corporate actions that are in response to the expectations of the local community and stakeholders. These philanthropy activities are associated with human welfare, goodwill and they are crucial for an organization to be termed as a good corporate citizen (Dahlsrud A. , 2008).

#### **2.4. Carroll's CSR Pyramid Model**

Carroll's CSR pyramid is the most well-known model of CSR. In this model, he divided CSR into four dimensions: economic, legal, ethical and philanthropic responsibilities. In 1991 Carroll presented a pyramid that shows stakeholders' expectations of the responsibilities of organizations. CSR, social responsibility involves stakeholders' expectations concerning organizations in the economic, legal, ethical and philanthropic aspects (Carroll, 1979).

Carroll's four categories of CSR have been used by a number of researchers and theorists (Wartick & Cochran., 1985; Swanson, 1995). Carroll's four dimensions have got a wide acceptance among scholars, which suggests that Carroll's CSR pyramid framework remains to be a leading model of CSR (Wood & Jones., 1996).

CSR is a broad concept and it can be studied from different dimensions such as social, economic and ethical dimensions. Carroll's CSR pyramid is the most well-known model of CSR. In this model, he divided CSR into four dimensions: economic, legal, ethical and philanthropic responsibilities. In 1991 Carroll presented a pyramid that shows stakeholders' expectations of the responsibilities of organizations while maintaining the same dimensions. However, in this research, a modified five dimensions framework will be used by taking into consideration the five important dimensions of CSR: economic, legal, ethical, philanthropic and labor practice

responsibilities. The five variables will be operationalized to measure the independent variable to analyze the relationship with employee retention. In this research, therefore, it will be attempted to show this relationship between corporate social responsibility practices and employee retention and the moderating role of top management support in the relationship.

The modified corporate social responsibility framework, with its five dimensions, are as follows:

### **2.4.1 Economic Responsibility**

The first type of responsibility presented in the model has an economic nature which results while the firms operate in producing existing or new services and products (Carroll A. , 1979). The basic responsibility of any business is to generate profit and maximize shareholders wealth. This will be achieved when an organization meets its economic responsibility. Organizations are viewed as institutions that will produce and sell the goods and services it needs to generate profit and benefit all stakeholders of the business (Carroll, 2016).

Economic responsibility is a dimension in which organizations have to deal with actions that have directly or indirectly impact on the financial performance of the firm. According to Schwartz & Carroll, (2003), organizations have two main economic responsibilities; to increase profits and to increase shareholder value. The direct economic responsibilities of an organization, as the term suggests, are activities that have a direct impact on the organization's financial results, such as increasing sales. Indirect economic responsibilities are those that have an indirect contribution in increasing financial performance. Maintaining a high level of operational efficiency is another aspect which contributes to the organization's economic responsibilities. Other economic activities also include actions that are intended to boost employee morale and retention (Poitras, 1994).

Economic responsibility is a baseline obligation that must be achieved to survive in the competitive world. Most business activities meet some type of economic responsibility, but this is not the case for all activities. A business decision is not considered an economic CSR activity if it is the less profitable business decision and/or if the organization does not consider the economic or financial consequences of the activity when making the decision (Schwartz & Carroll, 2003). Therefore,

those firms who are not successful in accomplishing its economic responsibility may go out of business and reaching out for other CSR responsibilities will be hard to attain (Carroll, 2016).

### **2.4.2 Legal Responsibility**

The second part of the pyramid model responsibility is the legal responsibility; which involves legal compliance's expectations to operate by the rules and regulations. In this perspective, firms are required to accomplish their economic objectives within the framework of legal obligations and requirements (Bansal, 2002).

Society has not only certified businesses as economic entities, but it has also established the ground rules and regulations under which organizations are expected to operate and function. These include laws and regulations established by lawmakers at federal, state and local for the fair business practices. Companies are expected to act in accordance with these rules and regulations while engaging in their operation.

In the motive of profit maximization, organizations are required to act following various laws and regulations promulgated by federal and local governments which help to build law-abiding corporate citizens and allow the achievement of economic objectives within the framework of the regulation (Carroll & Shabana, 2010). Companies can show their adherence to legal responsibilities by carrying out their operations in a manner consistent with what is required by law, rules and regulations of the government, fulfilling all their legal obligations to societal stakeholders, deliver goods and services that at least fulfil the possible minimum legal requirements. The legal dimension of CSR also requires firms to comply with the "codified ethics" of business operation set by lawmakers, when they try to achieve financial gain through the implementation of economic responsibilities. Laws have a significant role to play, but they are insufficient because first, they do not possibly cover all of the issues and areas that an organization may encounter. Second, laws frequently do not incorporate current concepts on what is perceived as right behavior, and third, rules and regulations may sometimes represent the personal interests and political motives of lawmakers (Carroll, 1991).

### **2.4.3 Ethical Responsibility**

The limitations and restrictions of the law are overcome by ethical responsibility; which is the third type of responsibility. Ethical responsibilities associated to those practices, policies and actions that are expected (positive obligations) or disallowed (negative obligations) individuals of society, although they are not categorized into law (Solomon, 1994).

The ethical responsibility dimension of the pyramid model explains the society and stakeholders expectation towards organizations to operate and ethically conduct their activities, beyond what is obligated by laws and regulations. Ethical responsibilities imply the organization embrace those activities, standards, norms, principles and practices that are expected or prohibited by the society even though they are not codified into the law (Carroll, 1991).

Carroll further explains that companies will be accountable for and responsive to the full range of norms, standards, values, principles, and requirements that reveal and honor what companies' stakeholders; consumers, employees, shareholders and the society regard as an ethical responsibility to the stakeholders' interest. While fulfilling these ethical responsibilities organizations are expected to: act in a manner consistent with the ethical and moral expectations of the society, identify and follow new or developing ethical/ moral norms adopted by society, not compromise ethical norms in order to achieve business goals, be a good corporate citizens by doing what is right morally or ethically, recognize and integrate and ethical behavior in their business beyond ordinary compliance with laws and regulations (Carroll, 1991).

Ethical responsibilities go beyond the legal responsibilities since they include newly emerging values and norms that the community expects an organization to fulfil and contain the advanced standard of business practices than that existing legal scheme required. However, ethical responsibilities is not an easy task for firms because new expectations keep on emerging from the stakeholders and which make it hard for the organization to keep up with these expectations (Schwartz & Carroll, 2003).

Schwartz & Carroll, (2003) argue that stakeholders have certain expectations from an organization, which include fulfilling both local and global ethical requirements, organizations are considered as not engaged in ethical responsibility practices when they a) lack consideration for the unethical nature of their policies or practices, b) are aware that they are proactively engaging in unethical activities, and c) participate in activities that only they consider to the benefit the organization, and disregarding the interest of their stakeholders.

#### **2.4.4 Philanthropy responsibility**

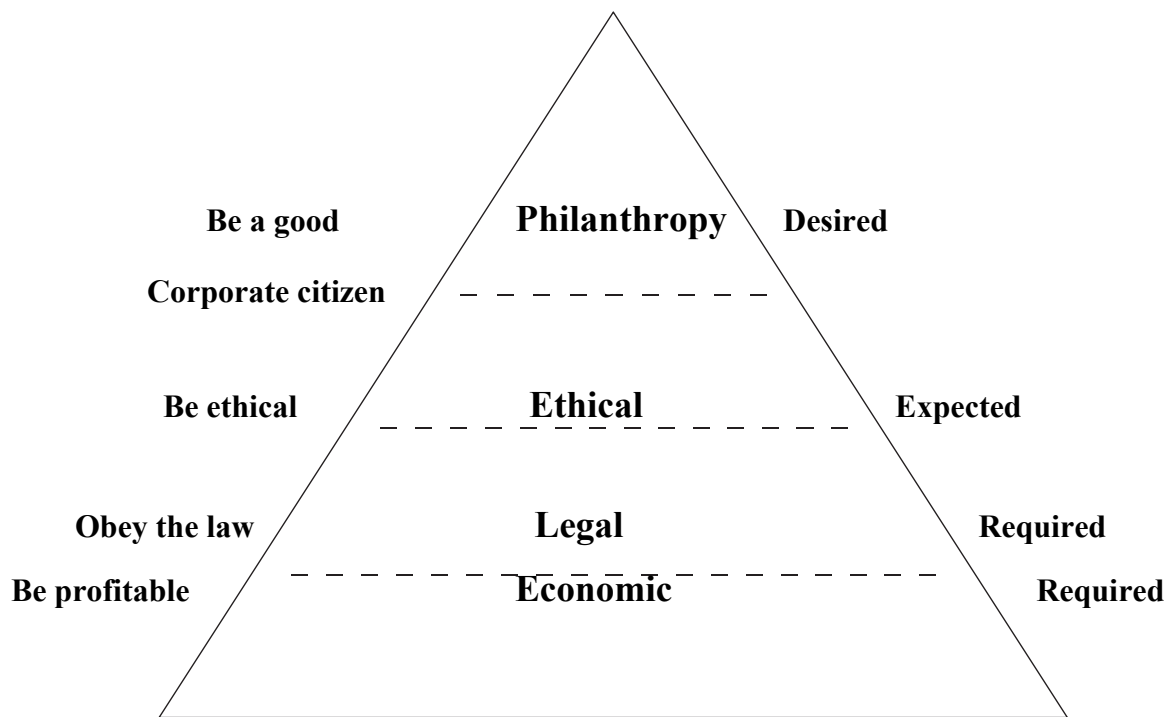
Philanthropic responsibility is the fourth type of responsibility. It is a responsibility that has no clear business strategy and left as optional choices (Carroll, 1979). Philanthropy responsibility refers to voluntary activities or donations an organization contributes to the community in which it is operating, from an African context it is an obligation and mandatory dimension of CSR but discretionary in developing countries (Ehie, 2016; Carroll, 1991; Carroll & Shabana, 2010; Ahmad, 2006).

Philanthropy is more than being a corporate citizen but a requirement to satisfy stakeholders needs in various forms; social welfare programs, contributing to education, health, arts and cultural activities. It is more of a voluntary set of welfare activities which is desired and the business organization is not classified unethical if it doesn't participate in it (Jamali & Mirshak, 2007). These set of responsibilities are introduced to solve the problems of the community and all stakeholders that the business is responsible to attend to (Raimi et al, 2015). According to Ojo, (2009) in developing countries context philanthropic activities include; donations to an educational institution, provision of basic infrastructures, poverty alleviation programs, establishing health facilities, providing employment opportunities for the host communities (Okpara & Wynn, 2012).

Philanthropic responsibilities are discretionary in nature to meet societal expectations from organizations. There are different perspectives towards philanthropy in the western world and Africa, Carroll argued that to the westerns perceive it as a less considered but is highly desired as a contribution to societal development, whereas distributing parts of profits in form of philanthropy is an acceptable practice by organization in Africa (Carroll A. B., 1991, Ehie, 2016; Okpara & Wynn, 2012). Engaging in philanthropic responsibilities is advantageous and essential in many

ways, it is an opportunity to gain legitimacy, build a reputation, and use it as a strategy in the long run. Corporate citizenry is impossible without showing responsibility and contributing to societal development (Frynas, 2006). Therefore it is part of manager’s responsibilities to initiate and implement philanthropic CSR activities because it is the management support and decision towards philanthropic activities that determine its execution, which in turn will reward the organization in financial gains in the long term, customer retention and recruitment and retaining employees (Forstater et al, 2010; Zheng, et al, 2015).

**Carroll’s (1991) pyramid of Corporate Social Responsibility model**



**Figure 2. 1 Carroll’s (1991) pyramid of Corporate Social Responsibility model**

*Source: Carroll (1991) cited by Schwartz and Carroll (2003), pp. 504*

### **2.4.5 Labor practice responsibility.**

Labor practice responsibility is one of the seven core CSR dimensions of ISO 26000. The labor practices of an organization include policies and practices relating to work performed within, by or on behalf of the organization. It extends beyond the relationship of an organization with its direct employees the responsibilities that an organization has at a workplace that it owns or directly controls (ISO 26000, 2009).

The corporate social responsibility of a company is not only limited to the external environment but also a company should be responsible to its employees to be considered as a fully responsible company (Turoń, 2016). Employees for companies not only represent human resource but also they are part of their organizations as stakeholders. Employees as one of the primary stakeholders will be the first to be affected positively or negatively from the actions and decisions of the organization. Hence, employers should grant the necessary support and care to their employees and local communities if they want to acquire recognition and benefit. Some of the responsibilities expected from the organization are; comply with all legal requirements, willingly create a tool to manage compliance with the expectations defined by society, observe and practice the principles of corporate social responsibility, be fair in managing diversity, take care of stakeholders' interest, respecting the principles of ecology and other concerns that are linked with the area of enterprise operations, actively involve and support the local communities, produce and distribute economic and social dividends.

The International Standard Organization, (2009) listed the responsibilities of organizations with regard to its labor practices; recruitment and promotion of employees, disciplinary and grievance procedures; the transfer and relocation of workers; termination of employment; training and skills development; health, safety and industrial hygiene; and any policy or practice affecting conditions of work, in particular working time and remuneration, recognition of worker organizations and representation and participation of both worker and employer organizations in collective bargaining, social dialogue and tripartite consultation. The International Labor Organization, (2010) on the other hand has identified and listed fundamental labor practice principles at work: freedom of association and right to collective bargaining, rejection of all practices of forced or

compulsory labor, the elimination of child labor, avoid discrimination of employees with respect to their employment and occupation.

Kisil (2013) and Klimek (2014) as cited in (Turoń, 2016) they indicated the key actions which are associated with good labor practices; compliance with the principles of diversity, participating in voluntary work; pleasant relationships among co-workers, developing a platform for employees to express opinions, ensuring safety in the place of work, transparency with regard to pertinent information to any activities that are associated with them, ethical recruitment and selection for promotion, the stability of employment, providing medical care, ensuring an appropriate structure for work and fair wages, ensuring satisfactory conditions of employment, encouraging the development of employees, respecting private and family life of employees, participation in courses and career development, supporting employees in unexpected circumstances, implementation of outplacement programs.

On the other hand, McWilliams & Siegel, (2001) consider employees as one of the important stakeholders, who claim for better labor relations policies and procedures, safety conditions, financial security, and other requirements, child care services. Competitive remunerations, health insurance coverage, human resource development programs, and positive union relations (Bauman & Skitka, 2012). Moreover, to achieve the CSR strategies of an organization, it is important that the company has the support and engagement of its employees in implementing its CSR initiatives and programs.

Ensuring a good labor practices responsibility is not a stress-free task, the reason why companies do not engage in CSR activities is due to the wrong belief that the company will incur cost rather than gaining a potential benefit from human resource aspects of CSR practices. However, achieving expectations of employees through good labor practice is an opportunity not only to the company efficiency but it also affects employee satisfaction and willingness to remain with their work (Turoń, 2016).

## **2.5 Employee retention**

### **2.5.1 The definition and concept of Employee retention**

Employees have been an important asset of any organization; they can also be termed as the lifeblood of an organization. These days the advancement in the technology and innovation is bringing about a change in the way organizations operate to be more technology-driven, but still, employees remain to be the valuable asset because the human resource is also required to operate the emerging technology. Now a day's to remain more competitive companies are facing a challenge not only to attract the best talents but also to retain and maintain them while being energetic and ambitious on the job for a long term (Kossivi et al, 2016). Employee retention is concerned with keeping and encouraging employees to stay in the organization for a long time (Bidisha & Mukulesh, 2013).

The concept of employee retention has grown in recent years. In the past, there was a wide perception and practice of employees remaining in the same organizations for all of their working life. Employee mobility and voluntary change of employers flashed the change that resulted in employees looking at ways of retaining talents (McKeown, 2002).

Various scholars defined employee retention in different perspectives; Mita et al, (2014) defined employee retention as a practice adopted by businesses to keep effective employees as well as to achieve operational requirements. Bidisha & Mukulesh, (2013) termed it as “a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project”. According to Frank et al, (2004) employee retention is the effort by the organization to keep employees to meet business objectives.

Sherrat, (2000) stated that employees voluntarily resign from their organizations for various reasons which he classified it into two: pull and push factors. The pull factors are the attraction to a new job especially in a growing competitive economy with many job opportunities, or resignation by employees from an organization to go into private business. In such cases, it is the availability of alternative jobs that attracts an employee to withdraw from a particular organization.

He also explains that the push factor may be being unsatisfied with the current job that motivates an employee to seek alternative employment elsewhere. Besides, it can sometimes be a combination of both the pull and push factors. Schultz & Schultz, (2006) argued that a single important push factor that leads to an early turnover of new employees is the unrealistic expectations and general lack of knowledge by many job applicants about the nature of the job at the time of employment.

### **2.5.2 Drivers of employee retention**

Employees may have different motives to stay in and stick with their employers for a long period in which organizations can adapt and consider these motives as drivers to retain their employees. Various researchers found out different drivers of employee retention.

O'Neal, & Gebauer, (2006) in their study identified the main drivers of employee retention as; career development opportunities, competitive base pay, salary increases linked to employee job performance, challenging work and work-life balance. The study also identified other drivers such as; learning and development opportunities, competitive retirement benefits, competitive health-care benefits and coaching/mentoring. Phillips & Cornell, (2003) also identified various drivers of employee retention amongst them: compensation, appreciation and respect, a good working environment, career development and growth and an organizations communication culture.

Arthur, (2001) argues that employee retention can be improved by several ways including reimbursement practices, leadership and supervision, career planning and development, creating good working environment and conditions, team building, organization communication and commitment, counselling those employees who leave the organization, turnover policies and appreciations, flexible working hours, employee involvement and participation. Meanwhile, Wright, (1991) also listed the major factors for staff retention as support by the administration, better salary and benefits.

### **2.5.3 CSR and employee retention**

The employee retention definition, concept and motives mentioned above do not consider CSR engagement as a retention factor. Corporate social responsibility (CSR) can serve as a highly effective component of internal marketing programs by attaining to employee needs and drawing

them closer to the company and to acquire and retain employees. Thus, CSR activity is capable of yielding considerable returns to both the employee and the company (Vinerean, Cetina, & Dumitrescu, 2013). There is little research information linking employee retention and CSR practices, few studies showed the indirect relationship like employee attitude and CSR activities. Becker et al, (2006) argued employees' attitude towards their organizations is dependent on the organizations' engagement in CSR activities.

On the other hand, Carroll (1991) considers employees to be key stakeholders in CSR activities. It has also been agreed that employees remain the most important asset in any organization and as such recruitment, development and retention of talented employees is the core aspect of every organization's human resources policy. Organizations are required to take an extra step to keep the desired employees to achieve business objectives; (Frank et al, 2004). This, in turn, necessitates employers to create good employee-centred strategies to build positive workplace perceptions that encourage employee retention (Boxall & Macky, 2009). CSR has become an increasingly vital component in corporate success, especially in talent recruitment and retention. Companies can recruit and retain their employees more easily if they possess a strong commitment to CSR (Turban & Greening, 1997). It is one of the techniques where a company achieves a balance of integration of economic, environmental and social necessities while at the same time met the expectation of shareholder & stakeholder (Gupta & Sharma, 2009).

Bauman & Skitka, (2012) argued that CSR should also increase firms' capacity to attract and retain top talent employees. Though it is evident that CSR can have a positive impression on employees' attitude towards their employer, very little work has attempted to show how CSR affects employees and why CSR has a distinctive role to play in employees' relationships with their employers.

Many scholars stressed the relationship between CSR and employee retention. organizations that are known for having human resource practices oriented at employees' wellbeing can, at the same time, improve its ability to recruit (Turban & Greening, 1997; Schnietz & Epstein, 2005), improve employees' morale and productivity (McWilliams & Siegel, 2001; Backhaus et al., 2002), lower

turnover, lower absenteeism and have a more obedient workforce who is willing to work harder or for a lower compensation (Branco & Rodrigues, 2006).

Frank R. H., (1996) through four separate studies showed that employees were ready to stay in the organization for less payment just to work for an employer or organization that is perceived to have higher moral and social values. It has also been shown that socially responsible firms attract better employees (Greening & Turban, 2000; Turban & Greening, 1996): This happens because CSR acts as an indicator to potential job applicants that if an organization is socially responsible it is most probably a responsible employer too. Therefore, a good CSR engagement positively captures the attention of those who are employed but also prospective employees (Turban & Greening, 1996). Giving employees a chance to participate in CSR activities will give them a sense of satisfaction since they are giving back to their communities, furthermore, when employees recognize that organizations are giving priority to their values and norms they appreciate it which creates a bond with their employer hence employee retention. In addition, organizations that engage communities in team-building contributes to a connection amongst the employees, between employees and the community hence closely links to low employee turnover.

Vinerean, Cetina, & Dumitrescu, (2013) emphasized that incorporating CSR initiatives in the strategic plan of the firm will have several benefits for the society, stakeholders and the organization. It is also capable of enhancing substantial return to both the employee and the company. Engaging employees in the implementation of external CSR activities will also in many aspects including work performance, employee commitment and employee retention.

CSR has become an increasingly vital component in organization success, particularly in talent recruitment and retention. Employees will have better working attitudes, more engagement, greater productivity, higher job satisfaction and greater retention rate when their organization able to fulfill their expectations on CSR (Trevino & Nelson, 2011). A strong commitment towards crafting and implementing CSR will benefit companies to recruit and retain their workforce more easily (Turban & Greening, 1997). Peterson, (2004) emphasized that employees want to work for organizations that have favorable reputations and that they can be proud of. Relating this to

corporate social responsibility, this suggests that employees want to work for organizations that are known for or characterized by treating employees fairly, adhering to business ethics and supporting the local and global community.

*H1: Corporate Social Responsibility practice will have a significant positive effect on employee retention.*

#### **2.5.4 The moderating role of top management support**

Top management support plays a vital role in the implementation of organizations' engagement in different programs and projects. The support of top management is required, especially towards the effective provision of resources and structure which increases the execution and achievement of organizations' anticipated objectives. Furthermore, top management support can be viewed in different forms; in-time allocation of financial, human and other physical resources, helping teams in dealing with hurdles, exhibiting a commitment to the work and encouraging the subordinates (Kandelousi et al, 2011).

Khan, Long & Iqbal, (2014) developed a theory that supports the role of top management support on the relationship between project leadership and project success. They stated the importance of top management support as a glue between project leadership behaviour and project success that can strengthen or weaken the proposed relation. The authors conceptualized top management support as a potential moderator between project leadership and project success as it has the ability and power to strengthen or weaken the said relationship.

Several studies have examined the moderating role of top management support in a different context. Aebi, Sabato, & Schmid, (2012) find top management support, moderating the relationship between the level of Enterprise Risk Management practices and bank performance. Manab & Kassim, (2012) found a positive relationship on the moderating effect of leadership on the relationship between Enterprise Risk Management implementation and the level of risk management practices in public listed companies in Malaysia, but the moderating role of top management support on CSR practice in relation to employee retention has been disregarded. Therefore this study will introduce top management support as a moderating variable on the

relationship between CSR practice and employee retention in the case of Ethiopian Sugar Corporation. In this research, TMS refers to the top management's participation in or commitment to carry out CSR practices.

Lee, Park, & Baker, (2017) explored the moderating role of top management support on the relationship between human resource development efforts and employees' job satisfaction and found out that top management support had a moderating effect on the relationship between human resource development efforts and employee job satisfaction. In other words, the relationship between human resource development efforts and job satisfaction became stronger when strong top management support exists.

In light of the review of related literature, top management support is expected to moderate the relationship between CSR practice and employee retention because CSR practices can be strengthened through TMS. Top management's interest in and support of CSR is important for retaining employees because members of top management are the final decision-makers who allocate resources and determine the strategic direction of the business, including employees' development (McCracken & Wallace, 2000). An employee will tend to perceive their organizations as being fair to them when they perceive their organizations to be socially responsible which sends a positive signal to the employees by increasing positive job attitude and attachment to remain in the organization (Leigh et al, 1988). Employees also want to work for organizations that are known for treating employees fairly, adhering to business ethics and supporting the local and global community (Peterson D. K., 2004).

*H2: Top management support will moderate the relationship between CSR practice and employee retention*

## **2.6 Empirical evidence**

This part of the literature review is designed to present different researches and empirical studies that have investigated the link between the important variables of the study.

## **2.6.1 The relationship between Corporate Social Responsibility practice and Employee Retention.**

Evidence shows that a company's corporate social responsibility (CSR) practice is a valid, compelling and increasingly important way to attract and retain good employees. Apart from that, more employees look for to work with a socially responsible company. CSR can also be used as a tool to acquire and retain talented employees.

A study conducted by the UK Work Foundation (2000) showed that 82 % of UK professionals would not work for an organization whose values they did not believe in, and 73 % take social and ethical consideration into account when selecting a job (Draper, 2002).

Rubenstein, (2004) conducted three independent surveys on corporate philanthropy in the US, in which he showed that employees expect organizations to support build a better society and they reward those that do. From the survey, two-thirds of the employees surveyed believe that their organizations should sponsor some kind of a corporate citizenship program. The reports agree that good corporate citizenship benefits organizations by improving the relationship between employer and employees in various ways; recruitment, loyalty, motivation and retention.

Kathure, (2014) explored the relationship between the perceived influence of CSR and employee retention in the Kenya context. The study applied a quantitative, descriptive cross-sectional research design approach and using 160 structured questionnaires. The findings of the study show that most of the employees participated in and supported CSR activities initiated by the organization. Also, the study showed that most of the employees leave the organization because of lack of support, low carrier development, lack of recognition and lack of stockholders' engagement and poor CSR strategies.

Vinerean, Cetina, & Dumitrescu, (2013) conducted a study entitled 'Modeling Employee Satisfaction in Relation to CSR Practices and Attraction and Retention of Top Talent'. The study highlighted an empirical study of responses from 10 multinational companies (Facebook, Google, Procter & Gamble, Unilever, General Electric, Amazon.com, Best Buy, The Coca – Cola

Corporation, Microsoft, and Starbucks) regarding their corporate social responsibility programs as a means to attract and retain talented employees. The findings of the study showed that CSR initiatives in all the multinational companies have a positive and significant effect on retaining and attracting employees. They have also indicated that engaging in CSR activities have a crucial role in attracting and retaining employees.

Lee & Chen, (2018) conducted research entitled 'Boosting employee retention through Corporate Social Responsibility: A configurationally analysis' in the largest department store chain in Taiwan they investigated how organizations' CSR initiatives and the employee job needs affect employees' job satisfaction and retention intention. The study used (fuzzy-set) a qualitative comparative analysis method to capture the integrative effects of explanatory factors on the outcomes by examining the case of a leading chain department store in Asia. The results of the study showed that an organization's efforts towards CSR implementation could enhance the fulfillment of employees' Existence, Relatedness and Growth (ERG) needs. Moreover, the perceived CSR initiatives could also have a positive effect on employees' satisfaction and retention intention.

Abd Rahim, Jalaludin, & Tajuddin, (2011) examined the influence of CSR on the buying behavior of Malaysian consumers and indicated whether consumers considered a corporation's CSR initiatives before making any purchase decisions of the products and services. The results showed significant positive relationships between all of the variables used in measuring CSR and consumers' buying behavior. Malaysian consumers' priority, however, seemed to be different from Carroll's pyramid, where, although economic responsibility remained the utmost priority, philanthropy stood second, followed by ethical and legal responsibility.

Alemu, Mola, & Yitayew, (2018) conducted a study to assess the practice of CSR and its relationship on organization performance: in the case of Ethiopian manufacturing firms by adopting Carroll's pyramid model (Economic, Legal, Ethical and Philanthropy responsibility). From the results of the study, they have discovered that CSR is a familiar concept in the sector as most of the manufacturing firms involved in CSR activities. Their major areas of CSR include

protecting the environment, waste management, supporting the needy people financially in case of emergency, forming sport team, funding children's education, assisting and sponsoring development projects and social events in the local community and the country. The outcome of correlation indicated that there is a significant relationship between CSR practices and perceived performance of the manufacturing firms and perceived performance.

Irshad, Rahim, Khan, & Khan, (2017) conducted research entitled 'The Impact of Corporate Social Responsibility on Customer Satisfaction and Customer Loyalty, Moderating Effect of Corporate Image. (Evidence From Pakistan). The study aimed to examine how Customers Satisfaction and Loyalty is influenced by the CSR factors and the role of Corporate Image as a moderator in the economy of Pakistan. The study adopted both qualitative and quantitative research method. A questionnaire was collected from 219 targeted people, data was run in SPSS and all the six hypotheses were supported. The results showed a positive effect of Corporate Social Responsibility on the Customers Satisfaction and Loyalty and corporate image had a moderating effect on the relationship; corporate high image results in a more strong relationship between CSR and Customer Satisfaction and Customer Loyalty.

## **2.7 Conceptual Framework of the study**

In recent decades, the theory of CSR has been used widely as a foundation to mediate the relationship between different stakeholders of an organization. According to Archie B. Carroll (1979), one of the leading theorists of CSR, social responsibility involves stakeholders' expectations with regard to organizations in the economic, legal, ethical and philanthropic aspects.

CSR is a broad concept and it can be studied from different dimensions such as social, economic and ethical dimensions. Carroll's CSR pyramid is the most well-known model of CSR. In this model, he divided CSR into four dimensions: economic, legal, ethical and philanthropic responsibilities. In 1991 Carroll presented a pyramid that shows stakeholders' expectations of the responsibilities of organizations while maintaining the same dimensions. However, in this research, a modified five dimensions framework will be used by taking into consideration the five important dimensions of CSR: economic, legal, ethical, philanthropic and labor practice



The above framework shows, we have three paths to form a relationship among variables. The 1<sup>st</sup> path estimates the direct path between the predictor variables and employee retention. Thus on this path, we have related CSR practices (Labor practice responsibilities, Philanthropy responsibilities, Ethical responsibilities, Legal responsibilities, Economic responsibilities) to employee retention. The 2<sup>nd</sup> path is the path that indicates the direct relationship between the moderator variable and employee retention which means we consider the moderator variable as an independent variable (top management support to employee retention) and the 3<sup>rd</sup> path is the indirect path which estimates the path from the independent variable (CSR practice) to its hypothesized moderator and then to the dependent variable. So under this path, the effect of predictor variables on employee retention will be regressed indirectly through the moderating variable. It is hypothesized that when the top management embraces a different level of support, the effect of those predictor variables on employee retention will change in strength and/or direction.

## **Chapter Three**

### **Methodology of the study**

This chapter will present methodology; the plan and procedure on how the research systematically answers the objective of the study. Therefore under this part of the study, the researcher will provide an overview of the target population, research design, research approach, data sources and types, data collection methods, instrument, sample design, sampling technique, sample size determination, data processing and analysis, that will be carried out under this study.

#### **3.1 Description of the study area**

This study focused on the relationship between CSR practice and employee retention and the moderating role of top management support in the case of Ethiopian Sugar Corporation.

#### **3.2 Research design**

A research design is a detailed outline of how an investigation will take place. It is basically determined by the purpose of the research. This study intended at single time description and determining the relationships among the three variables (Corporate Social Responsibility, Employee Retention and Top Management Support), as a result, a cross-sectional survey design could be used as a method of collecting data from the sample population (Miller & Whicker, 1999). A Cross-sectional survey examines the snapshot of constructs at a single point in time and describes the data available in that snapshot with the attempt to make correlations between variables given in the dataset (Berger, Mamdani, Atkins, & Johnson, 2009). Therefore, this study employed a cross-sectional descriptive survey research design.

#### **3.3 Research approach**

A quantitative research approach will be adopted to maximize the objectivity and reliability of the research (Harwell, 2011). For this research, a selected number of employees responded to the questionnaire which was designed to collect the data. This approach is selected because it enables the researcher to provide reliable data which can potentially serve as the foundation to arrive at findings (Lavrakas, 2008). Moreover, it enables the researcher to find out responses from the

participants about the different CSR dimensions identified earlier using standard questionnaires and questions.

### 3.4 Data types and sources

Data collection method describes how data is gathered or collected. Data can be collated in various methods such as census, experiment, survey and observation. In this study, the researcher used a sample survey method where structured questionnaires that were compiled for the purpose of this research. As stated by Creswell (2003) a survey design provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. From sample results, the researcher generalizes or makes claims about the population (Creswell, 2003).

The data for this thesis was obtained from primary as well as secondary sources. The primary data was collected from the Ethiopian Sugar Corporation employees using a structured questionnaire. The secondary resources were collected from the Ethiopian Sugar Corporation internal reports and manuals, its intranet, published books and journal articles, internet sources and websites.

### 3.5 Population and sample

#### 3.5.1 Target Population

The population for a study is that group (usually of people) about whom we want to draw a conclusion (Babbie, 2007). Therefore, our target population for this specific study was the employees and management of Ethiopian Sugar Corporation.

**Table 3. 1 Job Category of Respondents**

<b>Job Category</b>	<b>Total Strata Size</b>	<b>Proportionate Sample</b>	<b>Actual respondents</b>
Managerial (Directors, Team leaders, Senior officers and Supervisors)	163	111	100
Non-Managerial (Officer, Clerk, Administrative)	187	115	95
<b><i>Total</i></b>	<b>350</b>	<b>226</b>	<b>195</b>

### **3.5.2 Sampling Technique and Sample size determination.**

For sampling respondents, this study used a stratified sampling technique to categorize the sample population members and from each stratum, respondents were selected using simple random sampling technique.

As of the sample size determination, from the total population of 350 employees, a sample size of 226 (using Yamane, (1967) formula of 96% confidence level and 4% margin of error) staff members will be participating in the data collection activity. The above sample size is obtained using the formula;

$$n=N/[1+N(e^2)]$$

#### **Where:**

n= is the sample size

N= total population

e = the level of precision or sampling error (0.04). Therefore our sample size that can fit our target population is computed as follows:

$$\text{Sample size (n)} = 350 / [1 + 350(0.04)^2]$$

$$n = 226$$

### **3.6 Variable measurement**

For the purpose of this research, structured questionnaires were administered adopting from different previous studies to understand and determine the relationship between the three variables of interest.

The first section of the questionnaire contained the demographic characteristics of the respondents where respondents are requested to provide information about their gender, age, year of service or experience and education level. The second section of the questionnaire contains questions related to each variable in the study.

Corporate social responsibility practice questionnaire was adopted from Helmig, Spraul, & Ingenhoff, (2016); Maignan & Ferrell, (2004); Shu-Ling, (2018); and Al Amri, Das, & Ben Ayed,

(2019); Turker, (2009) was measured by 26 items covering five CSR dimensions namely; 1) Economic, 2) Legal, 3) Ethical, 4) Philanthropy and 5) Labor practice responsibility.

Top management support was measured by 8 items adopted from Chen & Paulraj, (2004); Islam, Doshi, Mahtab, & Ahmad, (2009); Lee, Park, & Baker, (2017).

The employee retention questionnaire was measured by 7 items adopted from Govaerts, Kyndt, Dochy, & Baert, (2011); Jun, Cai, & Shin, (2006) and Vinerean, Cetina, & Dumitrescu, (2013). Responses will be recorded on a five-point Likert scale on which “5” represents strongly agree, “4” Agree “3”, Neutral, “2”, Disagree and “1” will represent Strongly Disagree.

### **3.6 Data collection procedures**

The data collection procedure started by obtaining the consent of the organization’s concerned department ahead of time. A formal and informal discussion was held with employees and management of the organization to get their engagement in the research. The questionnaires were distributed afterwards through a representative assigned by the HR office of Ethiopian Sugar Corporation.

### **3.7 Data Analysis**

As observed in similar research works both inferential and descriptive statistics method were used for the analysis of the data to be gathered. The data analysis consists of examining the completeness of the data, entering data into a database and performing an analysis of respondents in line with research objectives. Thus for this research, the Statistical Package for Social Science (SPSS version 25) was used to analyze the survey data. And specifically, inferential statistics (correlation and multiple regression analysis) was employed in this study. Regression analysis is used to know by how much the independent variable; CSR practice and top management support, in this case, explain or affects employee retention (the dependent variable).

A correlational is a design in which investigators use the correlational statistic to describe and measure the degree of association (or relationship) between two or more variables or sets of scores (Creswell, 2003). Correlation analysis was also conducted to measure the strength of the association between relationship CSR practice, top management support and employee retention.

## 3.8 Reliability and Validity

### 3.8.1 Reliability test

Reliability is a method used to test whether our measurements' has dependency and consistency or not. This result could be seen from the instrument employed and also from the group of respondents (Cohen et al., 2003).

Previous related studies which employed similar assessment tool have tested the tool for its subscales reliability and scored medium to high Cronbach's coefficient Alpha. Consequently, to make sure the measurements of variables under this study reliability is conducted for each of the variables under the study (employee retention, economic responsibility, legal responsibility, ethical responsibility, philanthropy responsibility, labor practice responsibility and top management support).

As indicated by (Nunnally, 1994) the closer the reliability coefficient to 1.00 is the better. In general, reliabilities less than 0.60 are considered to be poor; those in the range of 0.60 to 0.80 are considered to be good and acceptable. In this study, all the independent variables and dependent variable met the above requirement. The alpha value for each variable is identified and shown below.

**Table 3. 2 Reliability Statistics for all study variables**

Reliability Statistics		
Variable	Cronbach's Alpha	N of Items
Employee Retention	0.892	7
Economic responsibility	0.814	6
Legal responsibility	0.713	5
Ethical responsibility	0.734	5
Philanthropy responsibility	0.814	6
Labor practice responsibility	0.811	7
Top management support	0.912	7

*Source:* Own Survey, computed in SPSS, 2020

The results of Cronbach's alpha values for the reliability of all the study variables showed that they were higher than the acceptable level; which is ( $\alpha$ ) is 0.60, as mentioned in table 3.2.

### **3.8.2 Validity test**

Validity concerns the degree to which a question measures what it is intended to measure. It is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). Validity is concerned with how well the concepts are defined by the measure(s). It also refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration (O'Leary, 2004).

#### **3.8.2.1 Factor Analysis**

Factor Analysis is a statistical method used to describe variability among observed, correlated variables in terms of potentially lower unobserved variables called factors. Factor analysis operates on the concept that measurable and observable variables can be reduced to fewer latent variables that share a common variance and are unobservable, (Bartholomew, Knotts, & Moustaki, 2011).

Factor loadings are correlation coefficients between observed variables and latent common factors. They are part of the outcome from factor analysis, which serves as a data reduction method designed to explain the correlations between observed variables using a smaller number of factors. (Salkind, 2010). The study variables checked for factor loading are stated in (Appendix A) and all items were considered for analysis.

### **3.8 Ethical Consideration**

In research, issues related to ethics are of paramount importance, hence, the study gave due consideration to ethical issues; confidentiality and anonymity. The participants were first communicated about the purpose and significance of the study as their responses will be used only for academic purpose and kept confidential. They were assured that their names and their identity would remain anonymous to maintain the confidentiality of the information provided by the respondents, the respondents were instructed not to write their names on the questionnaire and respondents were included in the study based on their free will.

## Chapter Four

### Data Presentation, Analysis and Interpretation

This chapter consists of the empirical findings from the survey and an analysis of the results. The first section presents an overview of the respondent's profile and data distribution using descriptive statistics. This part of the paper presented descriptive statistics, correlation, and regression analysis with a respective discussion of results.

#### 4.1 Data Cleaning

Based on the methodologies specified in chapter three (stratified and simple random sampling), In order to get 226 sample size, 250 questionnaires were distributed and 210 were returned and 195 were accepted to be valid for analysis which is 86 % of the response rate.

#### 4.2 Descriptive Analysis

##### 4.2.1 Personal Background of Respondents.

Table 4. 1 Demographic profile of respondents (N= 195)

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Gender</b>	Male	139	71.3	71.3	71.3
	Female	56	28.7	28.7	100.0
	Total	195	100.0	100.0	
<b>Age</b>	26-30	32	16.4	16.4	16.4
	31-40	83	42.6	42.6	59.0
	41 and above	80	41.0	41.0	100.0
	Total	195	100.0	100.0	
<b>Education Level</b>	Diploma	5	2.6	2.6	2.6
	B.A/B/Sc. Degree	124	63.6	63.6	66.2
	Masters and above	66	33.8	33.8	100.0
	Total	195	100.0	100.0	

<b>Experience in the company</b>	0-2 years	21	10.8	10.8	10.8
	3-5	40	20.5	20.5	31.3
	above 6 years	134	68.7	68.7	100.0
	Total	195	100.0	100.0	
<b>Marital status</b>	Married	151	77.4	77.4	77.4
	Single	41	21.0	21.0	98.5
	Widowed	3	1.5	1.5	100.0
	Total	195	100.0	100.0	
<b>Employment Status</b>	Managerial/Supervisory	102	52.3	52.3	52.3
	Non-managerial/ non-Supervisory	93	47.7	47.7	100.0
	Total	195	100.0	100.0	

*Source:* Own Survey, computed in SPSS, 2020

**Table 4.1** indicates that as far as gender composition is concerned the above table shows that in the company majority of the respondents, 139 (71.3%) were male, and 56 (28.7%) are females. This suggests that the number of males is significantly higher than female. Concerning age category, the highest number of respondents fall under the age group of 31-40 years, which accounts 83 (42.6%) of the total sample, the second-highest age group is 41 and above which is 80 (41.0%). Whereas 32 (16.4%) respondents are at the age between 26-30 years. In this regard, it can be observed that almost more than half of the population (59 %) in the corporation is below 40 years of age, from this result we can induce that the majority of employees in the organization are at the young age group.

With regard to educational background, B.A/B.Sc. Degree holder respondents constitute the highest number 63.6% (124), followed by masters and above 33.8 % (66) and 2.6 % are diploma holders (5). Therefore, it is possible to say that academically, the majority of respondents, 190 (97.4 %) of sample respondents hold first Degree and above; this describes the majority of the respondents have achieved a high level of education which helps the company to perform with high standards.

When we see the organizational tenure of the respondents, a large number of respondents 134 (68.7 %) stayed in the organization for 6 years and above, and also a significant number of respondents 40 (20.5 %), have a tenure of between 3-5 years, tenure information further tell us among the total 195 respondents 21 of them (10.8 %) have an experience between 0-2 years. It can, therefore, be concluded that the majority of the respondents have sufficient experience in the company. We can infer from this that the turnover rate in the company is to the minimum.

Regarding the marital status of respondents, the majority number of respondents which is 151 (77.4 %) are married, 21.0 % which is 41 respondents are single and 3 (1.5 %) of the respondents are widowed which is the lowest category of the sample in the case company.

Concerning the employment status or position, in the company, 102 (52.3 %) of the respondents hold a managerial /supervisory position. Whereas 47.7 % of the sample which is 93 respondents are in the non-managerial /non-supervisory position.

In general, the demographic data indicates that male respondents representing 71.3 % of the sample and the majority of respondents fall into the age group below 40 which constitute 59 % of the sample and a considerably large number of respondents were married makeup (77.4 %). In terms of the level of education, the biggest group had either first degree or above (97.4 %). With respect to organizational tenure majority of the respondents (68.7 %) have worked for more than 6 years. Lastly, a proportional number of respondents (52.3 %) are in a managerial position and (47.7%) hold a non-managerial position.

#### 4.1.2 Descriptive Statistics

**Table 4. 2 Descriptive Statistics for study variables**

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
Employee Retention	195	1	5	3.04	.847
CSR Practice	195	1.95	4.47	3.36	.523
Economic Responsibility	195	1	5	3.43	.680

Legal Responsibility	195	2	5	3.53	.591
Ethical Responsibility	195	1	5	3.57	.569
Philanthropy Responsibility	195	2	5	3.53	.614
Labor Practice Responsibility	195	2	5	3.31	.644
Top Management Support	195	1	5	3.24	.708
Valid N (list wise)	195				

**Source:** Own Survey, computed in SPSS, 2020

For this study, descriptive statistics tables were run for the measurements. The above table indicates that Employee Retention has the ‘mean’ value of ‘3.04’ out of 5 degree of agreement in the Likert scale. This shows that the issue of employee retention is a concern for the case company and they should work on finding ways to boost the level of retaining employees.

The above table also indicates that out of 5 degree of agreement in the Likert scale, CSR practice had a mean value of 3.36. Accordingly, Ethical responsibility had the highest score with a mean response of 3.57. Legal and Philanthropy responsibility had 3.53 mean response rate out of 5 degree of agreement in the Likert scale followed by Economic responsibility with a mean value of 3.43. Labor practice responsibility had a mean value of 3.31. This shows that there is a poor practice of corporate social responsibility strategies by the company in an effort to boost the level of employee retention.

The table again suggested that top management support had a mean value of 3.24 out of 5 degree of agreement in the Likert scale. These shows that top management support towards the CSR practice is low.

### **4.3 Inferential Analysis**

#### **4.3.1 Diagnostic Test of Assumptions of Classical Linear Regression Model.**

Before a Multiple Regression is conducted, a number of assumptions need to be checked to ensure that the data meets the necessary prerequisites for the analysis to be reliable and valid. Accordingly, five assumptions tests of CLRM (i.e. Linearity, Homoscedasticity, Autocorrelation, Multicollinearity and Normality) were conducted and discussed below.

### **Assumption # 1 Linearity**

The first assumption of Multiple Regression to be tested is linearity, this test is conducted to check if there is a linear relationship between the two variables i.e. the independent variables and the dependent variable. This means that when looking at a scatter plot of scores it should be a straight line (roughly), not a curve.

When we look at the scattered plot produced by SPSS 25.0 (See appendix A), we can see that the relationship between the Independent Variables and the Dependent Variable could be molded by a straight line suggesting that the relationship between these variables is linear.

### **Assumption #2: Multicollinearity**

Multicollinearity is defined as the degree to which the independent variables used in multiple regression analysis are correlated (Ramadan et al., 2017). Multicollinearity occurs when the predictor variables in the regression model are highly correlated with each other while measuring the same thing. One way to assess multicollinearity is by examining correlations between the independent variables. A High level of multicollinearity increases the probability that a good predictor of the outcome will be found non-significant and rejected from the model (Hair et al., 2010).

To evaluate multicollinearity, both indicators of variance inflation factor (VIF) and tolerance were considered. Myers, (1990) recommended that VIF value which is greater than 10 is a cause of concern. The tolerance statistic, which is the reciprocal of the VIF (i.e.  $1/VIF$ ), is another important consideration when testing multicollinearity.

As suggested by Sekaran & Bougie, (2013), to determine if the study suffers from multicollinearity problem or not, the researcher relied on a common cut off value i.e. 0.10 for tolerance, and a value of less than 10 for VIF.

**Table 4. 3 Multicollinearity analysis**

		Collinearity Statistics	
		Tolerance	VIF
1	Economic Responsibility	.762	1.312
	Legal Responsibility	.656	1.525
	Ethical Responsibility	.758	1.319
	Philanthropy Responsibility	.699	1.430
	Labor Practice Responsibility	.557	1.796
	Top Management Support	.528	1.895

a. Dependent Variable: Employee Retention

**Table 4.3** indicates the VIF values for the independent variables used in this study. Accordingly, The VIF value for the predictors in the multiple regression was 1.312, 1.525, 1.319, 1.430, and 1.796 with tolerance value of 0.762, 0.656, 0.758, 0.699 and 0.557 for Economic Responsibility, Legal Responsibility, Ethical Responsibility, Philanthropy Responsibility, Labor Practice Responsibility and Top Management Support respectively. This indicates that the problem of multicollinearity is not a concern in the model. Similarly, the VIF values for the moderator variable (top management support) was 1.895.

The results of the above table show that the threat of multicollinearity does not exist among the predictor variables given that all the VIF values are below 10 and all the tolerance values are above 0.10.

**Assumption #3: Autocorrelation**

Autocorrelation test is a test for whether the errors of adjacent observations are highly correlated which may underestimate the standard error of the coefficient; multiple linear regression models assume the residuals are independent of one another. The Durbin-Watson statistic is the common method used to test for the presence of serial correlation among the residuals. The test statistic varies from 0 to 4, a value of 2 indicates that there is no autocorrelation. However, a value below two i.e. nearing zero indicates a positive autocorrelation and value above two i.e. nearing four

indicates negative autocorrelation. Field, (2013) suggests that values less than 1 or more than 3 a cause of concern.

The Durbin-Watson statistic is used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For assumption #3 to be fulfilled, we want the value to be close to 2. Values below 1 and above 3 are cause for concern and may render our analysis invalid.

**Table 4. 4 Autocorrelation Test**

<b>Model Summary<sup>b</sup></b>	
Model	Durbin-Watson
1 (Multiple Regression)	2.146 <sup>a</sup>
2 (Moderated Regression)	1.962 <sup>a</sup>

a. Predictors: (Constant), Economic Responsibility, Ethical Responsibility, Legal Responsibility, Philanthropy Responsibility, Labor Practice Responsibility Top Management Support

b. Dependent Variable: Employee Retention

**Source:** Own Survey, computed in SPSS, 2020

The Durbin-Watson statistic in the above table showed that this assumption had been met, as the obtained values were close to 2.2 (Durbin-Watson = 2.146 for the first and 1.962 for the second model).

**Assumption #4: Homoscedasticity**

One of the assumption to be considered in multiple regression is a homoscedasticity test. Homoscedasticity is the assumption that the variation in the residuals (or amount of error in the model) is similar at each point across the model. In other words, the spread of the residuals should be fairly constant at each point of the predictor variables or across the linear model (Keith, 2006).

As we can see from the two graphs (See appendix B) plot of regression standardized residuals and standardized predicted values, we can conclude that the assumption of homoscedasticity has been met, since there is no sign of a funnel shape on the graph which is an indication that the assumption was violated (Heteroscedasticity).

#### **Assumption #5: Normality**

The normality assumption test is applied to determine if the data is normally distributed or not and to compute how likely an underlying random variable is to be normally distributed. The normality assumption undertakes a critical role when a study is dealing with a small sample size, data less than 100 observation (Gujarati, 2004). One of the ways of checking a normal distribution is a graphical (histogram and dot plot) method of tests. The researcher used normal probability plot (NPP) to test the normality assumption. The decision rule is, if the fitted line in the NPP is approximately a straight line, one can conclude that the variables of interest are normally distributed (Gujarati, 2004).

The result of the NPP plot (See appendix B) shows that residuals of the two models were normally distributed, given that the fitted line on the NPP is approximately a straight line, which indicates a small or no deviation from normality and there are no extreme cases observed.

To appropriately analyze data using multiple linear regression models, this study discussed five major assumptions. Consequently, all the five assumptions were not violated, hence the researcher examined the data collected using correlation and multiple linear regression models.

#### **4.3.2 Bivariate Correlation**

A bivariate correlation is a statistical technique used to determine the existence of relationships between two different variables. As described by Andy, (2009), the correlation is a commonly used measure of the size of an effect: values of  $\pm 0.1$  represent a small effect,  $\pm 0.3$  is a medium effect and  $\pm 0.5$  is a large effect. The purpose of the bivariate correlation procedure is for measuring

Pearson's correlation coefficient with its significance levels and Pearson's correlation coefficient is a measure for a linear relationship.

**Table 4. 5 Correlations analysis of each predictor variable with Employee Retention.**

	Employee Retention	Economic Responsibility	Legal Responsibility	Ethical Responsibility	Philanthropy Responsibility	Labor Practice Responsibility	Top Management Support
Employee Retention	1	.453**	.434**	.454**	.522**	.610**	.569**
Economic Responsibility	.453**	1	.470**	.999**	.539**	.481**	.157**
Legal Responsibility	.434**	.470**	1	.473**	.399**	.575**	.444**
Ethical Responsibility	.454**	.999**	.473**	1	.540**	.484**	.147**
Philanthropy Responsibility	.522**	.539**	.399**	.540**	1	.535**	.570**
Labor Practice Responsibility	.610**	.481**	.575**	.484**	.535**	1	.654**
Top Management Support	.569**	.157**	.444**	.147**	.570**	.654**	1

**Sources:** Own Survey, computed in SPSS, 2020

Table 4.6 illustrates the correlation between employee retention and all the predictor variables. As we can observe from the above table, there is a positive relationship between the study variables.

Accordingly, labor practice responsibility was the most correlated variable with the dependent variable (employee retention) with a coefficient value of (R=0.61,  $p \leq 0.01$ ).

The result of the Pearson correlation analysis also showed that there is a positive correlation between employee retention and philanthropy responsibility (R=0.522,  $p \leq 0.01$ ) and also the dependent variable with top management support (R=0.569,  $p \leq 0.01$ ), which indicates a strong relationship between the mentioned variables.

Employee retention is also found to be positively correlated with Ethical and Economic responsibility with a Pearson correlation coefficient of (R=0.454,  $p \leq 0.01$ ) and (R=0.453,  $p \leq$

0.01), respectively. Therefore there is a moderate relationship between employee retention and the two independent variables. Legal responsibility had the lowest correlation with employee retention with a correlation coefficient of (R=0.434,  $p \leq 0.01$ ) respectively.

### 4.3.3 Regression analysis

#### 4.3.3 1 Regression analysis with Corporate Social Responsibility dimensions as predictors of Employee Retention.

**Table 4. 6 Hierarchical regression results for the effects of Corporate Social Responsibility subscales on Employee Retention.**

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	6.167	4.842		1.274	.204
	Gender	3.254	1.070	.249	3.042	.003
	Age	.807	.632	.098	1.277	.203
	Education Level	1.940	.857	.169	2.265	.025
	Experience in the company	.890	.657	.102	1.353	.178
	Marital status	-.488	.826	-.044	-.591	.555
	Employment Status	2.326	1.031	.196	2.256	.025
2	(Constant)	-15.073	5.070		-2.973	.003
	Gender	2.447	.827	.187	2.959	.003
	Age	-.188	.497	-.023	-.377	.706
	Education Level	1.864	.674	.163	2.765	.006
	Experience in the company	1.314	.512	.151	2.565	.011
	Marital status	-.617	.649	-.055	-.951	.343
	Employment Status	1.360	.802	.115	1.696	.092
	Economic Responsibility	.103	.087	.072	1.188	.236
	Legal Responsibility	.212	.134	.106	1.578	.116
	Ethical Responsibility	-.035	.125	-.017	-.277	.782
	Philanthropy Responsibility	.378	.102	.235	3.707	.000
	Labor Practice Responsibility	.526	.095	.400	5.533	.000

a. Dependent Variable: Employee Retention

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.350 <sup>a</sup>	.122	.094	5.644	.122	4.371	6	188	.000
2	.706 <sup>b</sup>	.498	.468	4.327	.375	27.363	5	183	.000

a. Predictors: (Constant), Employment Status, Marital status, Age, Education Level, Experience in the company, Gender

b. Predictors: (Constant), Employment Status, Marital status, Age, Education Level, Experience in the company, Gender, Economic Responsibility, Philanthropy Responsibility, Legal Responsibility, Ethical Responsibility, Labor Practice Responsibility

**Sources:** Own Survey, computed in SPSS, 2020.

As indicated in Table 4.7 for testing the first hypotheses, the researcher used Hierarchical regression by placing demographical variables in the first section and the CSR dimensions on the second. As we can see from the table the demographic factors statistically related to the dependent variable (employee retention). Coefficient of variation ( $R^2 = 0.122$ ,  $p < 0.01$ ) indicates that demographic factors explain 12.2% of the variation on employee retention. Gender, education level and employment status are the significant variables of the demographic factor, it has a statistically positive impact on employee retention with a beta value of ( $\beta = 0.249$ ,  $p < 0.04$ ), ( $\beta = 0.169$ ,  $p < 0.04$ ) and ( $\beta = 0.196$ ,  $p < 0.04$ ) respectively. This indicates that as the education level and number of years in the organization increases it will have a statistically positive impact on the level of employee retention. Whereas marital status is found to be negatively affecting employee retention ( $\beta = -0.044$ ,  $p < 0.04$ ).

Similarly, it has been shown in the table that all the four subscales of Corporate Social Responsibility significantly predicted employee retention. The coefficient of variation ( $R^2 = 0.498$ ,  $p < 0.001$ ) shows that 49.8% of the variation in the dependent variable (employee retention) is explained by the independent variables. The table inferred that Labor practice responsibility had the greatest significant effect on employee retention ( $\beta = 0.400$ ,  $p < 0.01$ ). Philanthropy dimension of CSR practices also significantly predicted employee retention with ( $\beta = 0.235$ ,  $p < 0.01$ ) followed by Legal responsibility ( $\beta = 0.106$ ,  $p < 0.01$ ) and Economic responsibility ( $\beta = 0.072$ ,  $p < 0.01$ ). Unlike

the other four CSR subscales, Ethical responsibility had a negative effect ( $\beta = - 0.017$ ,  $p < .01$ ). Following these results, the following decision is made regarding the first main hypothesis.

**Table 4. 7 Result of Testing the First Main Hypothesis.**

Hypotheses	Result
H01: <i>Corporate Social Responsibility practice will have a significant positive effect on employee retention. (at <math>\alpha</math> level <math>\leq 0.04</math>).</i>	Failed to reject

### **Moderation Analysis.**

A moderator variable is a third variable that affects the strength of the relationship between a dependent and independent variable in correlation. To confirm a third variable (top management support) making a moderation effect on the relationship between the two variables; employee retention and corporate social responsibility. It should indicate that if the nature of the relationship changes as the values of the moderating variable change. This is done by including an interaction effect in the model and checking to see if indeed such an interaction is significant and helps to explain the variation in employee retention better than before (Aiken, West, & Reno, 1991). In this study, the hierarchical regression model was employed to determine the moderating effect of top management support between the predictor variables and employee retention. To test moderation effect, the researcher particularly will be looking at the interaction effect between CSR dimensions and top management support and see if there is a significant effect or not in predicting the outcome variable (Employee Retention). As a result, the following steps were undertaken:

The researcher first runs the predictor variables (CSR practice) and the moderator variable (top management support) in the regression equation to test their main effects on the outcome variable employee retention. Then, interaction effect to the previous model was added in model 2. If both  $R^2$  changes, as well as, effect by the new interaction term are significant, then it is said to have a moderating effect has occurred. More specifically if the predictor and moderator are not significant with the interaction term added, then complete moderation has occurred and/or If the predictor and

moderator are significant with the interaction term added, then moderation has occurred, however, the main effects are also significant (Aiken, West, & Reno, 1991).

**Table 4. 8 Hierarchical regression results for testing the moderating effect of top management support between corporate social responsibility practices and employee retention.**

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	-5.595	2.368		-2.363	.019
	CSR Practice	.206	.033	.465	6.242	.000
	Top Management Support	.298	.089	.249	3.349	.001
2	(Constant)	-6.884	2.349		-2.931	.004
	CSR Practice	.214	.032	.483	6.614	.000
	Top Management Support	.295	.087	.247	3.388	.001
	Interaction term	.013	.004	.169	3.179	.002

a. Dependent Variable: Employee Retention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.662 <sup>a</sup>	.438	.432	4.470	.438	74.762	2	192	.000
2	.683 <sup>b</sup>	.466	.458	4.368	.028	10.103	1	191	.002

a. Predictors: (Constant), Top Management Support, CSR Practice

b. Predictors: (Constant), Top Management Support, CSR Practice, Interaction term

The F values of the two models (with and without the interaction term) are significant. As a result, the above tables indicate that both model 1 and model 2 are significant with  $F(2,192) = 74.762, p < 0.001$  and  $F(3, 191) = 10.103, p < 0.05$  respectively. (See appendix C for degrees of freedom).

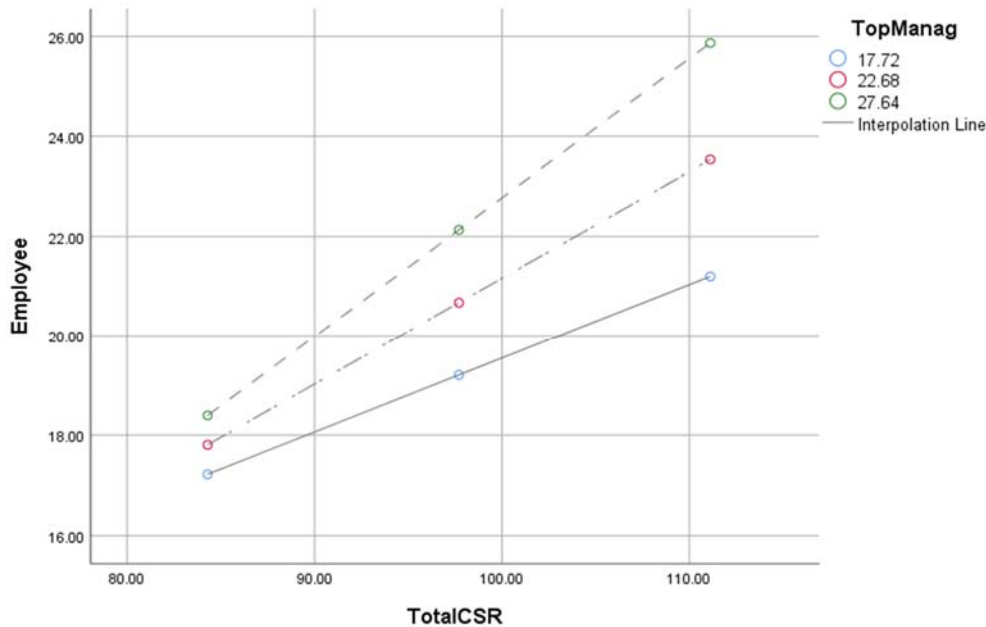
Table 4.9 also indicates that the independent variables statistically predicting the overall level of employee retention in the Ethiopian Sugar Corporation. Accordingly, model one indicates that the

two predictors explained the 43.8% of the variance ( $R^2 = 0.438$ ,  $p < 0.001$ ). When we see the effect it was found that corporate social responsibility significantly predicted employee retention ( $\beta = 0.209$ ,  $p < 0.04$ ), as did our moderating variable top management support ( $\beta = 0.298$ ,  $p < 0.01$ ).

In accordance with Cohen,(2003), the hierarchical regression model was employed to determine the moderation effect of top management support on the relationship between corporate social responsibility and employee retention. In this regard, it was evidenced that top management support to moderates the relationship between the two variables. In addition to the  $R^2$  change (Adjusted  $R^2 = 0.458$ ,  $P < 0.04$ ) the coefficient of the interaction term had a significant effect on employee retention ( $\beta = 0.169$ ,  $P < 0.04$ ).

Furthermore, for Visualizing Conditional effect of Corporate Social Responsibility on Employee Retention, the researcher used data produced using process by Andrew F. Hayes (<http://www.afhayes.com>). And the values for the moderators are the mean and plus/minus one SD from the mean.

**Figure 4. 1 Graphical demonstration of the Conditional effect of Corporate Social Responsibility on Employee Retention.**



**Source:** Hayes process model 1 version 3.3 (2020)

The figure above (Figure 4.4) clearly points out that top management support has a significant effect on employee retention. As CSR practices increased, and top management increased the level of employee retention increases.

The results of the above table showed that Model 2 with the interaction between CSR practice and top management support accounted for more variance than CSR practice and top management support alone. The interaction plot also demonstrated that the nature of the relationship between CSR practice and employee retention varies at a different level of support by the top management. Hence, the following decision was made regarding the second hypothesis.

**Table 4.9 Result of Testing the Second Hypothesis**

Hypotheses	Result
<i>H2: Top management support will moderate the relationship between CSR practice and employee retention. (at <math>\alpha</math> level <math>\leq 0.04</math>).</i>	Failed to reject

#### 4.4 Discussion

##### ➤ Research question One and Two

A multiple regression analysis was used to test the relationship between corporate social responsibility practices and employee retention and to see which dimension of CSR practice has the largest impact. After the Factor analysis was completed, all the five CSR dimensions (Economic, Ethical, Legal, Philanthropy and Labor practice responsibility) has been used to interpret and analyze in chapter three, these dimensions obtained the  $\alpha$  value more than the acceptable cut of point and were further analyzed to see the significant effect on employee retention.

The output of the regression analysis showed all the five CSR dimensions explained 49.8 % of the variance in employee retention ( $R^2=0.498$ ,  $p=0.000$ ). The fact that the five predictor variables

explain 49.8 % of the variance on the outcome variable implies that other factors and constructs could potentially influence employee retention in the organization, hence further research is essential in this regard.

From the analyzed data, we can infer that there is a significant relationship between Corporate Social Responsibility practices and Employee Retention ( $R = 0.662$ ;  $p < 0.04$ ). This finding is consistent with findings of Vinerean, Cetina, & Dumitrescu (2013) who found a statistically great significant positive correlation ( $R = 0.82$ ;  $p < 0.05$ ) between Corporate Social Responsibility and Employee Retention.

It was also found out that, the Labor practice responsibility had a greatest significant effect on employee retention ( $\beta = 0.400$ ,  $p < .001$ ), These results were also consistent with the findings of the study by Lee & Chen, (2018) who stressed that an organization's efforts on CSR could enhance the fulfilment of employees' Existence, Relatedness and Growth (ERG) needs. Moreover, they also stated that perceived CSR initiatives will generate positive effects on employees' satisfaction and retention intention. Kathure (2014) also found out in her study that most of the employees leave an organization because of lack of support, low career development, lack of recognition and lack of stockholders' engagement and poor CSR strategies.

The other finding from the multiple regression in the study was that philanthropy responsibility to positively affect employee retention with the beta value of ( $\beta = 0.235$ ;  $p < 0.01$ ). This result is consistent with the result of the study by Rubenstein, (2004) where he conducted three independent surveys on corporate philanthropy in which he showed that employees expect organizations to support build a better society and involve in sponsoring some kind of a corporate citizenship program. He also indicated that good corporate citizenship benefits organizations by improving the relationship between employer and employees in various ways; recruitment, loyalty, motivation and retention.

Legal responsibility ( $\beta = 0.106$ ,  $p < .001$ ) followed by Economic responsibility ( $\beta = 0.072$ ,  $p < .001$ ) are also statistically significant predictors. Whereas, Ethical responsibility had a negative relationship with employee retention with a beta coefficient value of ( $\beta = - 0.017$ ,  $p < .001$ ).

Therefore, the above findings and discussions provide the answer to research questions one and two. Looking at the beta value of all corporate social responsibility practice subscales proved to have a significant positive effect on employee retention except Ethical responsibility. Labor practice responsibility had the largest significant effect on employee retention followed by Philanthropy and Legal responsibilities. Economic responsibilities had the smallest effect on retaining employees in the company. The beta value of Ethical responsibility showed that it has a significant negative effect on employee retention inferring that the organizational norms, work ethics and code of conduct may not be the key to retain employees in the organization.

### ➤ **Research question Three**

To answer the third research question of the study which is to find out if top management support moderates the relationship between corporate social responsibility practices and employee retention, a hierarchical multiple regression analysis was conducted. In the first model, two variables were included; corporate social responsibility and top management support these variables accounted for a significant amount of variance in employee retention,  $R^2 = 0.438$ ,  $F(2, 192) = 74.762$ ,  $p < .001$ .

To avoid the problem of high multicollinearity with the interaction term, the variables were centred and an interaction term between CSR and top management support was created (Aiken, West, & Reno, 1991). Then in the second regression model, the interaction term was added between CSR and top management support, which accounted for a significant proportion of the variance in employee retention,  $\Delta R^2 = 0.458$ ,  $\Delta F(1, 191) = 10.103$ ,  $p < 0.04$ .

The F values indicate that both models i.e. with and without the interaction term are significant. The results from the analysis indicated that the main effect of the predictors is significant. Accordingly, the two predictors corporate social responsibility and top management support

explained 43.8 % of the variance ( $R^2=0.438$ ,  $p<0.001$ ). Furthermore, it was found that corporate social responsibility practice significantly predicted employee retention ( $\beta = 0.465$ ,  $p<0.05$ ), as did top management support (the moderating variable) ( $\beta = 0.249$ ,  $p<0.001$ ).

Similarly, from the regression output, it was showed that top management support moderated the relationship between the two variables. A moderator variable specifies conditions under which a given predictor is related to an outcome. It gives details ‘when’ a Dependent Variable and Independent Variable are related. Moderation implied an interaction effect, where introducing a moderating variable changes the direction or magnitude of the relationship among the two variables. A moderation effect could be **Enhancing**, where increasing the moderator would increase the effect of the predictor on the outcome; **Buffering**, where increasing the moderator would decrease the effect of the predictor on the outcome; or **Antagonistic**, where increasing the moderator would reverse the effect of the predictor on the outcome.

The significant  $R^2$  change value ( $\Delta R^2=0.458$ ,  $p<0.04$ ) and significant beta value ( $\beta = 0.169$ ,  $p<0.04$ ) of the interaction term indicate that top management support moderates the relationship between corporate social responsibility practices and employee retention. Furthermore, from the interaction plot, one can understand that the relationship between CSR practices and employee retention varies as at the different level of management support.

The top management support has an increasing moderating effect, where growing support and commitment of the top management had an increasing effect on the level of corporate social responsibility engagement of the organization and on retaining employees.

## Chapter Five

### **Conclusion, Managerial Implication, Limitation and Recommendation for Future Research.**

#### **Introduction**

This chapter discusses the conclusion. Summary of findings for this study will be reviewed and compared with past studies. Also, this chapter will discuss the managerial implications, limitation of current research, and recommendation for future research.

#### **5.1 Conclusion**

The objective of the study was to determine the effect of corporate social responsibility practices on employee retention and to explore the moderating role of top management support in the relationship between corporate social responsibility practices and employee retention. Accordingly, two hypotheses were developed; Hypotheses 1 (H1) hypothesized: *Corporate Social Responsibility practice will have a significant positive effect on Employee Retention.* While (H2) hypothesized *Top Management Support will moderate the relationship between CSR practice and employee retention.*

Based on the analysis made, the following conclusions were drawn:

In this study, both H1 and H2 were supported by the results analyzed from the data collected which involved a sample size of 195 respondents drawn from professional employees of the Ethiopian Sugar Corporation.

From the analyzed data, we can infer that there is a significant relationship between Corporate Social Responsibility practices dimensions and Employee Retention and this supported H1. From the five CSR dimensions, labor practice responsibility was the most correlated variable with employee retention followed by philanthropy responsibility. There was also a positive moderate relationship between legal and economic responsibilities with employee retention. Ethical responsibility was found to be negatively related to the dependent variable (employee retention). From these, we can infer that, while crafting and implementing a retention strategy the organization should consider and prioritize among these CSR dimensions.

The result from the multiple regression analysis indicated the five categories of CSR dimensions could explain 46.6 % of the variance in employee retention. This implies that there exist other factors and constructs that influence employee retention. In addition, given the sophisticated nature of corporate social responsibility dimensions and the multidimensionality of employee retention, it is untenable to conclude that corporate social responsibility practices alone predict employee retention. Therefore, a company needs to investigate and research to find ways to retain its employees and try to look for solutions that will help its employees to be attracted and remain in the organization for a longer period.

The output of the multiple regression also showed five demographic factors namely gender, employment status, educational level, experience in the company and employment status contributed to predict employee retention. The regression output evidenced that marital status negatively affected employee retention. Whereas, education level and experience in the company has the most significant positive effect on employee retention. From these results, we can infer that employees with higher educational level and long experience in the organization will remain in the organization for a long time. Employment status also positively influenced employee retention.

With regard to the moderation analysis, the study revealed that top management support moderates the relationship between Corporate Social Responsibility practices and Employee Retention. As a result, top management support significantly moderates the effects of CSR practices on employee

retention, therefore it is concluded that the level of top management support to the companies CSR practices/implementation will determine the level of retaining its employees. Hence the finding supported H2 where it was hypothesized that top management support moderated the relationship between corporate social responsibility and employee retention.

## **5.2 Practical/Managerial Implications**

The findings of the study have some practical implications in areas of intervention to improve the level of employee retention in the company.

This study supported that corporate social responsibility practices significantly affected employee retention, which implies that engaging in corporate social responsibility practices is important in attracting and retaining employees. From the corporate social responsibility dimensions tested, we can infer that CSR practices play a great role in retaining employees. The moderation regression analysis has also evidenced the fact that top management support in the organization towards its corporate responsibility practices contributes to retaining employees.

To summarize, this study provides practical implications for managers, they should integrate and consider CSR practices while they make strategic decisions and create operating policies. This will have a positive effect by increasing the capability of yielding substantial returns to both the employee and the company.

The study also provides a managerial implication by suggesting that employers should focus on their workforce handling techniques and look for techniques to retain their employees. Since employees, who are one of the primary stakeholders of an organization will be; more engaged, more productive, develop a positive working attitude and better relationship with employers and higher job satisfaction, which lead to greater retention rate when their employer is able to fulfill its corporate social responsibilities (Trevino & Nelson, 2011; Peterson, 2004). From the economic and legal point of view, we can infer that to retain employees the organization needs to operate in an efficient and cost minimization manner; which will enhance its financial capacity which in turn allows offering a compensation comparable to the work the employees are delivering. Furthermore, we can also infer that acting in accordance with the government laws and regulations has a role to play in making employees remain in the company for a longer period.

To sum up, the study provides insight on how to improve employees' levels of retention by crafting framework, especially that focuses on labor handling responsibilities which will benefit and have a positive impact for both of employ and the organization. Moreover, the company (management) should involve in philanthropic activities to contribute the society and community where it operates and also encourage and motivate their employees to involve and participate in voluntary and community developments projects, which will consequently have a positive effect by enhancing job satisfaction and employee retention. This implies that employees will be motivated to remain in their organization when the company involves in activities that will help the society and community where it operates. The study also suggests organizations should also consider conducting research on other dimensions of CSR and employee retention since both constructs are multidimensional.

### **5.3 Limitations of the study and Recommendations for Future Researches**

#### **5.3.1. Limitation of the study**

This study is not without limitation, various limitations could be stated which can be used as opportunities for future research. Firstly, corporate social responsibility is a multidimensional and wide concept, but this research focused on Carroll's (1991) CSR pyramid model (Economic, Legal, Ethical and Philanthropy) and Labor practice responsibilities have also been considered for this particular research. However, these variables are not the only constructs that only determine employee retention, other variables such as compensation and rewards, personality and organizational culture could enrich the model.

Secondly, this study was a case study on the sugar industry, particularly in the Ethiopian Sugar Corporation head office. Hence, by no means, the conclusions apply to other industries in the country in general and also for other small/ medium-sized organizations. Third, the study used cross-sectional data and was unable to determine the relationship between the study variables over time. Through the use of a longitudinal study, deeper insight could be provided into the causal relationships between the different dimensions of corporate social responsibility and employee retention as well as the role of top management support. Fourth, the lack of adequate and relevant empirical literature on the subject matter related to top management support within the context is

considered to be another limitation for this research. Fifth, only questionnaire was used as an instrument to collect primary data; other methods such as field observation and interview could have been used to obtain another perspective due to the current pandemic (COVID 19) in the country, those methods could not be used. Sixth, a common method and social desirability bias could also have influenced the results.

### **5.3.2 Future research directions**

This study attempted to illuminate the research gap pertaining to the CSR practices and employee retention. The researcher tried to address the stated research objectives by applying several statistical methods and carefully following the research methodology. Therefore, this study addressed the research problems, drawn conclusion and forwarded practical recommendations. However, from the findings of the study and research design, the researcher believes that there are issues that are uncovered in this study to be addressed in future studies to add broader insights to the subject area. Thus, the following points are taken as directions for future research.

- ❖ To investigate and consider other potential predictors of employee retention; organizational behavior and culture, human resource handling practices, personality and attitude by which the scope of the study could be enriched by adding more variables to the theoretical framework model.
- ❖ This research used only a quantitative research approach and only considered the employees of the organization. However, future research may employ a mixed approach (qualitative and quantitative) type of data and also in view of document review, management say and Industrial unit of analysis.
- ❖ In this research a case study type of research methodology is used, focusing on only one company, however, the theoretical framework could be applied in other types of industries and organizations so that the statistical power can be raised by the variation of the respondents in different work environments.

- ❖ Other moderator variables such as CSR communications could be used to see the relationship between CSR practice and employee retention. It could have the largest positive effect in retaining employees in an organization.
  
- ❖ CSR implementation level could be measured from the perspective of other stakeholders by using a survey from customers, suppliers, government and the effect it will have on employee retention.

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## Appendixes

### Appendix A: Factor analysis

#### Component Matrix<sup>a</sup>

<b>Economic Responsibility</b>	Component 1
The company continually strives to improve the quality of our products	.835
Employee productivity is closely monitored	.814
The company strives to improve its operating performance and lower its operating costs	.714
The company has a standardized procedure in place to respond to customer complaints	.685
The company maintains a strong competitive position	.682
The company is committed to be as profitable as possible	.589

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

#### Component Matrix<sup>a</sup>

<b>Legal Responsibility</b>	Component 1
The company provides goods and services that go far beyond minimal legal requirements	.787
The company complies with legal regulations completely and promptly	.716
Internal policies prevent discrimination in our employees' compensation and promotion	.679
The company defined internal standards/policies for situations and contexts not regulated explicitly by current laws	.645

The company always pays its taxes—if any—and any other fees and tariffs on a regular and continuing basis	.586
---	------

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

### Component Matrix<sup>a</sup>

<b>Ethical Responsibility</b>	Component 1
The company monitors potential negative impacts of our activities on the community and the environment.	.731
The company fosters industry collaboration to meet social concerns.	.706
The company always recognizes and respects societal ethical moral norms.	.698
The company has a comprehensive code of conduct.	.686
A confidential procedure is in place for employees to report any misconduct at work.	.670

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

### Component Matrix<sup>a</sup>

<b>Philanthropy Responsibility</b>	Component 1
The company provides assistance to private and public educational and health institutions.	.779
The company participates and gives adequate contributions in voluntary and charitable activities.	.770
Employees are strongly encouraged to actively participate in Corporate Social Responsibility (voluntary and charitable) activities.	.747
The company encourages partnerships with local businesses and schools.	.708
The company assists projects that enhance a community's "quality of life" and poverty alleviation.	.680

The company sponsors cultural, arts and social events.	.647
--	------

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

### Component Matrix<sup>a</sup>

<b>Labor Practice Responsibility</b>	Component
	1
The company implements flexible policies to provide a good work and life balance for its employees	.771
There is negotiation, consultation and exchange of information among employers and employees.	.702
The company provides employees with salaries that properly and fairly reward them for their work.	.699
Employees are provided with access to skills development, training and opportunities for further education	.695
The company encourages diversity in our workforce (e.g. age, gender, ethnic ...)	.658
Employees are protected from risks to health caused by working conditions.	.649
Employees are treated fairly and respectfully, regardless of gender or ethnic background.	.625

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

### Component Matrix<sup>a</sup>

<b>Top Management Support</b>	Component
	1

The top management allocates both financial and non-financial resources for Corporate Social Responsibility implementation.	.907
The top management participates in Corporate Social Responsibility activities of the company.	.838
The top management is supportive of the effort to improve the Corporate responsibility department and its activities.	.832
The top management often emphasizes the importance of Corporate Social Responsibility implementation.	.828
The top management encourages employees to participate in voluntary Corporate Social Responsibility initiatives and activities.	.789
Corporate Social Responsibility practices are important to most top managers.	.745
The top management encourages employees to participate in voluntary Corporate Social Responsibility initiatives and activities	.735

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

### Component Matrix<sup>a</sup>

#### Employee Retention

Component

1

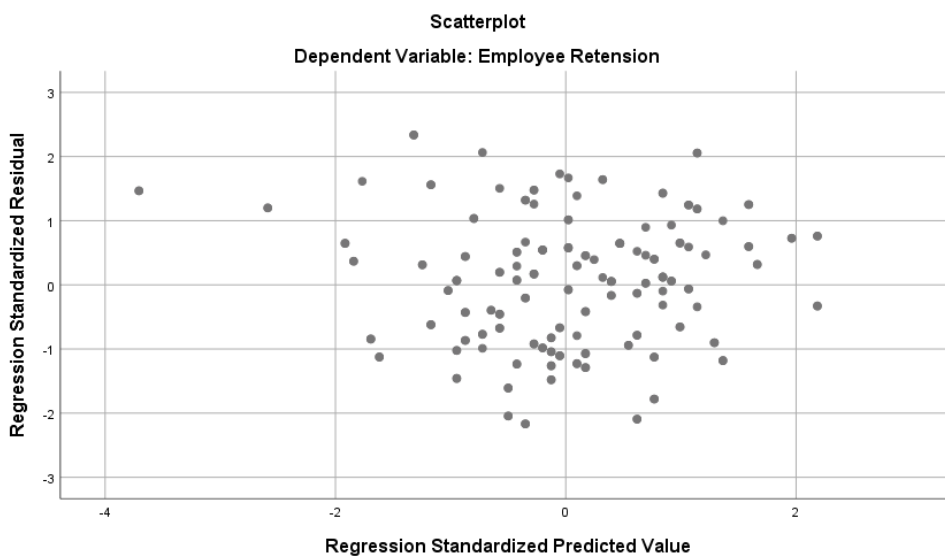
The company tries to retain employees by providing ongoing development opportunities	.856
I would recommend this company to a friend if he/she is looking for a job.	.849
The company tries to retain employees by offering competitive compensation.	.813
If it were up to me, I will definitely be working for this company for the next five years	.767
I love working for this company and the work I am doing is very important to me	.757
Within this company my work gives me satisfaction	.748
If I wanted to do another job or function, I would look first at the possibilities within this company	.655

Extraction Method: Principal Component Analysis.

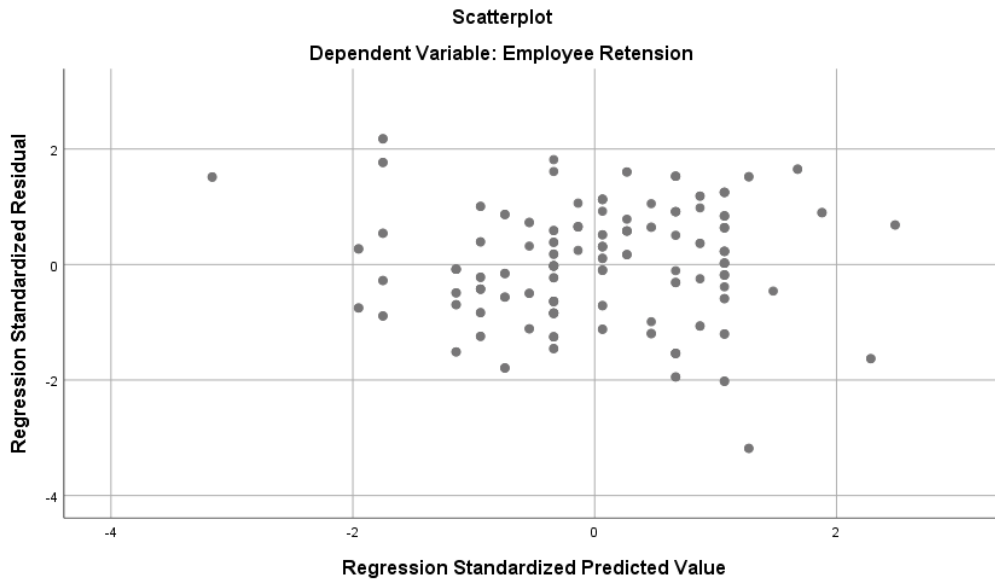
a. 1 components extracted.

## Appendix B: SPSS out puts for Linearity test

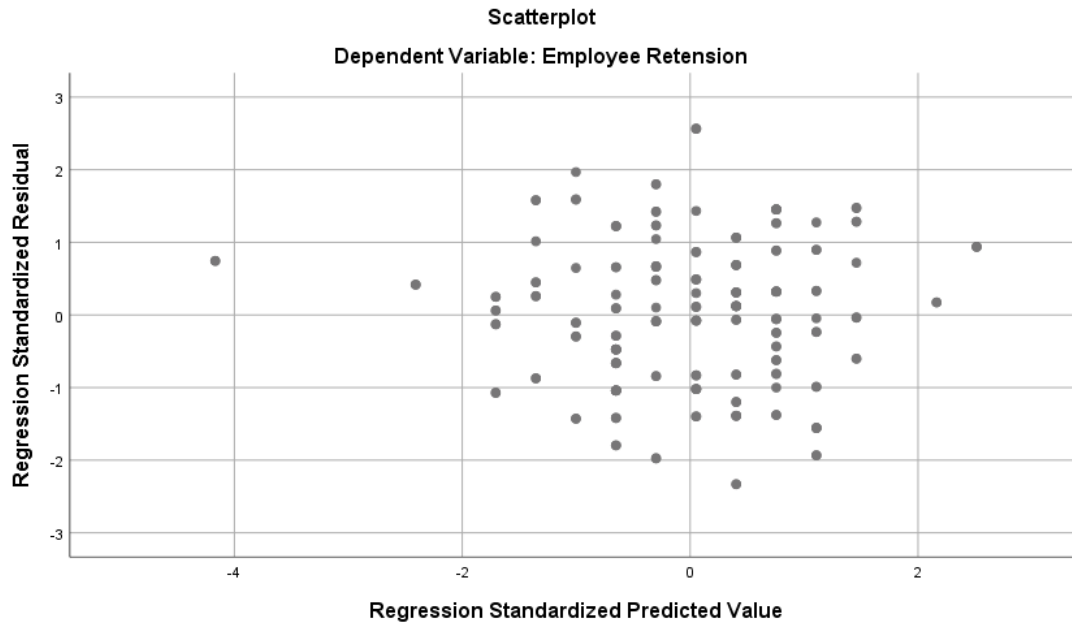
### Graph of Employee Retention (DV) with Corporate Social Responsibility Practice



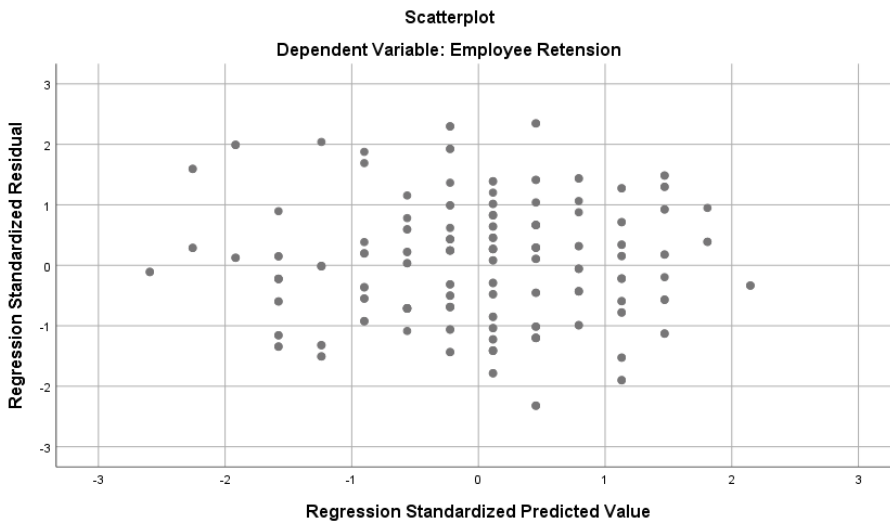
### Graph of Employee Retention (DV) with Top Management Support



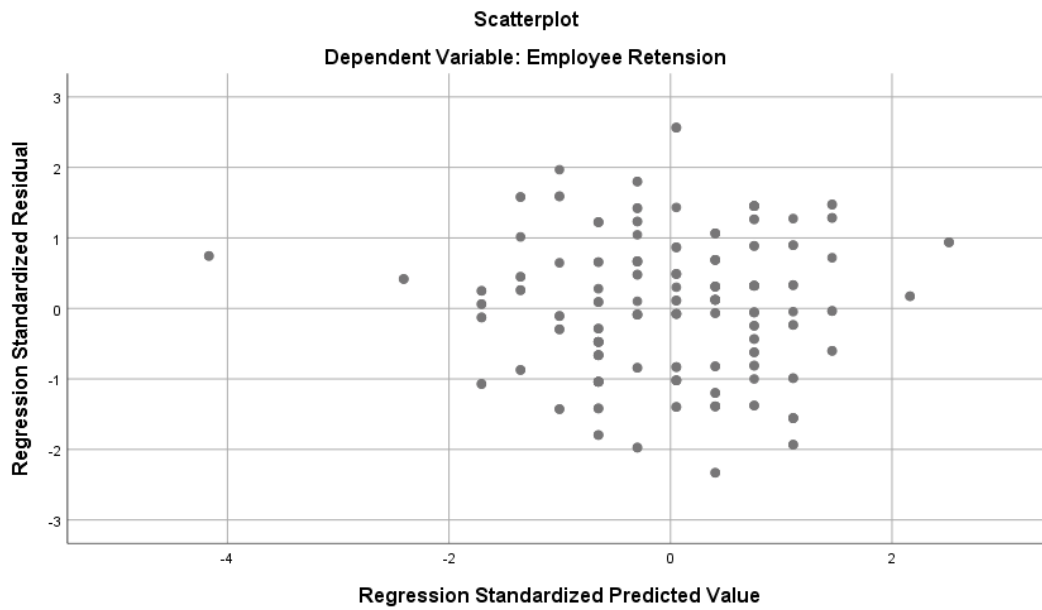
**Graph of Employee Retention (DV) with Economic Responsibility**



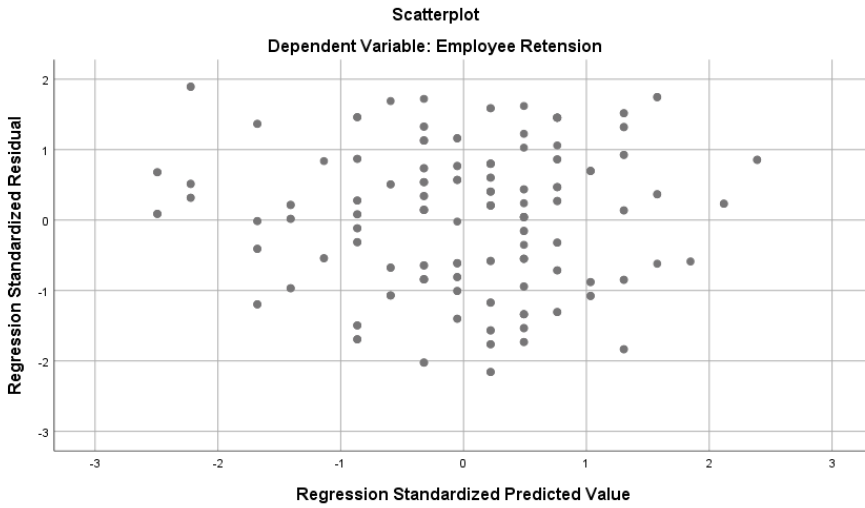
### Graph of Employee Retention (DV) with Legal Responsibility



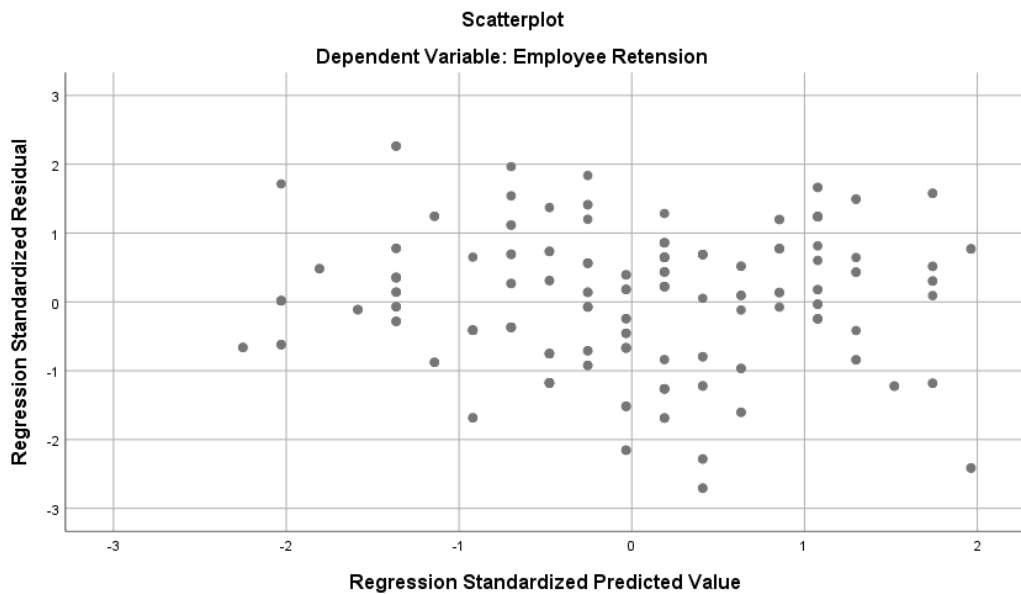
### Graph of Employee Retention (DV) with Ethical Responsibility



### Graph of Employee Retention (DV) with Philanthropy Responsibility



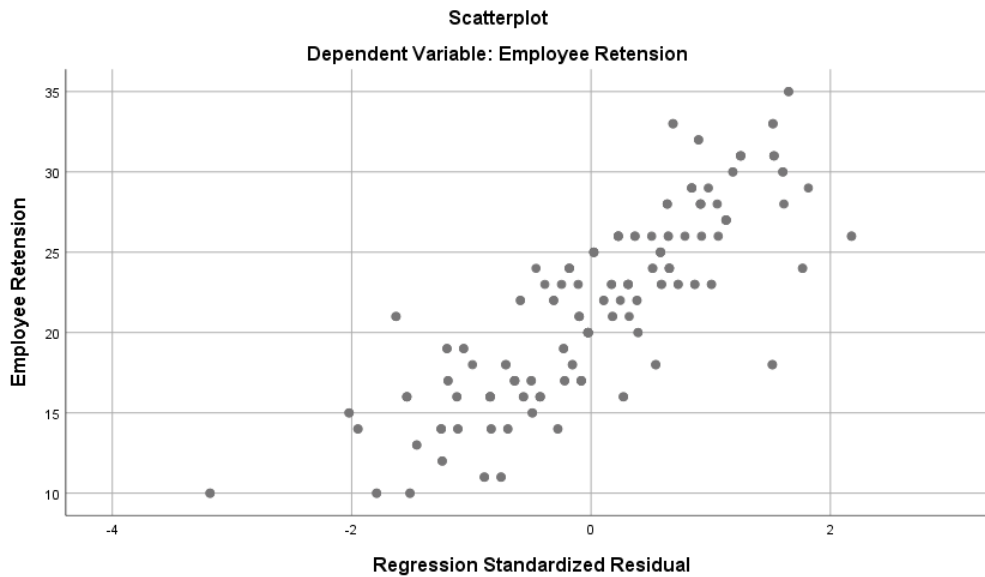
**Graph of Employee Retention (DV) with Labor Practice Responsibility**



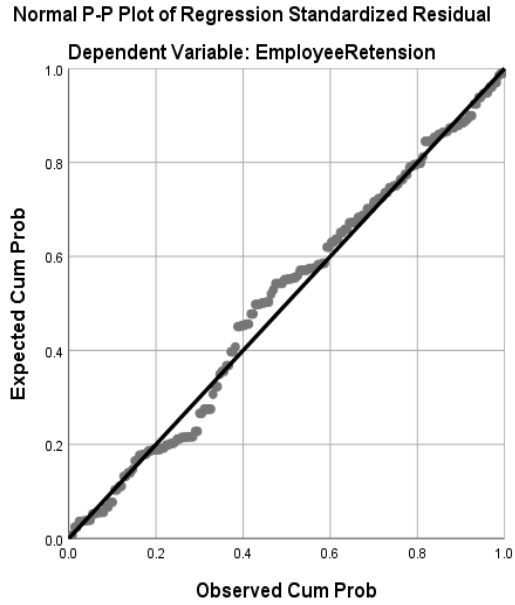
**Figure 4. 2 Homoscedasticity Test for the multiple regression analysis**



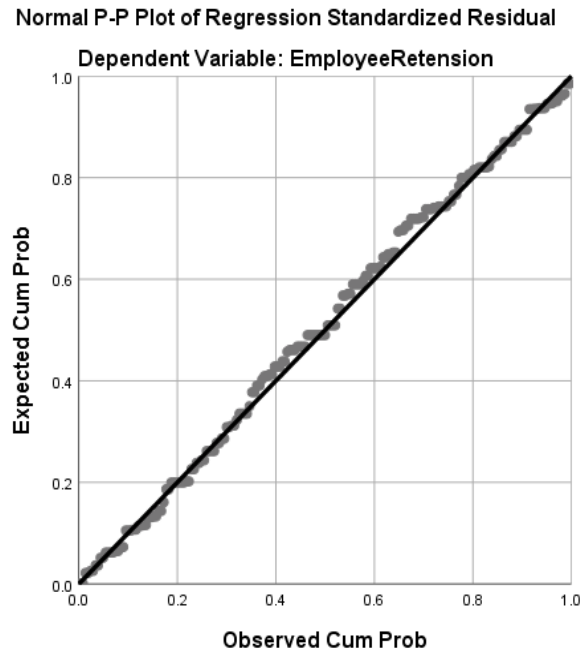
**Figure 4. 3 Homoscedasticity Test for moderated regression analysis**



**Figure 4. 4 Normality Test with NP-P plots for multiple regression analysis**



**Figure 4. 5 Normality Test with NP-P plot for moderated regression analysis**



## Appendix C: Regression Outputs

## Model Summary for the Hierarchical Regression analysis

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.350 <sup>a</sup>	.122	.094	5.644	.122	4.371	6	188	.000
2	.706 <sup>b</sup>	.498	.468	4.327	.375	27.363	5	183	.000

a. Predictors: (Constant), Employment Status, Marital status, Age, Education Level, Experience in the company, Gender

b. Predictors: (Constant), Employment Status, Marital status, Age, Education Level, Experience in the company, Gender, Economic Responsibility, Philanthropy Responsibility, Legal Responsibility, Ethical Responsibility, Labor Practise Responsibility

## ANOVA for the Hierarchical Regression analysis

### ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	835.460	6	139.243	4.371	.000 <sup>b</sup>
	Residual	5988.673	188	31.855		
	Total	6824.133	194			
2	Regression	3397.382	11	308.853	16.494	.000 <sup>c</sup>
	Residual	3426.752	183	18.725		
	Total	6824.133	194			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Employment Status, Marital status, Age, Education Level, Experience in the company, Gender

c. Predictors: (Constant), Employment Status, Marital status, Age, Education Level, Experience in the company, Gender, Economic Responsibility, Philanthropy Responsibility, Legal Responsibility, Ethical Responsibility, Labor Practise Responsibility

## Coefficients table for Hierarchical Regression analysis

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
				Beta		
1	(Constant)	6.167	4.842		1.274	.204
	Gender	3.254	1.070	.249	3.042	.003
	Age	.807	.632	.098	1.277	.203
	Education Level	1.940	.857	.169	2.265	.025
	Experience in the company	.890	.657	.102	1.353	.178
	Marital status	-.488	.826	-.044	-.591	.555
	Employment Status	2.326	1.031	.196	2.256	.025
2	(Constant)	-15.073	5.070		-2.973	.003
	Gender	2.447	.827	.187	2.959	.003
	Age	-.188	.497	-.023	-.377	.706
	Education Level	1.864	.674	.163	2.765	.006
	Experience in the company	1.314	.512	.151	2.565	.011
	Marital status	-.617	.649	-.055	-.951	.343
	Employment Status	1.360	.802	.115	1.696	.092
	Economic Responsibility	.103	.087	.072	1.188	.236
	Legal Responsibility	.212	.134	.106	1.578	.116
	Ethical Responsibility	-.035	.125	-.017	-.277	.782
	Philanthropy Responsibility	.378	.102	.235	3.707	.000
	Labor Practise Responsibility	.526	.095	.400	5.533	.000

a. Dependent Variable: Employee Retention

## Model Summary for the moderated Regression analysis

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.662 <sup>a</sup>	.438	.432	4.470	.438	74.762	2	192	.000
2	.683 <sup>b</sup>	.466	.458	4.368	.028	10.103	1	191	.002

a. Predictors: (Constant), Top Management Support, CSR Practice

b. Predictors: (Constant), Top Management Support, CSR Practice, Interaction term

### ANOVA for the moderated Regression analysis

#### ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2987.712	2	1493.856	74.762	.000 <sup>b</sup>
	Residual	3836.422	192	19.981		
	Total	6824.133	194			
2	Regression	3180.454	3	1060.151	55.573	.000 <sup>c</sup>
	Residual	3643.680	191	19.077		
	Total	6824.133	194			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Top Management Support, CSR Practice

c. Predictors: (Constant), Top Management Support, CSR Practice, Interaction term

## Coefficients table for the moderated Regression analysis

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-5.595	2.368		-2.363	.019
	CSR Practice	.206	.033	.465	6.242	.000
	Top Management Support	.298	.089	.249	3.349	.001
2	(Constant)	-6.884	2.349		-2.931	.004
	CSR Practice	.214	.032	.483	6.614	.000
	Top Management Support	.295	.087	.247	3.388	.001
	Interaction term	.013	.004	.169	3.179	.002

a. Dependent Variable: Employee Retention

## Appendix D: Data for visualizing the conditional effect of the focal predictor

```

DATA LIST FREE/
  TotalCSR   TopManag   Employee.
BEGIN DATA.
  84.293     17.724     17.217
  97.703     17.724     19.207
  111.112    17.724     21.197
  84.293     22.682     17.806
  97.703     22.682     20.669
  111.112    22.682     23.533
  84.293     27.640     18.395
  97.703     27.640     22.132
  111.112    27.640     25.869
END DATA.
GRAPH/SCATTERPLOT=
  TotalCSR WITH      Employee BY      TopManag .

```

\*\*\*\*\* ANALYSIS NOTES AND ERRORS \*\*\*\*\*

Level of confidence for all confidence intervals in output:  
95.0000

W values in conditional tables are the mean and +/- SD from the mean.

NOTE: A heteroscedasticity consistent standard error and covariance matrix estimator was used.

NOTE: Variables names longer than eight characters can produce incorrect output.

Shorter variable names are recommended.

## Appendix E: Research Questioner



### ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS MBA REGULAR PROGRAM

Dear participant, I would like to forward my heartfelt thanks in advance. This survey is designed to research purpose entitled “The effect of Corporate Social Responsibility Practices on Employee Retention and the Moderating role of Top Management Support: The Case of Ethiopian Sugar Corporation”, in partial fulfillment for a Master of Arts degree in Business Administration. Your participation in providing honest and thoughtfulness in completing the survey is a reliable input to the study. The estimated time to complete the questionnaire is 10 -15 minutes.

Your response will be kept strictly confidential and anonymous, the information provided is only for research purpose and exclusively accessed only by the researcher.

If you have any question about the survey, please contact: Mekdes Mengiste 0913177925 or [mekmen07@gmail.com](mailto:mekmen07@gmail.com)

**Thank you for your valuable input.**

**Part One: General Information**

Please tick the applicable box

- 1. **Gender**     Male  Female
- 2. **Age**         18 - 25    26 - 30    31 - 40    41 and above
- 3. **Educational level**  High School    Diploma    B.A / B. Sc. Degree    Masters and above
- 4. **Experience in the company**  0-2 years    3-5 years    above 6 years
- 5. **Marital status:**  Married    Single    Divorced    Widowed
- 6. **Employment Status:**  Managerial /Supervisory    Non –managerial /non –Supervisory

**Part Two**

Given below are list of questions that help us to meet the research objectives, please carefully read and answer every question.

Please indicate your level of agreement or disagreement with each statement

No.	Economic responsibility	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	The company is committed to be as profitable as possible					
2	The company strives to improve its operating performance and lower its operating costs					
3	The company continually strives to improve the quality of our products					
4	Employee productivity is closely monitored					
5	The company has a standardized procedure in place to respond to customer complaints					
6	The company maintains a strong competitive position					

	<b>Legal responsibility</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1	The company complies with legal regulations completely and promptly					
2	The company defined internal standards/policies for situations and contexts not regulated explicitly by current laws.					
3	The company always pays its taxes—if any—and any other fees and tariffs on a regular and continuing basis					
4	Internal policies prevent discrimination in our employees' compensation and promotion					
5	The company provides goods and services that go far beyond minimal legal requirements					
	<b>Ethical responsibility</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1	The company always recognizes and respects societal ethical moral norms.					
2	The company fosters industry collaboration to meet social concerns.					
3	A confidential procedure is in place for employees to report any misconduct at work.					
4	The company has a comprehensive code of conduct.					
5	The company monitors potential negative impacts of our activities on the community and the environment.					
	<b>Philanthropy responsibilities</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1	The company participates and gives adequate contributions in voluntary and charitable activities.					
2	Employees are strongly encouraged to actively participate in Corporate Social Responsibility (voluntary and charitable) activities.					
3	The company encourages partnerships with local businesses and schools.					
4	The company provides assistance to private and public educational and health institutions.					

5	The company assists projects that enhance a community’s “quality of life” and poverty alleviation.					
6	The company sponsors cultural, arts and social events.					
	<b>Labor practice responsibility</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1	The company encourages diversity in our workforce (e.g. age, gender, ethnic ...)					
2	Employees are treated fairly and respectfully, regardless of gender or ethnic background					
3	The company provides employees with salaries that properly and fairly reward them for their work					
4	The company implements flexible policies to provide a good work and life balance for its employees					
5	Employees are protected from risks to health caused by working conditions.					
6	Employees are provided with access to skills development, training and opportunities for further education					
7	There is negotiation, consultation and exchange of information among employers and employees.					
	<b>Top management support</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1	The top management has a clear strategy for the implementation of Corporate Social Responsibility.					
2	The top management often emphasizes the importance of Corporate Social Responsibility implementation.					
3	The top management allocates both financial and non-financial resources for Corporate Social Responsibility implementation.					
4	The top management is supportive of the effort to improve the Corporate responsibility department and its activities.					

5	The top management participates in Corporate Social Responsibility activities of the company.					
6	Corporate Social Responsibility practices are important to most top managers.					
7	The top management encourages employees to participate in voluntary Corporate Social Responsibility initiatives and activities.					
	<b>Employee retention</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1	Within this company my work gives me satisfaction					
2	If I wanted to do another job or function, I would look first at the possibilities within this company					
3	If it were up to me, I will definitely be working for this company for the next five years					
4	I love working for this company and the work I am doing is very important to me					
5	I would recommend this company to a friend if he/she is looking for a job.					
6	The company tries to retain employees by providing ongoing development opportunities					
7	The company tries to retain employees by offering competitive compensation.					

***I am grateful for your support.***