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COLLEGE OF BUSINESS AND ECONOMICS

The Effect of Corporate Social Responsibility on Corporate Image in the Banking Industry: The Case of Selected Private Banks in Ethiopia

A thesis submitted to Addis Ababa University College of Business and Economics in Partial Fulfillment of the Requirements for Masters of Arts Degree in Business Administration

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Addis Ababa, Ethiopia

Statement of Declaration

I, the undersigned, declare that, this MBA thesis entitled “**The Effect of Corporate Social Responsibility on Corporate Image in the Banking Industry: The Case of Selected Private Banks in Ethiopia**” is my original work, has never been submitted in any academic institution, and all resources and materials used herein have been duly acknowledged.

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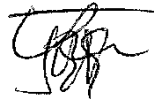
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Abstract

In today's customer-driven world, where customer trust is everything, CSR, is a significant deal for financial organizations. A bank's corporate social responsibility program creates opportunities to think ahead of profit maximization and allows benefiting of its respective stakeholders. The aim of this study is to examine the effect of CSR on corporate image in selected private banks in Ethiopia, namely Dashen, Cooperative Bank of Oromia and Berhan Banks. The study employed stratified sampling method to select these three banks among 29 private banks operating in the country. The target population consist 3,932 permanent clerical employees working in head office departments of the selected banks. Samples of 350 employees were selected using simple random sampling technique. The study employed standardized, scholarly tested and valid questionnaires as an instrument for data collection. On the other hand to test the reliability of the instrument the Cronbach alpha test was used and all items found reliable. Descriptive and inferential statistics tools and tests like mean, standard deviation, Pearson correlation and multiple linear regression analyses were used to examine the relationships and effects between CSR and corporate image. The responses of sample respondents were analyzed using SPSS version 26. The findings of the study revealed that community oriented, employee oriented, natural environment oriented, supplier oriented, customer oriented and shareholder oriented CSR dimensions have a positive and significant effect on corporate image of selected banks measured by variables like products and services, trust, social expectation and corporate personality. The study recommends that banks should aggressively engage on and frame their CSR activities in a way that can best address the interests of their stakeholders, by doing so they can ultimately improve their corporate image.

Key Words: *CSR, community oriented, employee oriented, natural environment oriented, shareholder oriented, customer oriented and shareholder oriented, corporate image*

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Acronyms

ANOVA: Analysis of Variance

BGI: Brothers Group International

CBE: Commercial Bank of Ethiopia

CBO: Cooperative Bank of Oromia

CI: Corporate Image

CLRM: Classical Linear Regression Model

CSR: Corporate Social Responsibility

DBE: Development Bank of Ethiopia

FY: Fiscal Year

GDP: Gross Domestic Product

KCB: Kenya Commercial Bank

NGOs: Non-Governmental Organizations

SD: Standard Deviation

SPSS: Statistical Package for Social Science

USA: United State of America

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

European Commission defines CSR as a concept whereby companies observe social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (Lai, 2015). In a more general definition, corporate social responsibility is defined as the ways in which a business seeks to align its values and behaviors along with the values and behavior of its various stakeholders. Different groups affected by the actions of an organization, are called "stakeholders". Stakeholders of a business include employees, customers, suppliers, governments, interest groups (e.g. environmental groups), competitors, partners, communities, owners, investors and the wider social groups that business operations can have an impact on them (Chatterji et al., 2009).

Traditionally, firms' major responsibility within the business world has been the maximization of profits and increasing shareholder value. Put differently, business profit maximization has been the main measure of success (Sahu & Panigrahy, 2016). In the past, companies aimed offer products with maximum value and benefits to customers. But with the emergence of the concept of social responsibility, the traditional definition of a small company had been changed and a socio-economic dimension was added to it (Sen et al., 2006).

Growing expectations of interested parties and groups from organizations to create a contribution to the society beyond the economic benefits leads to engaging more and more organizations to meet these expectations through their Corporate Social Responsibility (CSR) policies (Bondy & Starkey, 2014). CSR can influence corporate image when an organization engages not only with its economic development, but also with the support of its staff and their families and with meeting the needs of the society as a whole (Stoyanov, 2017).

Bennett et al. (2005) who explains that the main advantage of CSR are improvement of company image, attracting media attention, altering attitudes and helping the company's relationship with the government and impressing key decision makers. Porter and Kramer (2002) also supports the

assertion by stating that reputation is used by many companies to justify CSR initiatives on the grounds that they will improve a company's image, strengthen its brand, enliven morale, and even raise the value of its stock. The interest in corporate social responsibility (CSR) has grown rapidly within the banking industry in the last decade. There is an increasing trend for banks to provide information on social, environmental and economic aspects of their operations. CSR activities are important for banks because CSR can improve the reputation of a bank and increase customers' trust (Shen et al., 2016).

To achieve their goals and values commercial banks in Ethiopia set core values on their corporate strategy document and implement it accordingly. One of these values is corporate social responsibility in commitment to contribute to the broad-based economic benefits, promote the socially responsible business practice and give back to the society by participating in environmental protection and charity activities in addition to responding to usual donation requests of various humanitarian and environmental entities. Therefore, this study examined the effect of CSR activities on corporate image in selected private commercial banks in Ethiopia.

1.2 Statement of the problem

According to Sharma & Mani (2013) banks make a large contribution to the country's GDP growth, meet the demand of the growing middle class, contribute to infrastructure spending, and reach out to the semi-urban and rural areas. In line with this(Sharma & Mani, 2013) cited the Reserve Bank of India (RBI) (2011) on stressing the need for CSR, suggested the banks need to pay special attention to the integration of social and environmental concerns in their business operations to achieve sustainable development. Reserve Bank of India (RBI) also pointed out; to start non-financial reporting (NFR) by the banks which will cover the work done by the banks towards the social, economic and environmental betterment of society.

Reputation that is in a relationship with CSR deserves many studies. CSR is an important reputational driver and can create economic value over time. Stock markets will not value positively charitable and unpublicized contributions by a bank if they do not affect firm's reputation (Van Dijken, 2007). It is interesting to note that during financial crisis several banks get involved in reputational crisis. The comparative analyses of well-known cases have highlighted the importance of CSR in managing of such crisis, suggestion looking into the relationship between CSR and

corporate reputation or image. It should be eventually noted that the most important thing to banks is to increase reputation because banks want to receive trust from customers and stakeholders.

CSR is currently still in its infancy stage in sub-Saharan Africa including Ethiopia. The majority of initiatives result from a philanthropic rather than a CSR approach (kassa, 2018). Several key-research areas of CSR and bank reputation have remained under explored and existing studies point out the need for further investigations (Gabbi et al., 2009; Uslander, 2010).

As per the best knowledge of the researcher, there were no previous studies on the effect of stakeholder based CSR activities on corporate image of Ethiopian banks. As a result most CSR related studies on the effect of CSR implementations on corporate image are based on the usual Carroll's economic, legal, ethical and philanthropic dimensions. Therefore, this study examines the effect of stakeholder oriented CSR on corporate image of selected private commercial banks. In the meantime the perceptions of selected bank's employees on the effect of CSR dimensions such as community, employee, natural environment, supplier, customer and shareholder orientations on corporate image measured by four variables i.e. product and services, trust, social expectation and corporate personality was investigated.

1.3. Research questions

In line with the problems identified above, this study tried to address the following research questions:-

1. What is the effect of community oriented CSR on corporate image of selected banks?
2. What is the effect of employee oriented CSR on corporate image of selected banks?
3. What is the effect of natural environment oriented CSR on corporate image of selected banks?
4. What is the effect of supplier oriented CSR on corporate image of selected banks?
5. What is the effect of customer oriented CSR on corporate image of selected banks?
6. What is the effect of shareholder oriented CSR on corporate image of selected banks?
7. What is the overall effect of CSR on corporate image of selected banks?

1.4. Objective of the study

1.4.1. General Objective

The general objective of the study is to investigate the effect of corporate social responsibility on corporate image in selected private banks.

1.4.2. Specific objectives

- ❖ To examine the effect of community oriented CSR on corporate image of selected banks.
- ❖ To examine the effect of employee oriented CSR on corporate image of selected banks.
- ❖ To examine the effect of natural environment oriented CSR on corporate image of selected banks.
- ❖ To examine the effect of supplier oriented CSR on corporate image of selected banks.
- ❖ To examine the effect of customer oriented CSR on corporate image of selected banks.
- ❖ To examine the effect of shareholder oriented CSR on corporate image of selected banks.
- ❖ To examine the overall effect of CSR on corporate image of selected banks.

1.5. Significance of the study

Most researches on CSR are based on Carroll's economic, legal, ethical and philanthropic dimensions of CSR and there are no sufficient research findings on the effect of new stakeholder based CSR orientations on corporate image. Hence, this study aims to enhance awareness on the effect of contemporary orientations of CSR on building corporate image by providing hints how to balance between all CSR orientations. On the other hand the study helps banks and other organizations to review and evaluate the effectiveness of their CSR activities in building their corporate image by considering whether the interests of stakeholders such as employees, suppliers, natural environment, shareholders, the community and customers are compromised or not in due course of doing their business. Finally the study also provides certain directions for other researchers wishing to conduct further research in this area.

1.6. Scope of the study

Though corporate image of banks is affected by many other factors, this study was confined to investigation of the effect of CSR on corporate image of selected private banks. Hence, the scope of the study was limited to examining the effect of CSR on corporate image of selected private banks in Ethiopia; namely, Dashen, Cooperative Bank of Oromia and Berhan Banks.

1.7. Limitations of the study

Due to unmanageability of collecting data from twenty nine private banks and two governmental banks Ethiopia, the study only focused on Dashen, Cooperative Bank of Oromia and Berhan Banks. In addition the giant private banks Awash and Bank of Abyssinia refused to cooperate for the study, Therefore, the researcher's attempt to include respondents from these dominant banks remained unsuccessful.

1.8. Organization of the study

The study comprises five chapters. In chapter one, background of the study, statement of the problem, research questions, and research objectives, research hypothesis, significance of the study, scope of the study, limitations of the study and organization of the study are included. The second chapter covers review of related literature in the area of CSR and corporate image. The third chapter deals about research design and methodology of the study. Presentation, analysis and interpretation of data are discussed in chapter four. Finally, summary of major findings, conclusions and recommendations are presented in chapter five.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Theoretical Review

2.1.1. Concept and Definition of Corporate Social Responsibility

Achua (2008) defines CSR as the social responsibility of a business which it has to fulfill due to its numerous interactions with environment and society. Dahl and Mattsson (2012) noted that companies are perceived as human communities interacting in social practices to achieve some common goals which are realized through bond of trust and authentic relationships with customers. In the aspect of customer orientation, the most decent ethical principles are customer's autonomy, dignity, honesty and vulnerability.

The Global Reporting Initiative (GRI) suggest a CSR model enclosing the triple bottom line (people, planet, profits) and incorporating social, environmental and economic considerations (Enquist et al., 2006). Besides, the belief of future profitability, the general theme for CSR conceptualization is the inclusion of societal and environmental obligations to various stakeholders. However, a word of caution should be noted as large institutions and corporations such as Fortis, Arthur Andersen and Co., WorldCom, AIG and Bear Stearns had a strong CSR and ethical culture but they have gone bankrupt anyway (Fassin and Gosselin, 2011). These cases are good examples of discrepancies official pronouncements of senior management, actual business practice and customer perception.

Key elements of CSR in banking industries include understandings of financial services complexity, risk management, business ethics, strategy implementation for financial crisis, protection of customers' rights and handling process for customer complaints (Yeung, 2011). Banking CSR also requires professionalism of financial employees, strong compliance with Code of Ethics and other approaches such as transparency, stakeholders' interests and sustainable community development (Graafland and van de Ven, 2011).

2.1.2. Theories of Corporate Social Responsibility (CSR)

2.1.2.1 Corporate Social Responsibility disclosure theories

Holder-Webb et al. (2009) assert that it is not enough for corporations to simply engage in CSR activities but it is also important and desirable to make information about these activities available to stakeholders. Additionally, the call for disclosure of non-financial information has grown in response to the awareness that financial statement omits salient information about the firm (Adams, 2002). The financial statement actually portrays a limited picture of the firm through providing merely financial metrics. Therefore, the relevance of non-financial information has increased significantly over the years.

2.1.2.2. Legitimacy theory

Deegan and Unerman (2011) assert that the legitimacy theory relies upon the notion that there is a “social contract” between an organization and the society in which it operates. Therefore, corporation try to legitimize their corporate actions by engaging in CSR reporting to get the approval from society (societal approach) and thus, ensuring their continuing existence. O’Donovan (2002) argues that the legitimacy theory stems from the idea that for corporations to continue operating successfully, it must act within the bounds and norms of what society identifies as socially responsible behavior.

2.1.2.3. Stakeholder theory

Consistent with stakeholder approach, organizations are not only accountable to their shareholders but should also consider the contrasting interest of all other stakeholders that can affect or be affected by the achievement of organization’s objective (Freeman, 1984). Boatright (2003) affirms that corporations are operated or ought to be operated for the benefit of all those who have a stake in the firm. Hence, like shareholders invest their money in enterprises, employees invest their time and intellectual capital, customers invest their trust and repeated business and communities provide infrastructure and education for future employees (Graves et al., 2001).

2.1.2.4. Social contract theory

Donaldson (1982) views the business and society relationship from the philosophical thought. He argues that there exist an implicit social contract between business and society and this contract implies some indirect obligations of business towards society. Social contract thinking is explicitly recognized as a form of post conventional moral reasoning (Rest et al., 1999). According to the societal approach, firms are responsible to society as a whole, of which they are an integral part.

The main idea behind this view is that business organizations operate by public consent in order to serve constructively the needs of society to the satisfaction of society (Van Marrewijk, 2003).

2.1.2.5. Signaling theory

Signaling theory explains why firms have an incentive to report information voluntarily to the capital market: voluntary disclosure is necessary in order for firms to compete successfully in the market for risk capital. Insiders know more about a company and its future prospects than investors do; therefore, investors will protect themselves by offering a lower price for the company (Omran and El-Galfy, 2014; Thorne et al., 2014). However, the value of the company can be increased if the firm voluntarily reports (signals) private information about itself (i.e., CSR) that is credible and reduces outsider uncertainty (Connelly et al., 2011; Mahoney, 2012).

2.1.3. Dimensions of Corporate Social Responsibility

2.1.3.1. Carroll's Pyramid of CSR

Carroll (1991) defines four dimensions of CSR as Economic, Ethical, Legal and Philanthropic. The most important is economic components (responsibility); every company must comply with legal norms. Company's commitment to conduct business ethically is expressed through just and fair activities towards its stakeholders.



Source: Carroll (1991)

Figure 1: Carroll's CSR pyramid

I. Economic Responsibility

Carroll (1979) argues that economic responsibilities are the fundamental layer of Carroll's CSR pyramid, it involve being profitable. He further states that the primary motive for business organization is to produce goods and services to the society at reasonable price and to make profit in the process. Profits from selling goods and services go to shareholders and other investors to keep a company survive and grow. In addition, they also need to pay their employees, increase value for their shareholders, and take care of the other stakeholders' interests (Carroll, 1979).

II. Legal Responsibility

Legal responsibilities are the second layer of the CSR pyramid and are coexisting with economic responsibilities as fundamental precepts of the free enterprise system (Carroll, 1991). He affirms that firms are expected to operate under the legal system and regulations while creating profits for shareholders. Firms are fulfilling the "social contract" between firms and the society by being legally responsible. Legally responsible also reflects the codified ethics of business operation, as well as the pursuit of economic responsibilities set by lawmakers (Carroll, 1991).

III. Ethical Responsibility

Ethical responsibilities involve activities and practices that are expected by the society and done by firms voluntarily regarding fair, justice and the respect for or protection of stakeholders' moral rights (Carroll, 1991). Carol also states ethical responsibilities are voluntary choices of firms, since they are not codified into any law or regulation. These responsibilities reflect social norms, expectations and concerns of consumers, employees, shareholders and the community. Ethical responsibilities go further than legal responsibilities because they involve newly emerging values and norms that the public expects a firm to comply with and are at a higher standard of business practices than that current legal system required.

IV. Philanthropic Responsibility

According to Carroll (1991) Philanthropic responsibilities involve firms' activities that are aiming to become good corporate citizens by performing altruistic activities, .society and communities expect firms to use their resources to promote social welfare. This includes actively engaging in acts or programs to promote human welfare and goodwill. Philanthropic responsibility distinguishes itself from ethical responsibilities by sense of discretion. The

public will not regard firms that fail in fulfilling philanthropic responsibilities as unethical because philanthropic is not in the fields of ethics and morals.

2.1.3.2. Contemporary Dimensions of CSR

According to Freeman & Dmytriyev (2017) stakeholder theory posits that the essence of business primarily lies in building relationships and creating value for all its stakeholders. Though the composition of stakeholders may differ depending on company's industry and business model, the main stakeholders typically include employees, customers, communities, suppliers, environment and financiers (owners, investors, and shareholders). All these stakeholders are equally important for the company and any trade-off among the stakeholders should be avoided.

2.1.4. Alignment of CSR and Stakeholder Theory

According to Freeman & Dmytriyev (2017) corporate social responsibility is not only part of corporate responsibilities; these two concepts are deeply interconnected. There are common elements – Purpose, Value Creation, and Stakeholder Interdependence that make corporate responsibilities overall and corporate social responsibilities in particular, unified.

- **Purpose.** In the very first place, company's existence starts from its purpose. There is usually some need in the world that inspires the birth of an organization and as the company matures, its purpose should never be forgotten. Thus, each company should be purpose driven, meaning that the purpose should equally determine the direction in which the company is heading corporate vision, mission, and strategy, and stipulate corporate responsibilities along the way.
- **Value Creation for All.** Stakeholder theory posits that companies need to create value for all stakeholders. This is how Purpose inspiration that led to the birth of the company gets materialized in practice. Realizing that business is about creating value for customers, employees, financiers, suppliers, and communities counteracts a temptation to use CSR for covering wrongdoing with some other stakeholders as the reason for wrongdoing some other stakeholders is weakened.
- **Stakeholder Interdependence.** It is a common belief that business is about making decisions, and in the world of limited resources, business decisions involve trade-offs. If companies help communities, then shareholders will receive a lower return on their investment. Or, if the company provides very good terms for their suppliers, then customers will have to pay for

products more. Or, if the company offers way-above-the market-average compensation package to its employees, then the rest of stakeholders will receive less value. Apparently, these are false dichotomies. What is omitted in this logic is that stakeholders are interdependent and creating value for one stakeholder also contributes to creating value for others. Helping communities can make shareholders better off in many ways (more motivated and productive employees, better company reputation, bigger sales, higher corporate credit rankings); likewise, satisfying suppliers or employees is also beneficial for customers.

2.1.4.1. New CSR Orientations

On their research Akremi et al., (2018) attempt to address the lack of theoretically based, methodologically valid, multidimensional measures of CSR perceptions by developing and validating a multidimensional, stakeholder-based measure of employees' CSR perceptions, namely, the Corporate Stakeholder Responsibility (CStR) scale. As per their research the multidimensional Corporate Stakeholder Responsibility (CStR) scale consists of six initially identified domains which were deemed appropriate for constituting the CStR construct: employee-oriented CSR, customer-oriented CSR, natural environment-oriented CSR, shareholder-oriented CSR, supplier-oriented CSR, and local community-oriented CSR.

I. Community Oriented CSR

According to Wendong et al. (2019) the society related CSR is reflected mainly in a firm's charity, such as donations to some nonprofit organizations and other activities for public good. The role of society-related CSR in organizational resilience lies mostly in the social reputation it brings, which can not only create value and improve performance for companies, but also reduce their financial volatility brought by environmental shocks. Analogous to other dimensions of CSR, society-related CSR can also help companies mitigate the impact of negative events, and therefore avoid significant financial volatility. A company's activities for social welfare contribute to build a good social image and drawing close the distance between it and the public (Wang & Qian, 2011).

II. Employee Oriented CSR

Employee-related CSR involves a safe and comfortable working environment, high level of investment in employee salaries and benefits, training of knowledge and skills, and emotional care and commitment (Wendong et al., 2019). According to Shen & Benson (2016) employee related

CSR can bring employees' positive and creative working behaviors, which ultimately contribute to organizational innovation and performance growth. Employee oriented organization focuses on investing in the improvement of organizational employees' knowledge, skills and abilities through education, training, and work experience, as well as fostering their innovation awareness, so as to improve their work efficiency and equip them with the competencies necessary to deal with environmental changes.

Employee related CSR is conducive to decreasing financial volatility in hard times, since employees' loyalty, morale, solidarity and other positive emotions it cultivates are particularly important for companies to effectively respond to crises threats, or challenges, thus preserving their stable financial performance and corporate reputation (Stoian & Gilman, 2017).

III. Natural Environment Oriented CSR

Environment related CSR practices are the actions or measures taken by an organization to improve the impact of its business operations on the natural environment. Engagement in environment-related CSR activities contributes to increasing corporate value (Wendong et al., 2019). On the other hand due to the declining availability and rising price of scarce resources, and severe ecological imbalances in the natural environment, reducing reliance on natural resources can make companies more flexible. Companies, which lessen the use of natural materials, energy consumption and waste, and carbon emissions, are likely to acquire distinguished competitive advantages in the future (Winston, 2014). According to Russo & Harrison (2005) the environmental related CSR helps a firm to mitigate the impact of negative events. Companies actively engaging in environment related CSR can establish a green corporate image, and then win favors from the public and especially the stakeholders who pay close attention to the natural environment. This can help a company to mitigate the negative impacts of adverse events, since the public are likely to take into accounts of its previously accumulated goodwill, and therefore have an attitude of understanding and support.

IV. Supplier Oriented CSR

Compared to three decades ago, firms have been found now to rely more on their key suppliers and are more likely to be influenced by the way their suppliers behave. Environmental issues (such as pollution) and social issues (such as child labor) arising from the actions of an individual firm can

pose huge risks to other supply chain members and even disrupt the entire supply chain (Yang et al., 2022). High-level engagement in CSR implementation can generate superior firm performance only if the firm's key suppliers have an aligned high level of CSR implementation. When buyers and suppliers both proactively engage in CSR, i.e., a high-high CSR alignment, buyer firms are likely to enjoy superior performance and organizational reputation (Yang & Jiang, 2023).

V. Customer Oriented CSR

According to (Nielsen 2008) consumers' interests in CSR is increasing and to that end majority of consumers believe that companies should engage in social initiatives and that firm's benefit from these activities. Moreover, research based on experiments shows that consumers are not only interested in CSR, but also appear to take CSR into account when evaluating companies and/or when purchasing products or services. The customer domain of CSR addresses topics like fair prices, clear and comprehensive product labeling, safe and high quality products and services, etc. (Öberseder et al., 2014). As for its relationship with customer identification and satisfaction, customers are known to notice especially the more tangible aspects of companies that might influence their buying decisions directly, such as quality, innovation, compliance with standards, guarantees and other information provided about products and services (Maignan and Ferrell, 1999).

VI. Shareholder Oriented CSR

Shareholder related CSR activities include sound financial structures, transparent information disclosures, positive innovations, and high-level stock returns. The sound employment of funds is the basic rule for a firm to meet its shareholders' interests, since unsafe, unreasonable financial structure directly induces shareholders' financial losses, such as high level debts and excessive earnings management (Guifeng and Jianfei, 2015). In order to create high level of return for shareholders, companies need to continuously engage in product and/or technological innovations. Taken together, companies with a high level of shareholder related CSR are likely to positively engage in innovative activities to improve profitability, while apply funds in a sound, prudent manner to avoid great financial risks. In this way, companies can steadily provide shareholders with high investment returns (Wendong et al., 2019).

2.1.5. The Role of Banks in Discharging CSR

McIlroy (2008) pointed out that the importance of risk management in banking industries not to serve customers who disregard social actions like human rights, the environment and others and who put self-interest into their priority. Therefore he proposed that regulatory actions are important to minimize these regular risks. In addition, the focus of Business enterprises should go beyond making profit but they have to deal with the changing needs and requirements of their customers in delivering their products and services.

2.1.6. Benefits of CSR for Banks

The bank's attitude towards current problems of society related culture and environment become more and more recognized by bank clients. As a result, banks are recently motivated by goals other than profit, revenue, and market share because this alternative inspiration can be better both for the society and the bank itself (Persefoni et al., 2013). Corporate social responsibility measures help companies to distinguish their products and services by creating a positive brand image and to maintain corporate reputation.

2.1.7. CSR Practices in Ethiopia

CSR is currently still in its infancy stage in sub-Saharan Africa including Ethiopia. The majority of initiatives result from a philanthropic rather than a CSR approach. These initiatives are usually promoted by multi-national companies which have a strong social and environmental impact on local communities. The focus is on environmental aspects, the provision of infrastructure, health and microcredit. Projects are often developed in partnership with several actors, comprising government and local authorities, international NGOs or multilateral organizations (Kassa, 2018).

As Ethiopia struggles to gain economic momentum, it relies on foreign aid and NGO investment. NGOs in Ethiopia are beginning to address issues of democracy and governance and thus to have a voice in government initiatives. In Ethiopia, CSR (where it exists) is characterized by firms partnering with NGOs to deliver aid and education. The importance of foreign aid and NGOs in Ethiopia suggests that these may be significant influences on the form of CSR in similar developing countries (Robertson, 2009).

2.1.7.1. CSR Practices of Private Commercial Banks in Ethiopia

Corporate Social Responsibility (CSR) in banks has become a universal demand. Now days, by recognizing CSR, banks from all over the world endorse programs of educational, cultural, and environmental, as well as health initiatives , besides, they implement sponsorship actions towards vulnerable groups and charitable nonprofit organizations (Persefoni et al., 2013).

A study conducted by Techane (2015) on selected private commercial banks in Ethiopia such as Wegagen Bank S.C, Bunna International Bank S.C, Awash International Bank, United Bank, Abay Bank S.C, Zemen Bank S.C and NIB International Bank S.C indicated that private commercial banks of Ethiopian has looser attitude to support greener industries, lower lending options to low income individuals and small business, less engage in community development and less understanding on poor financial management in banking organizations which results to adverse effect to the environment and society. The study concluded that Corporate Social Responsibility requires more for the private commercial banks to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainability.

2.1.8. Corporate image

Gray and Balmer (1998) found that corporate image is as the mental picture of the corporation formed in the minds of different section of society. Barich and Kotler (1991) found that corporate image is the overall impression made on people about an organization. Nguyen & Leblanc (2001) stated that corporate image is concerned with physical and behavioral attribute of the firm. Physical attributes include business name, architecture, variety of products and service. Behavioral attributes include an impression of quality communicated by each person interacting with the firm's clients.

Kennedy (1977) found that corporate image has two principal components: functional and emotional. Functional component is concerned with tangible characteristics, while emotional component is associated with psychological dimensions that are manifested by evaluation, feeling and attitude towards a company. Corporate image is dependent on communication through the organization and corporate image is related to tangible and intangible characteristics for instance, the functional characteristics, physical characteristics and emotional characteristics of the firm. According to Nguyen and Leblanc (2001) the emotional

component of corporate image and corporate reputation share a close relationship because of the psychological dimensions which contribute to their formation.

2.1.8.1. Benefits of Corporate Image

Zhang (2009) suggests that good corporate reputation have advantages such as attracting new customers, increasing customers' loyalty, making products easier to sale and thus increasing profit. A successful corporate reputation also develops an active trust between the customers and the company. Similar studies have stated that good corporate reputation could implement a customer trust and customer loyalty which results in a higher demand for products (Nguyen and Leblanc, 2001).

2.1.9. Dimensions of Corporate Image

As stipulated by Abratt and Mofokeng (2001) vision and mission guide any organization in its daily interaction with external actors. Strategies that make provision for quality relations with its external audiences are the very key principles that will logically be reflected in the corporate image. Corporate image has become a prominent paradigm and has begun to be linked to strategic management decisions of organizations including banks. The concept is based on the recognition that clients buy brand products not because of their inherent qualities but also because of a bias, a disposition towards the providers. A study developed by Osei et.al. (2014) revealed that Product and Services, Trust, Social Expectation and Corporate Personality dimensions are best measures of corporate image.

Product and Services

According to Kotler (2000) product quality is the ability of a product or service to be able to meet the needs / desires of consumers. Good product quality will always be the attention and consideration of consumers in choosing a product / buy products offered by the company. If the consumer has benefited from the product, then the company has succeeded in creating a quality product. When consumers buy a product, consumers expect to get the benefit according to what they expect, so it can meet the desires and needs. According Irakli (2012) Quality of service is one important attributes of corporate image. He argues that the quality of service consists of three parts from which only one has directly affected the corporate image. Physical quality of services such as equipment, buildings and other similar attributes, interactive quality, which is all about the personal

interaction between the company and the customer, and ultimately the quality of the company, affecting the company image.

Social Expectation

According to Tingchi Liu et al. (2014) when the society perceive that a company is acting as per their expectations, they develop an emotional bond with a firm, enjoy being involved with the business and feel a sense of ownership over it, see the business and themselves as one unit, think the company's goals and their own goals are mutually exclusive, obtain confidence that the business will not take advantage of them and feel comfortable forging intimate bonds with the business. Finally all these positive feelings about social expectations of a company increase social trust, identification, and commitment by fostering sentiments of love, unity, and reliability. According to Bihari and Pradhan (2011) banks have been compelled to strategically reposition themselves by implementing strategies that not only stop the recurrence of recent instances of irresponsibility but also rebuild their image and reputation by committing to improving the banking environment and upholding ethical principles.

Trust

Trust is the prevailing belief and assurance a particular customer may have about an organization. It is evident that how individuals feel about the brand is critical and strongly influences a brand's overall reputation. In line with this, it can affect the bottom, like operational profits (Rooney, 1995). According to Vander Shee et al. (2020) trust helps bring customers value. In this concern, it is evident that when the brand is trusted, it brings valuation to the customers. Trust encourages loyalty and repeated sales, ensuring value generation and fulfillment of customer needs. When the business entity is primarily trusted, it helps in influencing buying decisions. In this regard, it is evident that when the buying decisions are engaged, the consumer's trust in the brand plays a critical role. According to Hao et al. (2019) trust helps in building corporate image and brand loyalty. In this context, it is crucial to understand that when brand loyalty is built, customer relationship management is engaged successfully, and product and service purchases are made correctly.

Corporate Personality

Abratt (1989) identified that the corporate personality is the sum total of the corporation's behavioral and intellectual characteristics. This personality is projected by conscious cues (corporate identity), such as customer service, products, and the company logo. These cues create

impressions or perceptions in the minds of the audiences to constitute an overall corporate image. Van Heerden (1999) has also highlighted that positive image may be achieved only by taking into account aspects such as employee behavior and customer service. He claimed that corporate personality determines corporate identity and this in turn creates corporate image.

2.1.9.1. How to create corporate image?

Chattananon et al. (2007) noted that CI is formed by corporate marketing communications, corporate social responsibility, and consumer demographic characteristics.

a. Corporate marketing communications

Chattananon et al. (2007), Balmer & Gray (2000) divide marketing communications into 3 types: primary, secondary and tertiary. Primary communications embody the product, organizational behavior, employee working conditions, service standards and direct communication with consumer. Both the consumer and the company can ignite primary communications. Secondary communications include visual identity and formal communications: advertisings, PR, sales promotion. Secondary are mass communications Tertiary communications consist of word of mouth, information in the mass media and its interpretations, information provided by competitors Tertiary communication is initiated and spread by uncontrollable sources.

b. Corporate Social Responsibility

Chattananon et al. (2007) noted that CSR is recognized via CSR symbolism, organizational behavior and CSR communication. Symbolism represents visual identity: logos, names, other elements.

c. Demographic characteristics

Chattananon et al. (2007) accentuate that consumer demographic characteristics are of great importance when forming CI. The most important characteristics are: gender, age, education level, income level and marital status.

2.2. Empirical Review

2.2.1. Effect of CSR on Corporate Image

Several research studies in recent years proved a positive relationship between CSR and corporate image. Mandina et al. (2014) examined the efficiency of CSR in creating and enhancing corporate image and found that Practicing CSR activities by a firm bring a competitive advantage and create a

strong and long relationship with its stakeholders. Corporate image, as well as a brand image, can be improved when CSR activities are practiced by the firm.

Community Oriented CSR and Corporate Image

As found out by Khan et al (2013) organizations can gain strategic advantage by having a sound understanding of local community and social customs. Therefore; activities like provision of additional vocational training, recruitment of socially excluded persons, assisting environmental charities, partnership with communities, provision of childcare facilities for employees and sponsoring of cultural events and local sports could prove to be helpful in community development. According to Alam & Islam (2021) community centered CSR involvement is positively associated with green corporate image of the firm. Based on this the following hypothesis is developed.

H1: Community oriented CSR has a positive effect on corporate image of selected private banks.

Employee Oriented CSR and Corporate Image

Enterprises carrying out employee oriented CSR, such as in providing fair evaluation, promotion and compensation can enhance brand image (Waddock et al., 2002). Furthermore, enterprises carrying out CSR for employees can produce internal effects to positively strengthen the corporate brand image (Fombrun & Shanely, 1990). According to Wu et al. (2014) an enterprise undertaking its social responsibility for employees brings a positive impact on its brand image. Based on this evidence the following hypothesis is developed.

H2: Employee oriented CSR has a positive effect on corporate image of selected private banks.

Natural Environment Oriented CSR and Corporate Image

Generally reduction in polluting emissions or consumption materials and waste can consequently reduce environmental impacts. Business organizations can also benefit by reducing waste and energy. In ecological terms these investments are referred to as win-win opportunities good for environment and good for business. According to Thornton et al. (2005) businesses are prompted by legal and social sanctions. They further proposed that businesses which are not complying with these laws will face negative publicity which may affect stakeholders of the business and result in

reduced market share and closer monitoring by environmental groups. Accordingly Putra et al. (2021) stated that CSR involvement in the environmental sector has a significant positive effect on company image. Based on this evidence the following hypothesis is developed.

H3: Natural environment oriented CSR has a positive effect on corporate image of selected private banks.

Supplier Oriented CSR and Corporate Image

Geng et al. (2022) explored that when banks strive towards supplier-oriented CSR, they are more likely to enhance the reputation across the banking sector in the eyes of the customers. Therefore, engagement on supplier related CSR activities was found to have a positive and statistically significant effect on corporate reputation. Based on this reference the following hypothesis is developed.

H4: Supplier oriented CSR has a positive effect on corporate image of selected private banks.

Customer Oriented CSR and Corporate Image

CSR will not only positively influence the business organization but business partners like customers can benefit from it. Businesses can improve quality of their products and reduce cost by working closely with customers. Relationships with these business partners are always important. Long term relationships result in fair prices, quality and reliable delivery. In complying with CSR however allows businesses to respect the rules and national competition laws (EU Green Paper, 2001). Khan et al. (2013) added that there is a positive relationship between customer-oriented CSR activities and corporate reputation. In respect of this the following hypothesis is derived.

H5: Customer oriented CSR has a positive effect on corporate image of selected private banks

Shareholder Oriented CSR and Corporate Image

Shareholder-related CSR activities include sound financial structures, transparent information disclosures, positive innovations, and high-level stock returns. The sound employment of funds is the basic rule for a firm to meet its shareholders' interests, since unsafe, unreasonable financial

structure directly induces shareholders' financial losses, such as high-level debts and excessive earnings management (Shi & Sun, 2015). Similarly Keller (1998) examined that the way how corporations treat their shareholders has a significant and positive contribution to consumer perception of corporate image of the corporation. According to this reference the following hypothesis is developed.

H6: Shareholder oriented CSR has a positive effect on corporate image of selected private banks.

Maruf (2013) collates reviewed literature and the newest empirical data noting that CSR has a positive impact on corporate image. This positive impact can be seen through various phenomena: positive consumer attitude, positive word of mouth, etc. In terms of corporate social responsibility, participants' perceptions of reciprocity positively and directly impacted purchasing intent. It also had a positive effect on corporate image, which positively impacted brand image, which positively impacted purchasing intention. According to Brammer and Millington (2005) there is a positive relationship between corporate social responsibility and reputation of an organization. Based on this evidence the following hypothesis is developed.

H7: CSR has a positive effect on corporate image of selected private banks.

2.2.2. Research Gap

Banks in Ethiopia are concerned about fulfilling their corporate social responsibilities. Many studies have been conducted in pursuit of evaluating the effect of CSR activities on building corporate image of banks or other organizations. Accordingly research gap on the topic to be studied is presented below by taking into consideration three recent studies as evidences.

In his study Mutavi (2020) identified that CSR activities undertaken by KCB (Kenya Commercial Bank) were as per Carroll's 1991 CSR pyramid and it enables the bank to identify initiatives that appeal to its stakeholders, improves the wellbeing of the society, adds value to the respective stakeholders and finally it persuaded stakeholders to have a positive corporate image towards the bank.

Aklilu (2022) in his research investigated the effect of CSR on corporate image in case of BGI Ethiopia PLC in Hawassa City and he has found that each CSR dimensions (i.e., philanthropic,

ethical, legal and economic responsibilities) have a significant impact on corporate image of the organization.

A similar study is conducted by Tekele (2020) on the effect of CSR on Consumer perception of corporate image in case of commercial bank of Ethiopia in Addis Ababa area and from the findings she concluded that CSR activities analyzed in economic, legal, ethical and philanthropic dimensions have a positive effect on maintaining and building corporate image of the commercial bank of Ethiopia.

All of the above mentioned studies investigated the effect of CSR on building corporate image by considering the economic, legal, ethical and philanthropic dimensions of CSR without considering the contemporary stakeholder based CSR orientations including the community, employees, suppliers, customers, the natural environment and shareholders. In addition to this the effect of CSR dimensions on corporate image was examined using only four or five corporate image related non standardized question items instead of using scholarly tested and standardized corporate image measurement variables like products and services, trust, social expectations and corporate personality. On the other hand the study by Tekele was also conducted by taking sample respondent customers from only four branches of the state owned bank CBE and does not incorporated scenarios from private commercial banks.

Therefore, the researcher identified these empirical gaps and tried to examine the effect of multidimensional stakeholder based CSR orientations on corporate image of Dashen, Cooperative Bank of Oromia and Berhan Banks as perceived by their employees.

2.3. Conceptual Framework

Conceptual framework is a broad and established set of rules, truths, or principles on which the study is founded. Following thorough theoretical and empirical reviews the conceptual framework of the study is developed as follows:

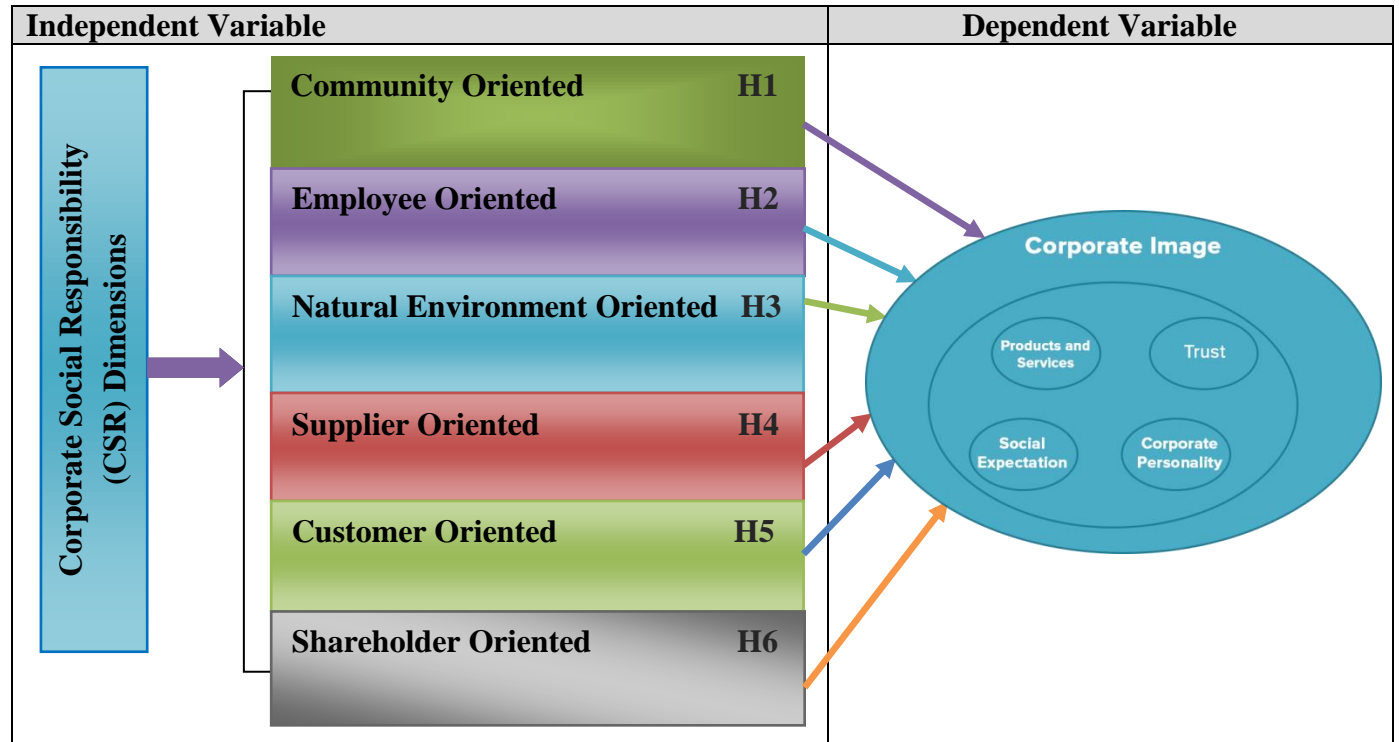


Figure 2: Conceptual Framework

Source: Developed by the researcher from literature

CHAPTER THREE

3. RESEARCH METHODOLOGY

Introduction

This part of the study is carried out carefully by the researcher as it is the blue print that guides to achieve the desired goal. Accordingly, the research approach, the research design, target population, sampling methods, method of data collection, sources, and research instrument, method of data analysis, and ethical issues were explained rigorously.

3.1. Research Design

The research design helps the researcher to describe or explain or predict the phenomenon under investigation. Zikmund et al. (2009) pointed out that research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information. A research design provides a framework or plan of action for the research.

The type of research design employed in this study was explanatory. The nature of this study was a correlation research that investigates the possible relationship between dependent and independent variables. The independent variable is CSR measured by six dimensions (community, employee, natural environment, supplier, customer and shareholder) as developed by El (Akremi et al., 2018). On the other hand the dependent variable is corporate image measured by four dimensions; products and services, trust, social expectation and corporate personality developed by (Osei et al., 2014).

3.2. Data Sources and Collection Techniques

The study employed both primary and secondary data. The primary data was collected through questionnaire from permanent clerical employees of Dashen, CBO and Berhan banks working in various head office departments. On the other hand secondary data was collected from annual reports of banks, articles, reports and publications which were relevant to triangulate the cause and effect relationships between dependent and independent variables.

3.3. Target Population, Sampling Technique and Sample Size

3.3.1. Target Population

Research participants are units of analysis on which the investigation will focus on to solve the research problem. Research participants are those respondents from whom relevant facts can be gathered to solve the problems.

According to the Ethiopian Business Review (2021), based on their year of establishment private banks can be categorized into three groups. Pioneer banks are referred to as "first-generation banks," and they were established between 1994 and 2001. This includes Awash, Dashen, Abyssinia, Wegagen, Hibret, and Nib banks. Second-generation banks, born between 2002 and 2008, include the Cooperative Bank of Oromia (CBO), Lion, Zemen, and Oromia Bank. In addition, Bunna, Berhan, Abay, Addis International, Debub Global, and Enat were established between 2009 and 2013 and are known as "third-generation banks". Lastly based on the national bank of Ethiopia data on December 31, 2022, late-entrant domestic banks established after 2013 include ZamZam, Goh Betoch, Hijira, Siinqee, Shabelle, Ahadu, Tsedey, Amhara, Gadaa, Sidama, Rammis, Omo and Tsehay. Accordingly, the numbers of new entrant domestic banks have increased by 13 within the last three years.

Due to the differences in purpose of establishment, form of ownership and strategic initiatives with private commercial banks, a state owned Commercial Bank of Ethiopia (CBE) and Development Bank of Ethiopia (DBE) were excluded from the study to avoid the outlier effect.

Some scholars argued that startup companies may better suited and prepared for socially responsible actions than big companies, because of their versatility and their dedication to local community values and concerns (European Commission, 2002). In line with this theoretical concept few new entrant banks have announced their social contributions and donations made to the society during their official operational inaugurations. But, as the CSR engagement of most new entrant banks were not such enormous and employees of these banks couldn't have detail know how of CSR activities of their employer bank, the pre mentioned new entrant banks were not included in the study to avoid volatility of data.

Using stratified sampling technique the researcher used the pre mentioned generation based criterion to categorize banks in three strata, and from each stratum based on the amount of financial

budget spent on CSR activities in the last four fiscal years from 2018/19-2021/22, Awash Bank, Bank of Abyssinia and Dashen Bank allocated the highest amount of CSR budget from first generation banks respectively. On the other hand Cooperative Bank of Oromia (CBO), Oromia Bank and Lion International Bank from second generation banks spent the highest amount of CSR budget respectively. Finally Berhan Bank, Bunna Bank and Abay Bank from third generation banks have spent the highest amount of budget for CSR activities respectively.

Therefore, based on the amount of financial budget allocated for CSR activities in the past four fiscal years and for better exploration of their CSR activities; the researcher attempted to select Awash Bank, Cooperative Bank of Oromia and Berhan Banks as targets of the study from private commercial banks. But Awash and Bank of Abyssinia from first generation banks refused to cooperate to the researcher to undertake the study in their organization. Therefore, the researcher was forced to conduct the study in Dashen Bank (which has also a paramount engagement on CSR activities), Cooperative Bank of Oromia and Berhan Bank; from the strata of first, second and third generation banks respectively.

Finally due to time constraints and for better inclusion of various employees with different expertise, the researcher employed purposive sampling technique and employees working in head offices of selected banks were selected as target population of the study. On the other hand in pursuit of better conceptual understanding and analytical reasoning of respondents in filling the questionnaire, the researcher only included permanent and clerical employees of selected banks. As a result non-clerical, contractual and outsourced employees were excluded from the study.

The target population of the selected bank's head office employees for this study were classified in three strata based on the banks they are employed. Then samples were selected from each stratum according to their proportion to the target population. Based on the data as on March 31, 2023, the permanent clerical staff strength of Dashen, Cooperative Bank of Oromia and Berhan Banks in various head office departments was 1,810, 1,435 and 687 respectively. Therefore, the total population for the study was 3,932 employees.

Table 3. 1: Staff strength of selected banks

Number of Employees (As on March 31, 2023)					
Selected Banks	Total No. of Employees	Head Office Employees			
		Permanent		Contractual	Outsourcing
		Clerical	Non clerical		
Dashen Bank	12,956	1,810	86	7	101
Cooperative Bank of Oromia	11,504	1,435	39	16	65
Berhan Bank	5,938	687	22	10	37
Total	30,398	3,932	147	33	203

Source: own survey (May, 2023)

3.3.2. Sampling Technique

The researcher employed stratified sampling technique to categorize private commercial banks in three strata based on their year of establishment, and from each stratum one bank was selected based on the amount of budget allocated to CSR activities. On the other hand of all head office employees of selected banks, only clerical and permanent employees were selected using purposive sampling. Finally simple random sampling technique was employed to dispatch questionnaires to respondent employees working in head office departments of Dashen, Cooperative Bank of Oromia and Berhan banks.

3.3.3. Sample Size

According to Kothari (2004) in sampling analysis if the sample size (n) is too small, it may not serve to achieve the objectives and if it is too large, it may incur huge cost and waste resources. As a general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small. Technically, the sample size should be large enough to give a confidence interval of the desired width and the size of the sample must be chosen by some logical process before sample is taken from the universe.

Most commonly confidence level of 95%, standard deviation of 0.5 and confidence interval of $\pm 5\%$ are considered as desirable to obtain the appropriate sample size. In addition to this 50% proportion is the maximum variability in a population which is often used in determining a more conservative sample size (Israel, 1992).

According to Kothari (2004) when the population is finite, sample size can be determined using the formula;

$$n = \frac{Z^2 \times p \times q \times N}{e^2(N - 1) + Z^2 \times p \times q}$$

Where, n = sample size

N = population (clerical & permanent employees of selected banks, i.e. 3,932)

Z = the value of the standard variate at a confidence level of 95%=1.96

P = sample proportion (proportion of the population with a certain character) = 0.5

q = proportion of the population with odd character/s = 1- p = 0.5

e = the level of precision or sampling error = 5 %

$$n = \frac{(1.96)^2(0.5)(0.5)(3,932)}{(0.05)^2(3,932-1)+(1.96)^2(0.5)(0.5)} = \frac{3,776.29}{10.79}$$

$$n = 349.98 \simeq 350$$

Table 3. 2: Proportionate sampling determination

R.No	Selected Private Banks	Number of Permanent Clerical Employees Working in Head Office	Percentage Proportion	Sample
1	Dashen Bank	1,810	46%	161
2	Cooperative Bank of Oromia	1,435	36.5%	128
3	Berhan Bank	687	17.5%	61
Total		3,932	100%	350

Source: own survey (May, 2023)

Lastly using random sampling technique structured questionnaires was dispatched to respondent employees working in various head office departments of selected banks as per the proportions listed in the table above.

3.4. Data Collection Instrument

Standardized and scholarly tested questionnaire tool was used to collect data from respondents. The CSR orientations questionnaire with six dimensions was adopted from multidimensional corporate stakeholder responsibility scale developed by El Akremi et al. (2018) with five likert scales to measure the independent variable. On the other hand the four dimensions used to measure the dependent variable i.e. corporate image were adopted from Osei et al. (2014) with seven likert scales, but for conformity and congruence to the standardized CSR construct the researcher modified it to five likert scales. The questionnaire tool has three parts; the first part consist respondent's demographic characteristics, the second part comprises stakeholder based orientations of CSR and the third section consists corporate image measure dimensions. Respondents were provided with a structured questionnaire with a five point Likert-type scale ranging from “strongly disagree” (1) to “strongly agree” (5).

3.5. Methods of Data Analysis

This study examines the effect of CSR on corporate image and the relationship between these variables in selected banks. The data collected was analyzed using Statistical Package for Social Science (SPSS version 26). In addition results for descriptive statistical tools like mean and standard deviation and inferential statistical tools like correlation and regression were run from the SPSS software. In addition the analyzed data was presented using tables and graphs.

3.6. Reliability and Validity of Data

For data to be good enough to allow the researcher to draw meaningful conclusions from a research study, it must be reliable and valid. Generally, a measuring instrument may be reliable without being valid, but if a measuring instrument is valid, it is also likely to be reliable (Surucu & Maslakci, 2020).

According to Whiston (2012) Validity is obtaining data that is appropriate for the intended use of the measuring instruments, so that the expressions in the scale make suitable measurements

according to the purpose of the research. To ensure the validity of the study the researcher employed standardized and scholarly tested questionnaire construct items for both CSR and corporate image variables.

Reliability refers to the stability of the measuring instrument used and its consistency over time. In other words, Reliability is the ability to measure instruments to give similar results when applied at different times (Surucu & Maslakci, 2020). To ensure reliability of the study and measure the internal consistency of the items in a scale, the researcher used Cronbach’s alpha statistical measure.

Table 3. 3: Reliability test results

Dimensions	Cronbach's Alpha	No of items
Community Oriented	.785	7
Employee Oriented	.738	7
Natural Environment Oriented	.724	7
Supplier Oriented	.746	5
Customer Oriented	.768	5
Shareholder Oriented	.758	4
Products and Services	.767	6
Trust	.755	7
Social Expectation	.790	5
Corporate Personality	.794	8

Source: own survey and SPSS output (May, 2023)

Different authors accept different values of this test in order to measure internal reliability. According to George and Mallery (2003), Cronbach’s Alpha value above 0.90 indicates excellent internal consistency, above 0.80 is good, above 0.70 is acceptable, above 0.60 is questionable, above 0.50 is poor, and below 0.50 is unacceptable. The reliability statistics for this study reflected in the above table indicates that for each construct values Cronbach's Alpha is ranged from 0.724 to 0.794. This range is considered acceptable as the result ensures reliability of each item.

3.7. Ethical Consideration

Ethical considerations in research are a set of principles that guide the research designs and practices. Researchers must always adhere to a certain code of conduct when collecting data from people. Accordingly all research participants were requested their permission to be part of a study and the researcher considered all ethical issues, rights and privacies of participants of this study. Besides, the researcher assured respondents as their responses are to be exclusively used for the study purpose.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

This chapter deals with data presentation, analysis and interpretation of the findings. The discussion attempts to examine the objectives of the study, answer research questions and test the hypotheses. A structured questionnaire was distributed to permanent and clerical employees of Dashen, Cooperative Bank of Oromia and Berhan Banks working in various head office departments. The survey was conducted with 350 sample respondents which accompanies a response rate of 100%. Data analysis of the study was executed by SPSS version 26 statistical software.

4.1. Descriptive Analysis

In this section descriptive analysis of; demographic background of respondents, dimensions of CSR and corporate image is presented and interpreted using frequency, percentile, mean and standard deviation as necessary.

4.1.1. Demographic Background of Respondents

Demographic background of respondents like gender, age, educational qualification and work experience in the bank they are working in along with frequencies are presented as follows.

Table 4. 1: Demographic background of respondents

No	Variables	Description	Frequency	Percent (%)	Cumulative Percentage
1	Gender of Respondents	Male	234	66.9	66.9
		Female	116	33.1	100
		Total	350	100	
		20-30	177	50.6	50.6
2	Age of Respondents	30-40	139	39.7	90.3
		40-50	26	7.4	97.7
		Above 50	8	2.3	100
		Total	350	100	
3	Education Level of Respondents	Diploma	2	0.60	0.6
		BA/BSC	210	60	60.6

		MA/MSC	138	39.4	100
		Others			
		Total	350	100	
4	Work Experience in the Bank	0-2 Years	44	12.6	12.6
		2-5 Years	131	37.4	50
		5-10 Years	109	31.1	81.1
		10-15 Years	57	16.3	97.4
		Above 15 Years	9	2.6	100
		Total	350	100	

Source: own survey and SPSS output (May, 2023)

Gender of respondents

As it can be referred from the above table, of the 350 respondents 66.9% are males and the rest 33.1% are females.

Age of respondents

While considering the age group of respondents 50.6% are within the range of 20-30 years, followed by the age group of 30-40 which accounts 39.7%, 40-50 years 7.4% and above 50 years 2.3%. Therefore, majority of sample respondents who have participated in the survey are within the age group of 20-30 years old.

Educational level of respondents

Regarding the educational qualification of respondents 60% are BA/BSC degree holders, 39.4% are MA/MSc degree holders and the rest 0.6% are diploma certificate holders. As a result majority of the respondents are holders of BA/BSC degree.

Work experience of respondents

Finally while reviewing work experience of the respondents from the table above, 37.4% have served their respective bank from 2-5 years, 31.1% have served 5-10 years, 16.3 % have served 10-15 years, and 12.6% have served 0-2 years and the rest 2.6% have served for over 15 years.

4.1.2. Description of CSR Dimensions

The result of mean and standard deviation of six dimensions of CSR is presented and interpreted as follows.

Table 4. 2: Mean and SD of CSR dimensions

CSR Dimensions	N	Mean	Standard Deviation
Community Oriented	350	4.3292	.25863
Employee Oriented	350	4.4549	.26384
Supplier Oriented	350	4.3857	.29808
Customer Oriented	350	4.3789	.32456
Natural Environment Oriented	350	4.3620	.25538
Shareholder Oriented	350	4.1879	.20001
Average		4.3947	.16427

Source: own survey and SPSS output (May, 2023)

As it is shown in the above table employee oriented CSR scored a mean value of 4.4549 and standard deviation of .25863, this implies employees of selected banks perceived that this CSR dimension is highly practiced than the rest dimensions. Therefore, selected banks dominantly practice employee oriented CSR dimensions attributed by implementation of policies that improve the well-being, health and safety of employees at work, avoid all forms of discrimination (age, sex, and handicap, ethnic or religious origin) in recruitment and promotion policies, support equal opportunities at work (e.g., gender equality policies), support employees' work and life balance, encourages employees' diversity in the workplace and help employees in case of hardship (e.g., medical care, social assistance).

As perceived by employees of selected banks the second highly practiced CSR dimension is supplier oriented CSR with a mean of 4.3857 and standard deviation of .29808. The result implies

that selected banks practiced this CSR dimension accompanied by activities like ensure suppliers to respect and apply labor laws and justice rules, help suppliers to improve the working conditions of their employees and even to terminate any business deal with a supplier who failed to respect labor laws.

The third most practiced CSR dimension by selected banks is customer oriented CSR with a mean of 4.3789 and standard deviation of .32456. This implies that selected banks are shouldering their CSR activities by checking the quality of goods and services provided to customers, helping and advising customers about their products and services, respecting their commitment to customers, investing in innovations which are to the advantage of customers and ensuring their products and services are accessible for all their customers.

Natural environment oriented CSR is the fourth commonly practiced CSR orientation with a mean value of 4.3620 and standard deviation of .25538. As perceived by employees, selected banks are practicing natural environment oriented CSR attributes through taking actions to reduce pollution related activities, contribute towards saving resources and energy, investing in clean technology and renewable resources, making investments to improve the ecological quality of their products and services, respecting and promotion the protection of biodiversity, measuring the impacts of their activities on natural environment and encouraging their members to adopt eco-friendly behavior.

The fifth most practiced CSR dimension is community oriented CSR scoring a mean and standard deviation value of 4.3292 and .25863 respectively. This implies that selected banks are practicing community oriented CSR activities by investing in humanitarian projects in poor areas, helping NGOs and similar associations, providing financial support for humanitarian causes and charities, contributing to improve the well-being of populations in the areas where they operate in, investing in on the health of populations of developing areas, giving financial assistance to the poor and deprived and assisting populations and local residents in cases of natural disasters and accidents.

The last ranked CSR dimension practiced by banks is shareholder oriented CSR with a mean value of 4.1879 and a standard deviation of .20001. The result shows that selected banks are practicing shareholder oriented CSR by respecting the financial interests of all their shareholders, ensuring that communication with shareholders is transparent and accurate, ensuring that shareholders'

investments are profitable and perennial in the long-term and making sure that shareholders exert effective influence over strategic decisions. Finally the overall mean and standard deviation score of the independent variable i.e. CSR is 4.3947 and .16427 respectively.

4.1.3. Description of Corporate Image Dimensions

The mean and standard deviation values of four measure dimensions of corporate image are presented and interpreted as follows.

Table 4. 3: Mean and SD of corporate image dimensions

Corporate Image Dimensions	N	Mean	Standard Deviation
Products and Services	350	3.7626	.34403
Trust	350	3.8959	.35270
Social Expectation	350	4.3109	.42688
Corporate Personality	350	4.2688	.28056
Average		4.0585	.17624

Source: own survey and SPSS output (May, 2023)

As it is shown in the table above the most dominant corporate image measure dimension is social expectation with a mean and standard deviation value of 4.3109 and .42688 respectively. The result implies that selected banks are concerned with the welfare of employees; undertake activities that support worthy cause in the society, address social problems with great zeal, committed to protecting the environment and maintain high standards in the way they treat their customers.

The second most rated measure of corporate image is societal expectation with a mean value of 4.2688 and standard deviation of 0.28056. This implies that banks are focused on introducing products that benefit their customers, consistently improve on their products, deliver on their promises; the bank staff is never too busy to respond to customer’s request, responsible in handling customer complaints, not selective when dealing with customers, treat customers in a friendly manner and offer financial advice frequently.

Trust is the third ranked measure of corporate image with a mean and standard deviation value of 3.8959 and .35270 respectively. Corporate image of banks can be improved if; customer investments with the bank are safe, banks respect confidentiality of their customer’s personal

information and transactions, customer transactions have maximum security, no risk exist in doing business with banks, banks does not seek the interest of their customers, take responsibility of their customer's money and truly concerned with the proper functioning of customer's investments, transactions and deposits.

The last rated measure dimension of corporate image is products and services with a mean value of 3.7626 and standard deviation of .34403. The result shows that facilities of the bank's service are easy to use, no need to spent long hours in the bank's hall to carry out transactions, banks provide a speedy response to customer complaints, the procedure to access various products is very simple, and services offered by banks are convenient to customers and also banks offer attractive products and services to customers. In general the overall mean and standard deviation score of the independent variable i.e. corporate image is 4.0585 and .17624 respectively.

4.2. Tests of Assumptions of Classical Linear Regression Model

Linear regression is an analysis that assess whether one or more predictor variables explain the dependent (criterion) variable. This model has five key assumption tests namely Linearity test, Homoscedasticity test, Multicollinearity test, Autocorrelations test and Normality test.

4.2.1. Linearity Test

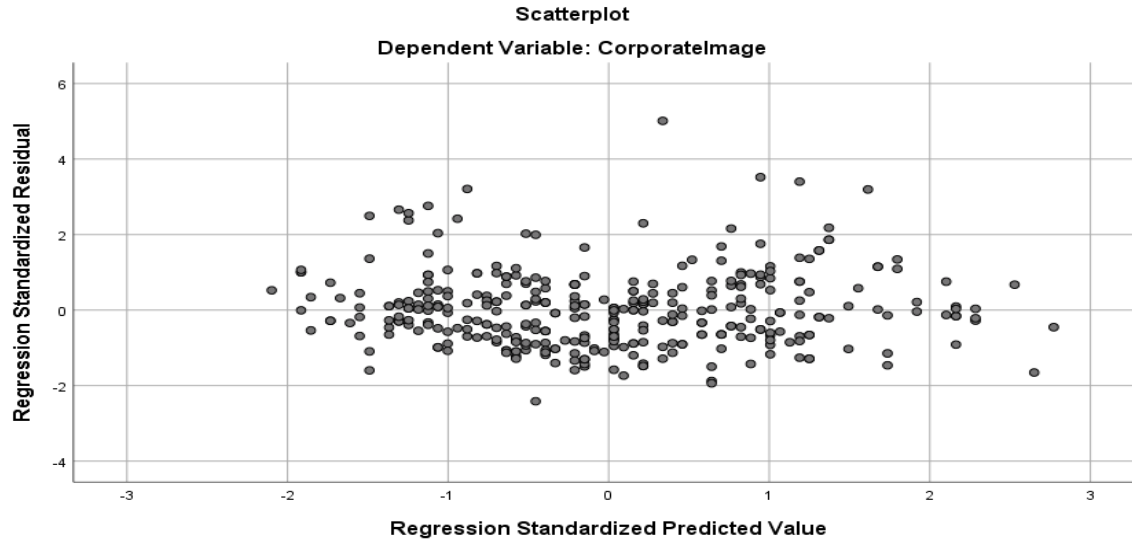
Linear regression needs the relationship between the independent and dependent variables to be linear. It is also important to check for outliers since linear regression is sensitive to outlier effects. Linearity means that the predictor variables in the regression have a straight-line relationship with the outcome variable. As it can be seen from the scatter plot diagram the regression line stretches from left bottom corner to right top corner. This implies that there is a significant relationship between these variables.

4.2.2. Homoscedasticity Test

Homoscedasticity refers homogeneity of variance which denotes whether the residuals or amount of errors in the model are equally distributed or they tend to bunch together at some values and spread far apart at other values. There should be homoscedasticity before running multiple regression analysis. This means that the residuals between the values of the observed and predicted dependent variable are normally distributed, and that the residuals have constant variance (Burns & Burns,

2008). Examination of a scatter plot is good way to check whether the data is homoscedastic (the residuals are equal across the regression line) or not.

Figure 3: Homoscedascity test



As it can be seen from the above predicted probability (p-p) plot the data is homoscedastic because the points are equally distributed above and below zero on the X axis and to the left and right of zero on the Y axis.

4.2.3. Multicollinearity Test

Multiple linear regression models assume there is little or no multicollinearity among the independent variables. This means that the independent variables should not be too highly correlated with each other. The most common procedures available for checking this assumption is collinearity diagnostics. In collinearity diagnostics variance inflation factor (VIF) and tolerance (TOL) values can be used to test the assumption. If tolerance value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity (Marczyk, et al., 2005). A VIF value of >10 and a tolerance value of < 0.1 indicates multicollinearity is present and the assumption is violated.

Table 4. 4: Multicollinearity test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Community CSR	.913	1.095
	Employee CSR	.939	1.065
	Natural Environment CSR	.913	1.096
	Supplier CSR	.933	1.071
	Customer CSR	.951	1.051
	Shareholder CSR	.986	1.014
<i>Dependent Variable: Corporate Image</i>			

Source: own survey and SPSS output (May, 2023)

As it is shown in table 4.4 above the VIF and tolerance values of all independent variables is < 10, and > 0.1 respectively. This implies that the model is free from multicollinearity.

4.2.4. Autocorrelations Test

The classical linear regression model assumes that the error terms (residuals) in the regression model are uncorrelated. The most commonly used test of this assumption is the (Durbin-Watson) tests. A Durbin Watson test value between 1.5 and 2.5 confirms the absence of autocorrelation.

Table 4. 5: Durbin-Watson test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.410 ^a	.168	.154	.16214	1.989
<i>a. Predictors: (Constant), Shareholder CSR, Customer CSR, Employee CSR, Community CSR, Supplier CSR, Natural Environment CSR</i>					
<i>b. Dependent Variable: Corporate Image</i>					

Source: own survey and SPSS output (May, 2023)

As it is shown in table 4.5 above the Durbin Watson test values of all independent variables is 1.989. This implies that the model is free from autocorrelation.

4.2.5. Normality Test

Most of the parametric tests require that the assumption of normality be met. Linear regression analyses require all variables to be multivariate normal. Normality means that the distribution of the test is normally distributed (or bell-shaped) with 0 mean, with 1 standard deviation and a symmetric bell shaped curve. This assumption can best be checked with a histogram or quantile-quantile (Q-Q) plot. In the Q-Q plot method observed value and expected value are plotted on a graph. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed (Darlington, 1968). If the plotted value varies more from a straight line, then the data is not normally distributed.

Figure 4: Normality test histogram

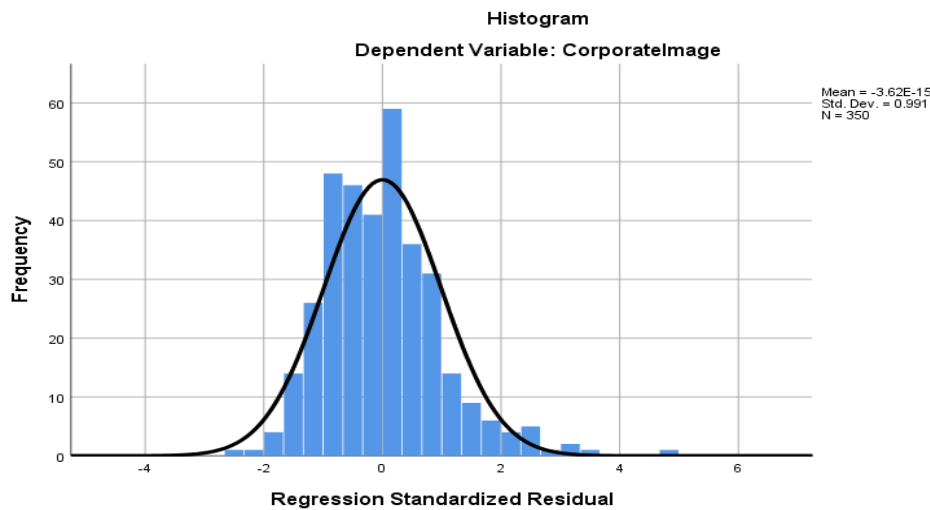
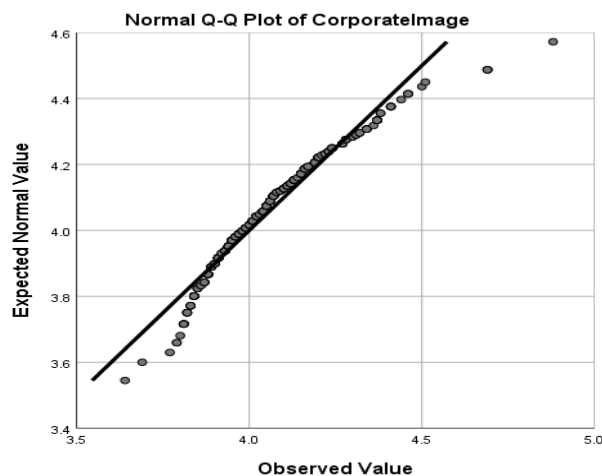


Figure 5: Normality test Q-Q plot



As it can be seen from the Q-Q plot diagram, the plotted value is similar with a straight line and also the histogram takes a bell shape with more values located near the center and fewer values located out on the tails. Therefore, the assumption meets the test of normality.

4.3. Correlation Analysis

Correlation tests the relationship between a continuous independent variable and a continuous dependent variable. The degree of association is measured by a correlation coefficient, denoted by r . It is sometimes called Pearson’s correlation coefficient after its originator and is a measure of linear association. The correlation coefficient is measured on a scale that varies from + 1 through 0 to – 1. Complete correlation between two variables is expressed by either + 1 or -1. When one variable increases as the other increases the correlation is positive; when one decreases as the other increases it is negative. Complete absence of correlation is represented by 0.

Table 4. 6: Correlation matrix

	Corp	Com	Emp	Nat	Sup	Cus	Sha
Corp	1						
Com	.231**	1					
Emp	.168**	.106**	1				
Nat	.233**	.244**	.110**	1			
Sup	.240**	.135**	.191**	.108**	1		
Cus	.191**	.133**	-0.67**	.135**	.112**	1	
Sha	.139**	.062**	.038**	.092**	-0.32**	-.014**	1
**Correlation is significant at the 0.01 level (2-tailed). N=350							

Source: own survey and SPSS output (May, 2023)

NB: Corp, Com, Emp, Nat, Sup, Cus and Sha stands for corporate image, community, employee, natural environment, supplier and shareholder respectively.

As perceived by employees of selected banks, the correlation between CSR dimensions (community oriented, employee oriented, natural environment oriented, supplier oriented, customer oriented and shareholder oriented) and corporate image in selected private commercial banks in Ethiopia is discussed as follows.

As compared to the rest of CSR dimensions the strongest relationship is between supplier oriented CSR of banks with $r=0.240^{**}$, $p<0.01$ and corporate image. This implies that implementation of supplier oriented CSR activities like ensuring suppliers to respect labor laws and justice rules, caring for the application of labor laws by suppliers, helping suppliers to improve working conditions of their employees and even commitment to terminate business deals with a supplier who failed to respect labor laws results in improvement of corporate image of banks.

The second strongest relationship is between natural environment and corporate image with $r=0.233^{**}$, $p<0.01$. This reflects that engagement on natural environment oriented CSR initiatives like taking actions to reduce pollution related activities, contribute towards saving resources and energy, investing in clean technology and renewable resources, making investments to improve the ecological quality of their products and services, respecting and promotion the protection of biodiversity, measuring the impacts of their activities on natural environment and encouraging their members to adopt eco-friendly behavior contributes a lot for the betterment of corporate image of banks.

The Bank's community oriented CSR activities and corporate image has also a positive relationship with $r=0.231^{**}$, $p<0.01$. This reflects that engagement on community oriented CSR initiatives like focusing in humanitarian projects in poor areas, helping NGOs and similar associations, providing financial support for humanitarian causes and charities, contributing to improve the well-being of populations in the areas where they operate in, investing in on the health of populations of developing areas, giving financial assistance to the poor and deprived and assisting populations and local residents in cases of natural disasters and accidents enhance the corporate image level of banks.

The relationship between bank's customer oriented CSR activities and corporate image has also a positive relationship with $r=0.191^{**}$, $p<0.01$. This denotes that banks shouldering their CSR activities by checking the quality of goods and services provided to customers, helping and advising customers about their products and services, respecting their commitment to customers, investing in innovations which are to the advantage of customers and ensuring the accessibility of their products and services for all their customers significantly nurture their corporate image status.

Employee oriented CSR activities of banks and their corporate image also found to have a positive relationship with $r=0.168^{**}$, $p<0.01$. This shows that active engagement of banks on employee

oriented CSR activities like implementation of policies that improve the well-being, health and safety of employees at work, avoid all forms of discrimination (age, sex, and handicap, ethnic or religious origin) in recruitment and promotion policies, support equal opportunities at work (e.g., gender equality policies), support employees' work and life balance, encourages employees' diversity in the workplace and help employees in case of hardship (e.g., medical care, social assistance) profoundly boost their corporate image.

Lastly among all CSR dimensions, shareholder oriented CSR engagement is found to have the least positive relationship with corporate image of banks with relationship with $r=0.139^{**}$, $p<0.01$. This demonstrates that banks practiced shareholder oriented CSR by respecting the financial interests of all their shareholders, ensuring that communication with shareholders is transparent and accurate and ensuring that shareholders' investments are profitable.

Generally though the degree of relationship varies from one to another dimension, it is found that all CSR orientations are positively correlated with corporate image of banks.

Table 4. 7: Correlation between overall CSR and corporate image

	Corporate Image	CSR
Corporate Image	1	
CSR	.437 ^{**}	1
** Correlation is significant at the 0.01 level (2-tailed). N=350		

Source: own survey and SPSS output (May, 2023)

The above table implies that correlation of overall CSR and corporate image. Overall is strongly correlated with corporate image of banks with a value of good correlation coefficient $r = 0.437$. Therefore, the relationship between organizational culture and job satisfaction is positive and tested as significant.

4.4. Multiple Regression Analysis

Multiple linear regressions are an inferential statistics tools used to estimate the relationship between two or more independent variables and one dependent variable. After the study met the regression assumptions, multiple regression analysis was used to test the research hypotheses and

examine the effect of the independent variables i.e. CSR dimensions on the dependent variable (corporate image).

Tbale 4. 8: Model summary

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.410 ^a	.168	.154	.16214	1.989
<i>a. Predictors: (Constant), Shareholder CSR, Customer CSR, Employee CSR, Community CSR, Supplier CSR, Natural Environment CSR</i>					
<i>b. Dependent Variable: Corporate Image</i>					

Source: own survey and SPSS output (May, 2023)

From the result of regression analysis; R value i.e. .410 represents the existence of strong relation between independent variable CSR and dependent variable i.e. corporate image. On the other hand the R-Square value measures the proportion of the variation in a dependent variable that can be explained statistically by the independent variables and it takes any value between 0 and 1. The R-square value of the model in the study is 0.168 which means that over 16.8% of banks corporate image is explained by CSR in the regression model whereas; the rest 83.2% is attributed by unexplained variables.

Table 4. 9: ANOVA test

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.823	6	.304	11.555	.000 ^b
	Residual	9.017	343	.026		
	Total	10.840	349			
<i>a. Dependent Variable: Corporate Image</i>						
<i>b. Predictors: (Constant), Shareholder CSR, Customer CSR, Employee CSR, Community CSR, Supplier CSR, Natural Environment CSR</i>						

Source: own survey and SPSS output (May, 2023)

The ANOVA test (significance of the model test) implies whether the model and overall results are in a significantly good degree of prediction of the dependent variable or not (Field, 2005). The significance result on the ANOVA table is 0.000; with $p < 0.05$ and this means the regression model

proved the presence of a good degree of prediction of the dependent variable by the independent variable. Additionally the F statistic value (a measure of the ratio of between group variation and within group variation) is used to test how well the regression model fits the data. Accordingly, the ANOVA table contains an F ratio, $F(6, 343) = 11.555$, with $P = 0.000$, which is statistically significant at $p < 0.05$ i.e. the model is significant). Hence, the observed significance value is less than 0.05; there is a linear relationship between the independent and dependent variables.

Table 4. 10: Relationship coefficients of CSR dimensions

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B*	Std. Error	Beta		
1	(Constant)	1.675	.304		5.508	.000
	Community CSR	.092	.035	.135	2.627	.009
	Employee CSR	.074	.034	.110	2.168	.031
	Natural Environment CSR	.096	.036	.138	2.684	.008
	Supplier CSR	.103	.030	.174	3.412	.001
	Customer CSR	.078	.027	.144	2.854	.005
	Shareholder CSR	.107	.044	.121	2.439	.015
<i>a. Dependent Variable: Corporate Image</i>						

Source: own survey and SPSS output (May, 2023)

The unstandardized coefficient (β) indicates how much the dependent variable varies with a one unit of change in the independent variable; keep all other independent variables constant. As it is shown in the above an increase in one unit of shareholder oriented CSR activities results to an increase in a 0.107 units in corporate image of banks. Similarly an increase in one unit of supplier CSR, natural environment CSR, community CSR, customer CSR and employee CSR results in 0.103, 0.096, 0.092, 0.078 and 0.074 increment in corporate image value of banks respectively.

4.4.1. The Multiple Linear Regression Equation

From the equation of multiple linear regression, $Y = a + b_1X_1 + b_2X_2 + \dots + b_nX_n + \epsilon_i \dots \dots \dots 1$

Where; Y= the dependent variable

a= the constant

b_1, b_2, b_n = regression coefficients

X_1, X_2, X_n = the predictor variables

ϵ_i = the error term (effect of those variables not included in the model)

Given the value of unstandardized coefficient (β) from the above table, the multiple linear regression equation of the study with dependent variable corporate image and independent variable CSR along with six dimensions is generated as follows;

$$COI = 1.675 + 0.92com + 0.074emp + 0.096nat + 0.103sup + 0.078cus + 0.107sha + \epsilon_i \dots\dots 2$$

4.4.2. Discussions of hypothesis tests

The seven proposed hypotheses of the study are tested through multiple regression analysis and the results are summarized as follows;

Table 4. 11: Summary of research hypothesis results

Hypotheses		Result	Reason to Accept/Reject/
H1	Community oriented CSR has a positive effect on corporate image of selected private banks.	H1: Accepted	$\beta = .092$; $P < 0.05$
H2	Employee oriented CSR has a positive effect on corporate image of selected private banks.	H2: Accepted	$\beta = .074$; $P < 0.05$
H3	Natural environment oriented CSR has a positive effect on corporate image of selected private banks.	H3: Accepted	$\beta = .096$; $P < 0.05$
H4	Supplier oriented CSR has a positive effect on corporate image of selected private banks.	H4: Accepted	$\beta = .103$; $P < 0.05$
H5	Customer oriented CSR has a positive effect on corporate image of selected private banks.	H5: Accepted	$\beta = .078$; $P < 0.05$
H6	Shareholder oriented CSR has a positive effect on corporate image of selected private banks.	H6: Accepted	$\beta = .107$; $P < 0.05$
H7	CSR has a positive effect on corporate image of selected private banks.	H7: Accepted	$\beta = .469$; $P < 0.05$

Source: own survey and SPSS output (May, 2023)

Summary of test results of the research hypothesis of the study is summarized in Table 4.12 and discussed as follows. Hypothesis 1 proposed that community oriented CSR has a positive effect on

corporate image of selected private banks. Accordingly the result of correlation analysis implies community oriented CSR has a positive relationship with corporate image of banks. On the other hand the regression analysis shows that community oriented CSR has a positive and significant effect on corporate image of banks.

The second research hypothesis predicted that employee oriented CSR has a positive effect on corporate image of selected private banks. The correlation analysis result reveals employee oriented CSR has a positive relationship with corporate image of banks. In addition the regression analysis shows that employee oriented CSR has a positive and significant effect on corporate image of banks.

Hypothesis 3 states natural environment oriented CSR has a positive effect on corporate image of selected private banks. In support of this hypothesis, the correlation analysis reveals that this dimension of CSR has a positive relationship with corporate image of banks. Similarly the result of the regression test shows natural environment CSR has positive effects on corporate image of banks.

Hypothesis 4 assumed that supplier oriented CSR has a positive effect on corporate image of selected private banks. The result of the correlation analysis shows that supplier oriented CSR has a positive relationship with corporate image of banks. On the other hand the regression result signifies that supplier oriented CSR positively affects corporate image of banks.

The fifth hypothesis predicted that customer oriented CSR has a positive effect on corporate image of selected private banks. In support of this the correlation result shows customer oriented CSR has a significant positive effect on corporate image of banks. Additionally the regression result reveals that customer oriented CSR positively affects corporate image of banks.

Hypothesis 6 assumed that shareholder oriented CSR has a positive effect on corporate image of selected private banks. Accordingly the correlation result exhibits shareholder oriented is positively correlated with corporate image of selected banks. On the other hand the regression analysis also shows shareholder oriented CSR has a significant positive effect on corporate image of selected banks.

The last hypothesis of the study, hypothesis 7 predicted CSR has a positive effect on corporate image of selected banks. As a result, the overall correlation result reveals there is a positive relationship between CSR and corporate image of selected banks. Moreover, the overall regression result exhibits that CSR positively affects corporate image of banks. In addition to this, the adjusted R square result of the regression model $R^2=.168$ implies that; CSR explained 16.8% of variance in corporate image of selected banks.

Finally, the results of this study were explained against previous empirical analysis and found justified. As it is shown in the regression equation (1), the six CSR dimensions found to have a positive and significant effect on corporate image of selected private banks. Therefore, the result is consistent with previous empirical findings discussed by (Brammer & Millington, 2005; Khan et al., 2013; Wu et al., 2014; Geng et al., 2022 and Keller, 1998; Alam & Islam, 2021; Putra et al., 2021).

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The study examined the effect of CSR and its dimensions on corporate image of selected private banks in Ethiopia. To this end, major findings, conclusions, recommendations and future research areas were summarized as follows.

5.1. Summary of Findings

As discussed in the descriptive analysis section employee oriented CSR is the most commonly practiced CSR dimension with a high mean value followed by supplier oriented, customer oriented, natural environment oriented, community oriented and shareholder oriented CSR dimensions respectively.

On the other hand from four corporate image measure dimensions social expectation was rated as the most dominant measure variable of corporate image with the highest mean value followed by corporate personality, Trust and products and services respectively.

Based on the correlation analysis from six CSR dimensions supplier oriented CSR has relatively the strongest correlation with corporate image of banks with followed by natural environment oriented CSR and community oriented CSR respectively. On the other hand customer oriented, employee oriented and shareholder oriented CSR dimensions were found to have the least correlation value with corporate image of banks respectively.

From the regression test it was found that shareholder oriented CSR dimension has the highest value of unstandardized coefficient. Supplier oriented, natural environment oriented, community oriented, customer oriented and employee oriented CSR dimensions were ranked from 2nd to 6th respectively in terms of their degree of effect on corporate image of banks.

All CSR dimensions have a positive relationship with corporate image of selected private banks. From the regression test it was found that 16.8% of variation in corporate image of banks is attributed (explained) by CSR i.e. the rest 83.2% of variation in corporate image of banks is attributed by unexplained variables.

5.2. Conclusions

The study examined the effect of CSR on corporate image of selected private banks in Ethiopia. In an attempt to answer research questions, test hypotheses and identify the effect of CSR on corporate image of selected banks, the study employed both descriptive and inferential statistical tools. Accordingly based on these results the following conclusions were drawn.

- As compared to other CSR dimensions selected banks found to have a better engagement on employee and supplier oriented CSR activities, whereas community and shareholder oriented CSR activities were less practiced by selected banks.
- Selected banks have focused more on social expectation and corporate personality, on the other hand trust and products and services remained less prioritized attributes of corporate image.
- Supplier oriented CSR is highly correlated with corporate image of banks followed by natural environment oriented CSR, community oriented CSR and customer oriented CSR. On the other hand employee oriented CSR and shareholder oriented CSR was least correlated with corporate image of selected private banks respectively. Even though the degree of association of relationship with corporate image varies from one CSR dimension to the other, it was examined that all CSR dimensions have a positive relationship with corporate image of selected banks.
- Among six CSR dimensions, shareholder oriented CSR is the highest predictor of corporate image of banks followed by supplier oriented, natural environment oriented and community oriented. Whereas; customer oriented and employee oriented CSR were the least predictors of corporate image of selected banks. Finally it was investigated that all CSR dimensions have a positive effect on corporate image of selected banks.
- Finally the result of Adjusted R Square is small and this implies; the practice of stakeholder based CSR approach is not in a good stage in selected banks.

5.3. Recommendations

Based on the findings and conclusions discussed above, the following recommendations are suggested as important points to Dashen, Cooperative Bank of Oromia and Berhan Banks in particular and for the banking sector in general to improve corporate image status with committed engagements on stakeholder based CSR dimensions.

- Community and shareholder oriented CSR activities was given less attention by selected banks. Since the community is the backbone for survival of banks, banks should sustainably invest on the well-being of populations, helping NGOs and similar associations such as UNICEF, the Red Cross etc., and investing in humanitarian projects in poor areas/territories. In addition banks are also expected to enhance their shareholder oriented CSR activities by respecting the financial interests of shareholders, making transparent and accurate communication with shareholders, ensuring shareholder's investments to be profitable and perennial in the long term and enable shareholders to exert effective influence over strategic decisions.
- As shareholder oriented CSR is the highest predictor of corporate image of banks among other CSR dimensions, banks should keep up giving focus for this CSR dimension by respecting the financial interests of all shareholders, ensuring the existence of transparent and accurate communication with shareholders, taking actions to ensure shareholder's investments are profitable in the long term and making sure that shareholders exert effective influence over strategic decisions. Correspondingly supplier oriented CSR was found out as the second higher predictor of corporate image of banks. Hence, to further improve their corporate image banks should continue engaging on activities like ensuring suppliers to respect and apply labor laws and justice rules, help suppliers to improve the working conditions of their employees and even to terminate any business deal with a supplier who failed to respect labor laws.
- Trust and products and services are identified as less prioritized dimensions of corporate image of selected banks. Hence, banks are expected to improve their corporate image level by focusing on products and services related activities like making facilities of banks easy for use, serving customers with minimal waiting time, offering attractive products and services and providing speedy responses for customer complaints. On the other hand banks are also expected to enhance their corporate image by highly focusing on building their trust using activities such as keeping the confidentiality of their customer's personal information and transactions, well securing customer transactions, not seeking the interests of customers, and handling customer's investments, transactions and deposits properly.
- Lastly, most of the time banks CSR engagements are framed on economic, philanthropic, legal and ethical aspects. Therefore, banks should employ stakeholder based CSR approach and attention should be given to improve the safety, health and work-life balance of

employees, ensure suppliers to respect labor laws, check the quality of goods and/or services provided to customers, reduce pollution and promote eco-friendly environment and invest in humanitarian projects like health, sport and education.

5.4. Limitations and future research direction

Although the results of the study are expected to contribute to the existing burgeoning literature and empirical gap on stakeholder based CSR orientations, some limitations need to be recognized and further studies should focus on addressing such gaps.

Firstly, the data collected was from a financial industry particularly from banks, thus careful attempts are expected while generalizing the results to other business arena. Therefore future researchers could assess such cases on other sectors.

Secondly, test results from descriptive and inferential statistical computations were derived based on 350 observations which were although a good sample size, does not meet the perfectly ideal requirements of sample size. As a result future researchers could conduct a study using a representative sample size.

Furthermore the study collected data from only 3 private commercial banks out of 31 operational banks in Ethiopia. Which means; it doesn't included 2 governmental banks (CBE and DBE), 25 private commercial banks and 1 mortgage bank. Hence, future researchers could undertake studies in these banks. Lastly the effect of CSR on corporate image was evaluated only from the perception of selected banks' employees. This means the perception of customers and other stakeholders was not included here hence; future studies could include other stakeholders to investigate the effect of CSR on corporate image.

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Annual reports of Private Commercial Banks (2018/2019-2021/2022) Fiscal Years.

Annex A: Questionnaire

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTERS OF BUSINESS ADMINISTRATION PROGRAM

Dear respondents,

The purpose of this questionnaire is to gather relevant data that will be used to undertake MBA thesis on the topic “**The Effect of Corporate Social Responsibility on Corporate Image in the Banking Industry: The Case of Selected Private Banks in Ethiopia**”. Accordingly, this questionnaire is designed to collect data on the effect of stakeholder based CSR orientations such as the community, employees, suppliers, customers, the natural environment and shareholders on corporate image of selected private commercial banks measured by variables like product and services, trust, social expectation and corporate personality.

Therefore, your sincere cooperation in filling out this questionnaire carefully and genuinely will contribute a lot for the validity of the findings. Finally, I would like to kindly assure you that the information you provide will be kept confidential and will exclusively be used for the research purpose.

Instructions:-

- ✓ Don't write your name.
- ✓ Put the (✓) mark in the box for your answer.

If there is any problem and suggestion you are free to contact the researcher through the following addresses:

Email: sewnetmesfen@gmail.com

I thank you in advance for your cooperation!!

I. Demographic Data

1. Gender 1. Male 2. Female
2. Age 1). 20-30 2). 30-40 3). 40-50 4). Above 50
3. Educational level
- 1). Diploma 2). BA/BSC 3). MA/MSc 4). Others
4. How long you have worked in the bank?
- 1). 0-2 years 2). 2-5 years 3). 5-10 years
- 4). 10-15 years 5). Above 15 years

II. Corporate Social Responsibility(CSR)

The purpose of this part of the questionnaire is to examine CSR activities of your bank in respect of six dimensions i.e. community oriented, employee oriented, natural environment oriented, supplier oriented, customer oriented and shareholder oriented. For each item please indicate to what extent do you agree or disagree with the idea described by the statement. **1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree**

	Multidimensional Corporate Stakeholder Responsibility Scale	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
	Community-Oriented CSR					
1	The bank invests in humanitarian projects in poor areas/territories.					
2	The bank provides financial support for humanitarian causes and charities.					
3	The bank contributes to improving the well-being of populations in the areas where it operates by providing help for schools, sporting events, etc.					
4	The bank invests in the health of populations of developing areas/territories/ (e.g., vaccination, fight against AIDS).					
5	The bank helps NGOs and similar associations such as UNICEF, the Red Cross, and emergency medical services for the poor.					

6	The bank gives financial assistance to the poor and deprived in the areas where it operates.					
7	The bank assists populations and local residents in case of natural disasters and/or accidents.					
Employee-Oriented CSR						
1	The bank implements policies that improve the well-being of its employees at work.					
2	The bank promotes the safety and health of its employees.					
3	The bank avoids all forms of discrimination (age, sex, and handicap, ethnic or religious origin) in its recruitment and promotion policies.					
4	The bank supports equal opportunities at work (e.g., gender equality policies).					
5	The bank supports its employees' work and life balance (e.g., flextime, part-time work, flexible working arrangements).					
6	The bank encourages employees' diversity in the workplace.					
7	The bank helps its employees in case of hardship (e.g., medical care, social assistance).					
Natural environment-Oriented CSR						
1	The bank takes action to reduce pollution related to its activities (e.g., choice of materials, eco-design, and dematerialization).					
2	The bank contributes toward saving resources and energy (e.g., recycling, waste management).					
3	The bank makes investments to improve the ecological quality of its products and services.					
4	The bank respects and promotes the protection of biodiversity (i.e., the variety and diversity of species).					
5	The bank invests in clean technologies and renewable energies.					
6	The bank measures the impact of its activities on the natural environment (e.g., carbon audit, reduction of greenhouse gas emissions, global warming).					
7	The bank encourages its members to adopt eco-friendly behavior (sort trash, save water and electricity) to protect the natural environment.					
Supplier-Oriented CSR						
1	The bank endeavors to ensure that all its suppliers (and subcontractors), wherever they may be, respect and apply current labor laws.					

2	The bank makes sure that its suppliers (and subcontractors) respect justice rules in their own workplaces.					
3	The bank cares that labor laws are applied by all its suppliers (and subcontractors) wherever they may be.					
4	The bank would not continue to deal with a supplier (or subcontractor) who failed to respect labor laws.					
5	The bank helps its suppliers (and subcontractors) to improve the working conditions of their own workers (e.g., safe working environment, etc.).					
Customer-Oriented CSR						
1	The bank checks the quality of goods and/or services provided to customers.					
2	The bank is helpful to customers and advises them about its products and/or services.					
3	The bank respects its commitments to customers.					
4	The bank invests in innovations which are to the advantage of customers.					
5	The bank ensures that its products and/or services are accessible for all its customers.					
Shareholder-Oriented CSR						
1	The bank respects the financial interests of all its shareholders.					
2	The bank ensures that communication with shareholders is transparent and accurate.					
3	The bank takes action to ensure that shareholders' investments are profitable and perennial in the long-term.					
4	The bank makes sure that shareholders exert effective influence over strategic decisions.					

III. Corporate Image

For each of the following statements below, please rate how do you feel about corporate image of your bank in respect of items listed under four measure variables i.e. product and services, trust, social expectation and corporate personality. For each item please indicate to what extent do you agree or disagree with the idea described by the statement. **1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree.**

Corporate Image Measure Dimensions		1	2	3	4	5
		(SD)	(D)	(N)	(A)	(SA)
Product and Services						
1	Facilities of the bank's service are easy to use.					
2	No need to spent long hours in the bank's hall to carry out transactions.					
3	The bank provides a speedy response to customer complaints.					
4	The procedure to access the various products is very simple.					
5	Services offered by the bank are convenient to customers.					
6	The bank offers attractive products and services to customers.					
Trust						
1	Customer investments are very safe with the bank.					
2	I believe that the bank respects the confidentiality of customer's personal information and transactions.					
3	I believe customer transactions have maximum security.					
4	I believe that the bank don't seek the interest of its customers.					
5	I believe that if an outsider gains access to customer account, the bank will take all responsibility for their money.					
6	I believe that no risk exist in doing business with the bank.					
7	This bank is truly concerned with the proper functioning of customer's investments, transactions and deposits.					
Social Expectation						
1	The bank is concerned with the welfare of its employees					
2	The bank undertakes activities that support worthy cause in the society					
3	The bank addresses social problems with great zeal					
4	The bank is committed to protecting the environment					
5	The bank maintains high standards in the way it treats its customers					
Corporate Personality						
1	The bank is creative in introducing products that benefits its customers.					
2	The bank consistently improves on its products.					
3	The bank always delivers on its promises.					
4	The bank's staff is never too busy to respond to customer's request.					
5	The bank is very responsive to the complaints of customers.					
6	The bank is not selective when dealing with customers.					
7	The bank treats customers in a friendly manner.					
8	The bank offers financial advice frequently.					

Annex B: CSR Budget Allocation Data of Private Commercial Banks

R.No	Banks	Year of Establishment	Generation of Banks	CSR Budget Allocation in Fiscal Years					
				2021/22	2020/21	2019/20	2018/19	Total	Rank
1	Awash	1994	1st Generations (1994 - 2001)	118,406,000	55,050,000	32,531,000	60,420,000	266,407,000	1
2	Dashen	1995		44,858,000	48,306,000	40,927,000	35,502,000	169,593,000	3
3	Abyssinia	1996		100,028,000	45,705,000	31,374,000	35,977,000	213,084,000	2
4	Wegagen	1997		8,304,000	17,190,000	31,636,000	22,711,000	79,841,000	4
5	Hibret	1998		4,538,000	23,200,000	5,131,000	15,238,000	48,107,000	6
6	NIB	1999		19,126,000	20,000,000	21,875,000	16,660,000	77,661,000	5
7	Cooperative Bank of Oromia	2005	2nd Generations (2002 - 2008)	44,747,000	28,047,000	23,505,000	36,486,000	132,785,000	1
8	Lion	2006		2,000,000	21,000,000	31,474,000	5,060,000	59,534,000	3
9	Zemen	2008		12,280,000	16,891,000	5,247,000	7,029,000	41,447,000	4
10	Oromia Bank	2008		18,100,000	19,000,000	16,200,000	22,000,000	75,300,000	2
11	Bunna	2009	3rd Generations (2009 - 2013)	8,145,000	25,180,000	19,181,000	10,256,000	62,762,000	2
12	Berhan	2009		22,025,000	31,345,000	29,000,000	13,000,000	95,370,000	1
13	Abay	2010		10,110,000	28,500,000	3,050,000	15,557,000	57,217,000	3
14	Addis International	2011		4,621,000	7,089,000	2,600,000	5,099,000	19,409,000	6
15	Debub Global	2012		4,159,000	7,336,000	8,330,000	6,186,000	26,011,000	4
16	Enat	2013		6,191,000	12,806,000	2,411,000	500,000	21,908,000	5
Total				427,638,000	406,645,000	304,472,000	307,681,000	1,446,436,000	

Source: Compiled From Annual Reports of Private Commercial Banks (2018/2019 - 2021/2022)
Fiscal Years

Annex C: CLRM Assumption Test

Linearity Test

