



Addis Ababa University
College of Business and Economics
Department of Management

**The Impact of Perceived Cultural Fit and CSR Capability on Employee
Attachment: Mediating Role of Employees' Perception of CSR in the
Ethiopian Tannery Industry**

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Business (Strategic Investment Management)

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STATEMENT OF DECLARATION

I, Gifti Lelisa, hereby declare that this Master thesis titled “ **The Impact of Perceived Cultural Fit and CSR Capability on Employee Attachment: Mediating Role of Employees’ Perception of CSR in the Ethiopian Tannery Industry**” is an original work. I have carried out the present study independently with the guidance and support of research advisor, Dr. Yared Asrat. Any other research or academic sources used here in this study have been duly acknowledged. Moreover, this study has not been submitted for the award of any diploma, degree or any other higher education program in this or any other institution.

Gifti Lelisa

Declared by

Signature

Date

This is to certify that the above declaration made by the candidate is correct to the best of my knowledge.

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APPROVAL SHEET

This is to certify that the thesis paper, entitled “The Impact of Perceived Cultural Fit and CSR Capability on Employee Attachment: Mediating Role of Employees’ Perception of CSR in the Ethiopian Tannery Industry”, which is submitted for the partial fulfillment of the degree of Masters of Science in International Business complies with the regulations and meets the standards of the university.

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LIST OF ACRONYMS

ANOVA - Analysis of Variance

BSR - Business for Social Responsibility

CSR - Corporate Social Responsibility

ELICO - Ethio-Leather Industry PLC

EPA - Ethiopian Environmental Protection Authority

LIDI - Leather Industry Development Institute

MOI - Ministry of Industry

NGOs - Non Governmental Organizations

OCB - Organizational Citizenship Behaviour

SPSS - Statistical Package for the Social Sciences

TBL - Triple Bottom Line

WBCSD - World Business Council for Sustainable Development

ABSTRACT

This study examines the impact of perceived cultural fit with CSR activities and perceived CSR capability on employee attachment within the Ethiopian tannery industry, focusing on the mediating role of employees' perception of CSR activities. The research used a quantitative research approach and data were collected from employees in five tannery industries through structured questionnaires and analyzed using SPSS 27.0. The sample size of 333 was proportionally allocated to each tannery based on their employee count relative to the total population of 2000 employees, ensuring a representative sample through simple random sampling. The analysis involved multiple regression analysis following Baron and Kenny's four-step approach to determine the direct and indirect effects of the independent variables on employee attachment. Results indicate that perceived cultural fit and CSR capability significantly influence employee perceptions of CSR activities, which in turn positively affect employee attachment. However, the hypothesized mediating role of employees' perception of CSR activities did not hold when controlling for other variables. The findings underscore the importance of aligning organizational culture with CSR initiatives and enhancing CSR capabilities to enhance employee attachment in Ethiopian tanneries. These insights contribute to understanding CSR's impact on employee attachment in developing economy contexts and offer practical implications for organizational strategies.

Key Words: *Corporate Social Responsibility (CSR), Employee Perception of CSR Activities, Perceived Fit between Corporate Culture and CSR Activities, Perceived CSR Capability, and Employee Attachment*

CHAPTER ONE

INTRODUCTION

The opening chapter of this research establishes its foundation by first defining the scope and focus, introducing the context of the company involved. It outlines the research objectives, encompassing both general and specific aims, and discusses the significance of the study along with its potential contributions to the field. Additionally, key terms are defined to ensure clarity throughout the research, and limitations of the study are acknowledged to provide a balanced perspective on its scope and findings.

1.1 Background of the Study

Corporate Social Responsibility (CSR) has evolved into a multifaceted concept encompassing various dimensions such as economic, legal, ethical, philanthropic, and environmental responsibilities (Carroll, 1979). These dimensions reflect a company's commitment to not only generating profits and complying with regulations but also addressing societal and environmental concerns (Porter & Kramer, 2006).

In the contemporary business landscape, CSR plays a pivotal role in shaping organizational reputation, stakeholder relationships, and overall performance (Berman et al., 1999; Donaldson & Preston, 1995; Kapstein, 2001). Among the diverse stakeholders impacted by CSR initiatives, employees hold a particularly significant position. Research indicates that employees prefer working for socially responsible organizations and that a positive perception of CSR activities can lead to increased job satisfaction, organizational commitment, and productivity (Sims & Keon, 1997).

While existing literature has extensively explored the relationship between CSR and consumer perception, less attention has been paid to employee perspectives (Kim & Park, 2009; Lee & Jackson, 2010; Lee, Park, & Pae, 2008). This research gap underscores the importance of studies like the present one, which aims to investigate how employees perceive CSR activities and how these perceptions influence their attachment to their organisation.

In this context, the study adopts a comprehensive approach to CSR, incorporating ethical, philanthropic, and environmental aspects. Ethical CSR involves conducting business with integrity, honesty, and fairness, while philanthropic CSR entails contributing to the welfare of

society through charitable donations and community involvement (Carroll, 1991). Environmental CSR focuses on minimizing the environmental impact of business operations and promoting sustainability practices (Sen & Bhattacharya, 2001).

The conceptual framework guiding this study acknowledges the significance of stakeholder theory (Freeman, 1984), which emphasizes the importance of considering the interests of all stakeholders, including employees, in organizational decision-making. Employees, as critical stakeholders, possess significant power and legitimacy to influence the firm's actions (Greenwood, 2007). Therefore, understanding and addressing their perceptions of CSR activities are essential for fostering a sustainable and socially responsible organizational culture.

Drawing on Carroll's (1979) four-part definition of CSR, this study conceptualizes CSR activities as encompassing, ethical, philanthropic, and environmental responsibilities. These activities aim to contribute to societal welfare while also aligning with the organization's strategic goals and corporate culture (Porter & Kramer, 2006).

In Ethiopia, the leather industry, particularly tanneries, occupies a significant position in the national economy (MOI, 2017). However, the environmental effects of these tanneries, notably pollution and waste management, have emerged as pressing concerns (Geremew & Tekalign 2017; LIDI, 2017).

This study seeks to fill the gap in existing literature by investigating these relationships within the context of tannery industries in Ethiopia. Understanding how CSR activities, particularly those relating to environmental responsibility, are perceived by employees within these tanneries is imperative for addressing environmental issues while simultaneously enhancing employee attachment. By exploring employee perceptions of CSR activities encompassing ethical, philanthropic, and environmental aspects, the study aims to provide valuable insights for both academia and industry, ultimately contributing to the advancement of CSR research and practice.

1.2 Background of the Companies

i. Awash Tannery:

Awash Tannery, part of Ethio-Leather PLC, established in 1997, is one of the largest and oldest tanning facilities in Ethiopia. It specialises in the production of finished leather products from sheepskin and bovine hide. Awash Tannery has earned a reputation for manufacturing world-

class leather goods, with a focus on innovation and sustainability, the tannery leverages modern technology and processes to meet the demands of global markets while contributing to local employment and economic development.

ii. Abyssinia Tannery:

Established in 1972 by Israeli investor Mr. Shalom Shalom, Abyssinia Tannery, another unit under Ethio-Leather PLC, has been a key player in Ethiopia's leather sector since its establishment in 1972. It is known for its production of superior-quality goat suede upper for export markets and sheep Napa upper for the local market. Abyssinia Tannery demonstrates craftsmanship and excellence in leather manufacturing, with a focus on meeting customer needs and adhering to international standards, the tannery continues to play a pivotal role in Ethiopia's export-oriented leather industry.

iii. Colba Tannery:

Established in January 2002 by Ethiopian investor Mr. Ayele Dejene, Colba Tannery PLC has emerged as one of the leading producers and exporters of finished leather in Ethiopia. It specializes in making leather from sheepskins, goat skins, and cowhide. Colba Tannery is renowned for its dedication to quality, reliability, and competitive pricing. As it is located in Modjo, the tannery's strategic location facilitates efficient transportation and access to international markets, contributing to its success and reputation in the industry.

iv. Friendship Tannery:

Friendship Tannery, established in 2010, has quickly risen to prominence as a leading player in Ethiopia's leather manufacturing landscape. Friendship Tannery specializes in producing black colour goat suede and sheep suede of exceptional quality, with a sprawling facility spanning 70,000 square meters. The company is committed to environmental sustainability and community engagement, Friendship Tannery operates a state-of-the-art wastewater treatment system and actively supports local economic and cultural initiatives.

v. United VASN Tannery:

United VASN Leather PLC represents a cornerstone of Ethiopia's export-oriented leather industry. With a focus on producing high-quality leather for international markets, United VASN Tannery has garnered recognition for its commitment to excellence and adherence to

international standards. Through its advanced production facilities and emphasis on research and development, the tannery continues to contribute significantly to Ethiopia's export earnings and economic development.

1.3 Statement of the Problem

Studies have shown that the tannery industry is a significant contributor to environmental pollution and can have negative social impacts on local communities. As a result, the industry has faced increasing scrutiny and public concern. Tanneries are often criticized for their pollution of waterways, improper waste management practices, and adverse effects on surrounding communities (Geremew and Tekalign, 2017). These issues have raised questions about the CSR activities of tanneries and their commitment to sustainable practices and social responsibility.

The leather industry in Ethiopia, represented prominently by tanneries; stands as a vital component of the national economy, offering prospects for sustained economic development. However, the industrial establishments within this sector have historically operated with outdated technologies and inadequate environmental management practices (EPA, 2005). As a consequence, environmental concerns, such as pollution and inadequate waste management, have become increasingly pronounced, posing significant challenges to public health and environmental sustainability. Most of the tanneries do not have treatment facilities and environmental management systems in Ethiopia, as a result, they simply discharging their wastes into the environment (EPA, 2005). These environmental issues not only jeopardize public health in urban centres but also have far-reaching implications for rural areas. Moreover, the lack of environmentally sustainable practices undermines the economic potential of the sector and hinders its ability to compete effectively on the global stage (EPA, 2005). This highlights a long-standing environmental concern, as industrial pollution is recognized as a major issue in Ethiopia (Zinabu & Zerihun, 2002).

Another major concern related to the Ethiopian tannery industry is its contribution to water pollution. Traditional tanning methods, particularly those using chromium, lead to the discharge of harmful chemicals into waterways. This can contaminate water sources downstream, disrupt aquatic ecosystems, and pose health risks to local communities (Geremew & Tekalign ,2017).Additionally, the tanning process itself generates solid waste that, if not managed properly, can have adverse effect on the environment and human (Neville, C ,2010).

Additionally, some concerns also exist regarding labour conditions within some Ethiopian tanneries. Issues such as worker safety, fair wages, and exposure to hazardous chemicals have been raised (Leather Industry Development Institute (LIDI), Ethiopia, 2017). As per LIDI (2017) annual magazine report applying proper dosages of chemicals; good maintenance and continuous monitoring and evaluation are uncommon practices in all leather processing firms. The magazine also remarks discharge of around 12500 m³ of waste water and 150 tonnes of solid wastes generated per day from all tanneries however they do not want to incur the cost of treatment of their waste from the tanning process. Therefore, the industry's impact on local communities needs to be considered (Geremew & Tekalign, 2017).

Studies also have highlighted the challenges faced by tanneries in balancing economic interests with social and environmental responsibilities (Abebaw H., 2015). In the context of Ethiopia, a developing country, tanneries operate within a complex socio-economic landscape where environmental regulations may be lax, and labour standards may be less stringent compared to developed countries (Amaeshi et al., 2015). This underscores the need for tanneries to proactively address CSR concerns and engage with stakeholders, including employees, to promote responsible business practices.

Furthermore, while previous studies have explored the relationship between CSR and various organizational outcomes, such as consumer perceptions and financial performance (Aupperle, Carroll, & Hatfield, 1985), less attention has been paid to the influence of employee perceptions of CSR activities on employee attachment.

Therefore, the tannery industry serves as a relevant context for examining employee perceptions of CSR activities, given the sector's unique challenges and the increasing importance of CSR in addressing these issues.

Hence, this research investigates how employees' perceptions of corporate social responsibility (CSR) activities, influenced by the perceived cultural fit and CSR capability of their organization, impact their attachment to the company. It explores how employees interpret and evaluate CSR initiatives, their sense of alignment with organizational culture, and the organization's capacity to implement CSR practices. And, it aims to uncover the underlying mechanisms through which these factors influence employee attachment, providing insights into the dynamics of CSR within the tannery industry in Ethiopia.

1.4 Research Objective

1.4.1 General Research Objective

To examine the effect of perceived cultural fit and perceived CSR capability on employee attachment and the mediating role of employees' perceptions of CSR activities within selected tannery companies in Ethiopia.

1.4.2 Specific Research Objective

- To explore the effect of perceived fit between corporate culture and CSR activities and perceived CSR capability on employee attachment within tanneries in Ethiopia.
- To explore the effect of perceived fit between corporate culture and CSR activities and perceived CSR capability on employees' perception of CSR within tanneries in Ethiopia.
- To explore employees' perceptions of CSR activities within the tannery industry in Ethiopia, focusing on environmental, philanthropic, and ethical dimensions and their effect on employee attachment.
- To explore the mediating role of employees' perceptions of CSR activities in the effect of perceived cultural fit, CSR capability, and employee attachment within tanneries in Ethiopia.

1.5 Research Questions

- What is the impact of perceived fit between corporate culture and CSR activities, as well as perceived CSR capability, on employee attachment within tanneries in Ethiopia?
- What is the impact of perceived fit between corporate culture and CSR activities, along with perceived CSR capability, on employees' perception of CSR within tanneries in Ethiopia?
- What is the impact of employee perception of CSR activities among employees in the tannery industry in Ethiopia (particularly regarding environmental, philanthropic, and ethical dimensions) and how do these perceptions affect employee attachment?
- Does employees' perception of CSR activities mediate the relationship between perceived cultural fit, CSR capability, and employee attachment within tanneries in Ethiopia?

1.6 Significance of the Study

The significance of this study lies in its potential to contribute valuable insights to both academia and industry in the field of corporate social responsibility (CSR) within the tannery industry in Ethiopia. Several key aspects highlight the importance of this research.

Firstly, by addressing a notable gap in the existing literature concerning employees' perceptions of CSR activities within the specific context of the tannery industry in Ethiopia, the study enriches the scholarly understanding of CSR dynamics in emerging economies and industries facing unique environmental and social challenges.

Secondly, tanneries play a vital role in Ethiopia's economy, yet there is a lack of research on CSR practices within this sector. By examining how CSR initiatives are perceived by employees in tanneries, this study sheds light on the specific dynamics of CSR within this context.

Furthermore, by investigating the relationship between employee perceptions of CSR activities and their attachment to the organization, the study provides insights into the factors influencing employee attachment within tanneries. Understanding these dynamics can help tannery managers develop strategies to enhance employee commitment and productivity.

Additionally, the findings offer practical guidance to tannery industry stakeholders, including managers and policymakers, on the design and implementation of CSR initiatives. Understanding how perceived cultural fit and CSR capability influence employees' perception of CSR and employee attachment can inform strategic decision-making aimed at enhancing employee attachment, CSR implementation, and environmental sustainability.

Lastly, insights generated from this study may inform the development of policies and regulations aimed at promoting responsible business conduct and environmental stewardship within the tannery industry and beyond.

1.7 Scope of the Study

The scope of this study encompasses an examination of employee perceptions of corporate social responsibility (CSR) activities within the tannery industry in Ethiopia. Specifically, the study focuses on five selected tanneries: Awash tannery, Abyssinia tannery, Colba tannery, Friendship

tannery, and United VASN tannery. These tanneries represent key players in the Ethiopian leather industry and provide a diverse sample for analysis.

The study investigates how perceived cultural fit and CSR capability influence employee attachment, with a focus on the mediating variable employees' perceptions of CSR activities. By exploring these relationships, the research aims to provide insights into the role of CSR in influencing employee attachment within the context of the tannery industry.

1.8 Definition of Key Terms

- i. **Corporate Social Responsibility (CSR):** Corporate social responsibility refers to the voluntary actions taken by a company to address social, environmental, and ethical issues in its operations and interactions with stakeholders (Carroll, 1979). CSR encompasses a range of activities aimed at promoting sustainable business practices, supporting local communities, and mitigating negative impacts on society and the environment (Carroll, 1991). The most updated definition of the concept of CSR has been developed by the United Nation Industrial Development Organization—UNIDO as: “CSR is a management concept as companies incorporate social and environmental concerns into their business operations and their interactions with stakeholders, CSR is generally seen as how a company strikes a balance between economic, environmental and social imperatives while simultaneously addressing the expectations of shareholders and stakeholders” (UNIDO, 2019)
- ii. **Employee Perception of CSR Activities:** Employee perception of CSR refers to how employees view the overall amount of Corporate Social Responsibility activities their organization undertakes, rather than focusing on the objective level of CSR engagement (El Akremi et al., 2018). This perception is more influential on employee behaviour than the actual CSR efforts, highlighting its importance for understanding employee reactions (Rupp et al., 2013).
- iii. **Perceived Fit between Corporate Culture and CSR Activities:** Perceived Fit between Corporate Culture and CSR Activities refers to employees' perception of the alignment between the organization's culture (values, norms, and practices) and its CSR initiatives. It reflects the extent to which CSR activities resonate with the organization's identity and mission (Lee, Park, & Lee, 2013).

- iv. **Perceived CSR Capability:** Perceived CSR Capability refers to employees' beliefs about the organization's knowledge, skills, and processes relating to the planning, implementation, and evaluation of CSR activity (Lee, Park, & Lee, 2013).
- v. **Employee Attachment:** Employee attachment refers to the emotional bond and sense of loyalty that employees feel toward their organization. It encompasses feelings of pride, commitment, and identification with the company's goals and values, as well as a desire to contribute to its success and well-being (Meyer & Allen, 1991).

1.9 Organization of the Study

This study is structured across five chapters, as depicted in Figure 1-Outline of thesis. Each chapter serves a distinct purpose, outlined briefly below:

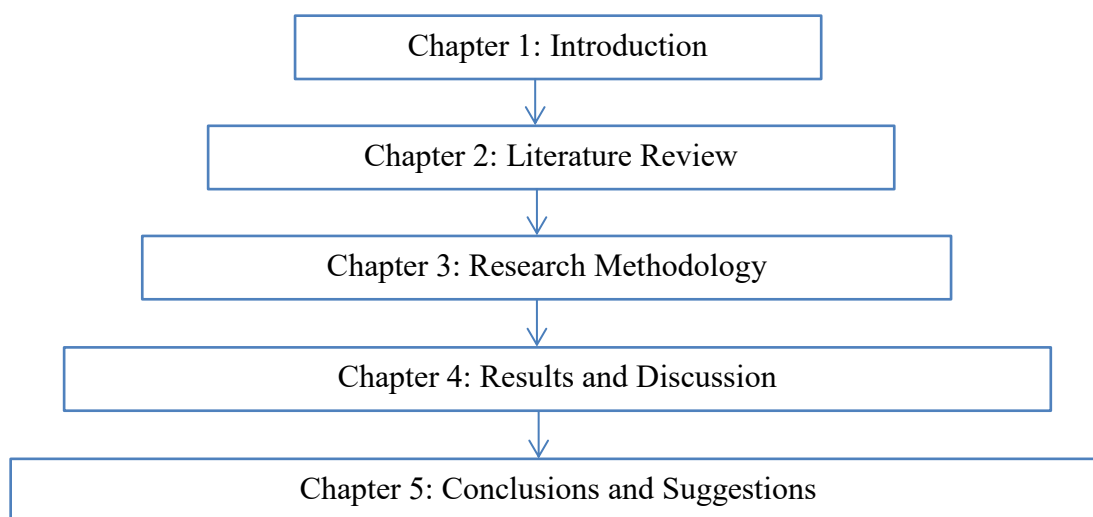


Figure 1 Outline of Thesis

Chapter 1, the Introduction, lays the groundwork by providing background information on the research topic and organization, including the statement of the problem, research objectives, questions, significance, scope, and key terms. **Chapter 2**, the Literature Review, offers a comprehensive overview of existing literature, synthesizing previous research to contextualize the current study through theoretical and conceptual frameworks, along with empirical reviews. **Chapter 3**, Methodology, outlines the research approach, design, and methods employed, providing insight into the research process and data collection techniques. In **Chapter 4**, Data Analysis and Findings, the collected data are analysed and presented, with interpretations and discussions aimed at addressing research objectives and questions, offering insights into the

study's outcomes. Finally, **Chapter 5** serves as a Conclusion and Recommendations section, summarizing findings, drawing conclusions, and providing recommendations for future research or practical applications based on the study's results and limitations.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

Introduction

This chapter provides an overview of relevant literature on employee perception of CSR activities. It delves into theoretical frameworks, empirical findings, and conceptual models to establish a foundation for the study. This literature review aims to provide an overview by drawing upon insights from various scholarly works.

2.1 Theoretical Framework

2.1.1 Corporate Social Responsibility (CSR)

CSR is defined as achieving commercial success while honoring ethical values and respecting people, communities, and the natural environment (BSR, 2013). McWilliams and Siegel (2001) emphasize that CSR involves actions that go beyond legal requirements to further social good.

Corporate Social Performance (CSP) focuses on measuring a company's social and environmental efforts, while Corporate Sustainability emphasizes long-term viability through a holistic approach to business practices (WBCSD, 2023). The rise of ESG (Environmental, Social, and Governance) factors in investment decisions highlights the growing importance of CSR for attracting capital and ensuring long-term success.

2.1.2 The Classical View of CSR

Early conceptualizations of CSR, often referred to as the classical view, emphasizes a company's primary responsibility to maximize profits for its shareholders.

The **Shareholder Primacy** concept, notion by Milton Friedman (1970), argues that a company's primary social responsibility is to increase profits for its shareholders. He famously stated, "The social responsibility of business is to increase its profits" on New York Times. This view suggests that social and environmental concerns are secondary considerations, and only relevant if they ultimately impact profitability.

This classical view primarily considers shareholders as the main stakeholders of a company. The interests of employees, customers, communities, and the environment are not explicitly accounted for in decision-making.

This perspective dominated business thinking for much of the 20th century. However, critics pointed out its shortcomings. Ignorance of social and environmental impacts could lead to long-term problems, such as resource depletion, pollution, and social unrest. These concerns paved the way for a more comprehensive understanding of CSR.

The rise of critiques against the classical view of CSR increased growing from various disciplines. Some of the key figures and perspectives that challenged the shareholder primacy model are discussed below.

Groups advocating for social justice and environmental protection were among the first to criticize the limitations of the classical view. They highlighted the negative social and environmental consequences of corporate activities that are focused solely on profit maximization. (Rachel Carson, 1962) is a noteworthy example, raising awareness of the dangers of pesticides on the environment and inciting revolutionary changes in the laws affecting our air, land, and water.

Business Ethicists scholars like (Kenneth E. Goodpaster, 1975) argued that businesses have moral obligations beyond just generating profits. They emphasized the importance of considering the ethical implications of corporate decisions on stakeholders and society as a whole.

Management scholars like (R. Edward Freeman, 1984) challenged the narrow focus on shareholders. They proposed stakeholder theory, arguing that companies have responsibilities to a broader range of stakeholders, including employees, customers, communities, and the environment. This broader stakeholder perspective urges companies to consider the impact of their decisions on all these groups.

The concept of sustainable development, gaining traction in the late 20th century, emphasized the need for businesses to consider their long-term environmental and social impact alongside economic goals. (The Brundtland Commission report, 1987) is a key document in this movement.

These diverse scholars, along with growing public awareness of social and environmental issues, ultimately led to a paradigm shift in business thinking. The focus on CSR expanded beyond legal compliance to incorporate a more comprehensive approach that considers the long-term social, environmental, and economic well-being of all stakeholders.

2.1.3 The Modern View of CSR

The modern view of CSR encompasses a broader range of environmental, social, and ethical considerations. (Freeman, 1984) emphasized stakeholder theory, advocating for companies to consider the needs of all stakeholders, not just shareholders. It challenges the traditional shareholder model, which prioritizes maximizing profit for shareholders, by emphasizing the importance of considering the interests of all groups impacted by a company's decisions (Freeman, 1984). This perspective underscores the interconnectedness between corporate actions and their impacts on various stakeholders, advocating for a balanced approach that considers the interests of all parties involved (Wheeler & Sillanpää, 1997).

Archie B. Carroll's (1991) Pyramid of Corporate Social Responsibility laid the groundwork for this shift. His framework highlights economic, legal, ethical, and philanthropic responsibilities, emphasizing the need for companies to consider the impact of their decisions on a wider range of stakeholders (Carroll, 1991).). Carroll's Pyramid of CSR (1991) is a widely recognized framework for understanding a company's social responsibility.

The Triple Bottom Line (TBL) framework (Elkington, 1997) further expanded the scope by urging companies to consider the social, environmental, and economic impacts of their activities. It expands the traditional focus on financial performance to encompass three interrelated dimensions: social, environmental, and economic (Elkington, 1997). TBL evaluates organizational performance across the three dimensions It acknowledges the broader impacts of business activities on society and the environment, advocating for a balanced approach in decision-making (Elkington, 1997).

However, CSR is not without its critiques. Milton Friedman's (1970) notion of shareholder primacy continues to hold influence, prioritizing profit maximization. Critics argue that short-termism often overshadows long-term sustainability, leading to neglect of environmental and social issues. Additionally, power imbalances and exploitation can arise in global supply chains,

demanding attention to ethical labor practices and responsible sourcing (Bartley & Gibbon, 2023).

The modern view also emphasizes transparency and accountability. Stakeholders expect companies to be open about their CSR efforts and demonstrate the social and environmental impact of their activities (WBCSD, 2023). This is crucial for building trust and maintaining a positive reputation.

2.1.4 CSR in Ethiopia

Corporate Social Responsibility (CSR) in Ethiopia is still in its infancy, characterized by numerous challenges and limitations. The governance system predominantly focuses on control in decision-making rather than fostering the development and implementation of ethical codes of conduct (Elifneh, 2014). This fundamental gap suggests that CSR frameworks are underdeveloped within higher education and beyond.

Rama, Rao, and Hailu (2016) studied the CSR practices of brewery firms in Ethiopia. The study focused on employees' perceptions of their companies' environmental CSR initiatives. The results revealed that the perception of employees towards the environmental CSR initiative of their respective firms is positive. The influence of CSR on employees is significant, enhancing their productivity and positive perception of the company. Besides, the study affirmed that firms gave little attention to disclosing information about environmental management in general and their initiative in particular to external stakeholders regularly.

Despite a generally positive attitude toward CSR among Ethiopian corporations, this attitude often does not translate into practice. Only a minority of companies exhibit a positive stance towards information disclosure, and dissatisfaction with CSR practices is widespread among the public and employees (Potluri & Temesgen, 2008).

Comparative studies indicate that Ethiopia's CSR practices are at an early developmental stage, lagging behind countries like Singapore and Turkey (Robertson, 2009). While some industries, such as floriculture and leather, show a better understanding and integration of CSR practices, they still face significant environmental challenges and lack organized CSR plans (Bimir, 2016). Additionally, brewery firms and other industries often emphasize social dimensions of CSR over

environmental ones, reflecting a reactive rather than proactive approach to CSR (Elifneh, 2017; Alemayehu, 2017).

Presently, CSR initiatives in Ethiopia include a wide range of activities aimed at societal impact, environmental stewardship, and ethical business conduct. Companies operating in Ethiopia, particularly in sectors like telecommunications and banking, have implemented CSR programs focusing on education, healthcare, and environmental sustainability (Yusuf, 2013). For instance, Ethio Telecom has engaged in community development projects, demonstrating a commitment to local welfare (Ethio Telecom, 2020). Some tanneries, like Awash Tannery, demonstrate leadership in CSR. Studies highlight their efforts in employee skill development, safe working conditions, and environmental initiatives (Yusuf, 2013). These efforts not only benefit workers and the environment but can also enhance the tannery's reputation and attract a more engaged workforce.

Overall, CSR practices in Ethiopia are predominantly philanthropy-oriented, driven more by external pressures from multinational companies and NGOs than by an intrinsic commitment to sustainable practices (Deyassa, 2016). There is a clear need for a more structured and comprehensive approach to CSR that moves beyond philanthropy towards sustainable development.

2.2 Empirical Review

In the realm of contemporary business practices, Corporate Social Responsibility (CSR) has become a pivotal strategy for organizations to balance profit-making objectives with societal and environmental concerns (Bhattacharya & Sen, 2004). The integration of CSR into business operations not only shapes external perceptions but also profoundly impacts internal stakeholders, i.e. employees. Understanding how employees perceive CSR activities and their preceding effects on organizational outcomes is a subject of increasing interest among scholars and practitioners (Donaldson & Preston, 1995).

2.2.1 Employee Perception of CSR Activities

Employee perception of Corporate Social Responsibility (CSR) activities plays a crucial role in shaping their attitudes and behaviours within the organization. Understanding these perceptions

is essential for companies aiming to leverage CSR for a positive impact on both society and their workforce.

Social identity theory posits that individuals derive self-concept from the groups they belong to, including their workplace (Ashforth & Mael, 1989). From this standpoint, CSR initiatives can influence how employees perceive their organization's identity, impacting their sense of pride and attachment (Dutton et al., 1994). CSR initiatives can shape employees' perceptions of organizational identity and influence their attitudes and behaviors (Dutton et al., 1994). Positive corporate citizenship can enhance employees' sense of pride and attachment to the organization, thereby contributing to employee engagement and retention (Maignan & Ferrell, 2001). Companies demonstrating strong ethical, philanthropic and environmental practices can foster positive employee perceptions, potentially leading to increased well-being and a stronger sense of belonging (Lee, Park, & Lee, 2013). Effective communication of CSR efforts is crucial, as employee satisfaction with the company's response mediates the link between CSR and positive psychological outcomes (Lee, Park, & Lee, 2013).

Kang and Sung (2017) delved deeper into the determinants of employee affective commitment by examining the influence of personal treatment and general company effort. Their research explained that mere monetary incentives and improvements in the working environment might not suffice to foster employee loyalty. Instead, they advocated for a holistic approach focusing on enhancing employee satisfaction with personal treatment and overall company efforts. This nuanced understanding highlights the multifaceted nature of employee attachment and the necessity for organizations to address diverse employee needs to cultivate stronger organizational commitment.

Hur, Moon, and Ko (2018) delved into the mediating mechanisms through which employees' perceptions of CSR increase employee creativity, highlighting the roles of compassion at work and intrinsic motivation. Their findings underscored the importance of fostering a compassionate work environment and intrinsic motivation as pathways through which CSR can stimulate employee creativity. This study suggests the potential for future research to further investigate the underlying mechanisms linking CSR to various aspects of employee perception and behaviour, including creativity, motivation, and overall job satisfaction.

Employee perception of a company's ethical and environmentally responsible actions can influence their commitment to the organization. When employees perceive a company as socially responsible, they are more likely to identify with it and feel a sense of connection (Glavas & Godwin, 2013). This connection can translate into higher levels of employee engagement and a desire to stay with the company (Maignan & Ferrell, 2001). However, a purely transactional approach focused solely on monetary incentives or basic improvements in the work environment may not suffice (Kang & Sung, 2017). Organizations seeking to cultivate strong employee loyalty need to prioritize a holistic approach that addresses diverse employee needs and fosters satisfaction with personal treatment and overall company efforts.

Erwin (2011) examined the effects of corporate codes of conduct on ethical performance. The study revealed that the content and quality of corporate codes of conduct have a significant impact on ethical performance. This finding is important in the context of CSR, as it highlights the importance of having clear and comprehensive CSR policies and guidelines in place to positively influence employee behaviour and performance (Erwin, 2011)..

Afsar, Cheema, and Javed (2018) emphasize the role of CSR and organizational identification in activating employees' pro-environmental behaviours. This highlights the potential influence of environmental CSR on employees' attitudes and behaviours, suggesting the need to delve deeper into the mechanisms through which environmental CSR activities shape employee perception.

Research by Lee, Park, and Lee (2013) highlights the multifaceted nature of CSR, encompassing philanthropic, ethical, and environmental dimensions. Philanthropic CSR initiatives, such as community engagement and charitable donations, demonstrate an organization's commitment to social welfare (Lee et al., 2013). Employees who perceive their company as socially responsible often report higher levels of pride and attachment, leading to improved job satisfaction and commitment (Brammer, Millington, & Rayton, 2007). Understanding how employees perceive and engage with CSR activities within tannery companies is essential for fostering a positive organizational culture and sustainable business practices (Sen & Bhattacharya, 2001).

This research focuses on understanding Corporate Social Responsibility (CSR) through the lens of ethical, philanthropic, and environmental dimensions, particularly in relation to employee perception. Ethical dimensions within CSR encompass how businesses uphold fairness, honesty, and moral principles beyond legal requirements. This involves examining whether employees

perceive their organization as operating with integrity and ethical transparency, which can influence their trust and commitment.

The philanthropic dimension of CSR explores voluntary contributions to society, such as charitable giving and community involvement (Carroll, 1991). For employees, this dimension can indicate how much they perceive their company as positively impacting the community and demonstrating good corporate citizenship. It relates to how engaged employees feel when their organization supports social causes and contributes to societal well-being.

The environmental dimension focuses on sustainability practices and how companies manage their impact on the environment. This dimension is increasingly important to employees who are concerned about climate change and environmental sustainability. Understanding employee perceptions in this dimension involves assessing how environmentally responsible practices influence their overall perception of the company's commitment to CSR.

By integrating these three dimensions, the research aim to provide a comprehensive assessment of how employees perceive CSR within their organizations. This approach not only captures the multifaceted nature of CSR but also recognizes its potential impact on employee attitudes, attachments, and organizational commitment.

2.2.2 Perceived Fit between Corporate Culture and CSR Activities

Perceived fit, a core concept in organizational psychology, refers to an employee's perception of congruence between themselves and various aspects of their work environment. Existing research highlights three key dimensions of perceived fit:

Person-Organization (P-O) Fit: This dimension focuses on the alignment between an employee's values and the organization's culture (Cable & DeRue, 2002). Employees who perceive a high P-O fit report greater satisfaction, commitment, and a sense of belonging (Saks & Ashforth, 1997).

Person-Job (P-J) Fit: This dimension emphasizes the match between an employee's skills and abilities and the demands of their job (Cable & Judge, 1996). A high P-J fit leads to increased job satisfaction and performance (Lauver & Kristof-Brown, 2001).

Needs-Supplies (N-S) Fit: This dimension refers to the perceived congruence between an employee's needs (e.g., growth, security) and the rewards offered by the job (e.g., pay, benefits,

development opportunities) (Cable & DeRue, 2002). High N-S fit is associated with greater career satisfaction and reduced turnover intentions (Cable & DeRue, 2002).

Employees who perceive a high N-S fit might be more motivated to participate in CSR activities if those activities align with their needs. For instance, if employees value environmental sustainability and the company has strong environmental initiatives (e.g., recycling programs, community clean-up events), this congruence could lead to greater participation and enthusiasm.

Organizational culture is the collection of shared values, norms, and assumptions that guide how members understand and interact with the organization and its environment (Schein, 1983). Shared values and norms act as a roadmap for employee behaviour, directing their attention towards priorities and guiding decision-making (Chatman & Cha, 2003; Tuchman & O'Reilly, 1997). Organizations with strong ethical cultures tend to prioritize social responsibility as a fundamental part of their identity and business strategy (McShane & Cunningham, 2012). Such cultures foster employee commitment to CSR goals and facilitate alignment between organizational values and external stakeholder expectations (Rupp et al., 2013).

Cultural fit significantly influences how employees perceive CSR activities within organizations. When there is a strong alignment between an organization's culture and its CSR initiatives, employees tend to view these efforts more positively (Donaldson & Preston, 1995). This alignment enhances employees' sense of belonging and understanding within the organization, as CSR activities are perceived as a natural extension of the company's values and mission (Ashforth & Mael, 1989). This congruence makes CSR initiatives more credible and meaningful to employees, reinforcing their belief in the organization's commitment to social responsibility (Maignan & Ferrell, 2001). Thus, employees perceive CSR initiatives as authentic contributions to society, which strengthens their organizational attachment and engagement (Dutton et al., 1994).

Jong and Meer (2017) explore the congruence between organizations and their CSR activities, indicating the relevance of aligning CSR initiatives with organizational values. This finding raises questions about how environmental CSR activities align with employees' values and the potential effects on their perception, warranting further research in this area.

When employees perceive a strong fit between their company's values (reflected in the culture) and its CSR activities, they are more likely to be engaged and motivated (Brammer et al., 2007).

This sense of purpose and alignment with company values can lead to increased effort, creativity, and innovation in support of CSR initiatives.

A perceived mismatch between a company's proclaimed CSR values and its internal practices can lead to employee cynicism and skepticism (Fonteneau et al., 2019). Employees who don't see a genuine connection between the company's culture and CSR activities are less likely to trust the organization's commitment to social responsibility.

When employees believe in the authenticity of their company's CSR efforts, they are more likely to become advocates for the brand both internally and externally (Kim et al., 2009). This positive word-of-mouth promotion can enhance the organization's reputation as a socially responsible employer.

Jong and Meer (2017) delved into the congruence between organizations and their CSR activities. The study emphasized the significance of exploring how well CSR activities align with the values, mission, and culture of the organization. The findings suggested that a strong fit between corporate culture and CSR activities can enhance the effectiveness and authenticity of CSR initiatives. Glavas and Kelley (2014) proposed that a key reason for the positive relationship between CSR and employee engagement is that CSR initiatives enable employees to find greater meaningfulness and values congruence at work. CSR allows companies to move beyond formal value statements, which are often just words on paper, to actually living out these values. This authentic demonstration of values sends strong signals to employees about the company's core principles, aligning with research by Jones et al. (2014) that found a positive relationship between CSR and anticipated values congruence for prospective employees. Building on the above mentioned and additionally Chong's (2009) work, this research emphasizes the importance of aligning CSR practices with corporate identity. When CSR initiatives resonate with the organization's core values, employees are more likely to embrace and internalize them. Conversely, CSR practices can also influence and shape the culture over time, as ethical behaviours become ingrained in everyday operations (Schein, 1983).

The Attraction-Selection-Attrition (ASA) framework proposed by Schneider (1987) also supports this notion by explaining that individuals are naturally drawn to organizations where they feel culturally aligned. Over time, this process creates a workforce that shares similar values and beliefs, further solidifying the perception that the organization's CSR activities are genuine

and consistent with its cultural norms. This cultural congruence fosters a positive perception of CSR among employees, as they see these initiatives as reflective of their own values and the collective ethos of the organization.

2.2.3 Perceived CSR Capability

The perception of CSR capability by employees has been the subject of several studies, aiming to uncover its antecedents, consequences, and the factors that influence it. Lee, Park, and Lee (2013) investigated the antecedents and consequences of employee perception of CSR activities. They found that employees' perceptions of CSR activities were positively influenced by their perceptions of organizational support, which in turn positively affected their organizational commitment. This finding suggests that employees are likely to perceive an organization's CSR capability positively when they feel supported by the organization.

Perceived CSR capability; which refers to employees' belief in an organization's ability to effectively implement CSR initiatives, profoundly influences their perceptions of these activities.. Research by Ditlev-Simonsen (2010) illustrates that when employees perceive their organization as capable of executing CSR initiatives effectively, they tend to develop a positive view of these activities. This perception enhances their trust and pride in the organization, leading to a stronger identification with the company's CSR efforts. Employees who believe in their organization's CSR capabilities are more likely to view these initiatives as impactful and beneficial, reinforcing their positive perception of the organization's commitment to social responsibility (Ditlev-Simonsen, 2010).

Organizations enhance their capability through strategic investments in sustainability practices, stakeholder engagement, and ethical governance frameworks. CSR capability is not only about implementing specific CSR activities but also about embedding CSR principles into the organization's culture and operations (Schwartz & Carroll, 2008).

Managing CSR capability involves aligning organizational strategies with CSR goals and monitoring performance to ensure continuous improvement. This includes integrating CSR into corporate governance structures, appointing dedicated CSR teams, and measuring the impact of CSR initiatives on stakeholders and society (Blowfield & Murray, 2008). Effective management

of CSR capability requires leadership commitment, stakeholder engagement, and responsiveness to changing societal expectations (Hur, Moon and ko., 2018).

Furthermore, Tian and Robertson (2019) investigated how and when perceived CSR affects employees' engagement in voluntary pro-environmental behaviour. They found that employees' perceived CSR was positively related to their engagement in voluntary pro-environmental behaviour. This finding implies that a positive perception of CSR capability could motivate employees to engage in behaviours that contribute to environmental sustainability.

Hameed, Riaz, Arain, and Farooq (2016) explored the effects of internal and external CSR on employees' organizational identification. They found that both internal and external CSR positively influenced employees' organizational identification, indicating that CSR activities, when perceived positively, can enhance employees' sense of belonging and commitment to the organization.

Similarly, Liu, Matthew & Wong, et al. (2014) examined the relationship between employee perception of organizational efforts in CSR and their satisfaction and loyalty towards developing a harmonious society in Chinese enterprises. They found a positive relationship between employee perception of CSR and satisfaction and loyalty, suggesting that a positive perception of CSR capability contributes to employees' satisfaction and loyalty.

Moreover, Raza, Farrukh, Iqbal, Farhan, and Wu (2021) investigated the role of organizational pride and employee engagement in the relationship between CSR and employees' voluntary pro-environmental behavior. They found that organizational pride and employee engagement mediated the relationship, indicating that employees who are proud of their organization's CSR activities are more likely to engage in pro-environmental behaviors.

However, the study by Scheidler, Edinger-Schons, Spanjol, and Wieseke (2019) provided a different perspective, highlighting the potential negative impact of hypocritical social responsibility strategies on employees and firms. They found that hypocritical CSR strategies hurt employees and firms, indicating that the perception of CSR capability by employees may be negatively affected by inauthentic or insincere CSR efforts.

Shen and Zhang (2017) examined the roles of organizational CSR climate and perceived CSR directed toward employees in socially responsible human resource management and employee

support for external CSR. They found that both organizational CSR climate and perceived CSR directed toward employees positively influenced employee support for external CSR, highlighting the importance of an inclusive CSR approach that considers employees' perceptions.

Perceived CSR capability influences organizational behaviour by fostering a culture of responsibility and ethical conduct among employees (Maignan & Ferrell, 2001). Employees who perceive their organization as capable in CSR are more likely to be motivated and committed, contributing to enhanced organizational performance and reputation (Bhattacharya & Sen, 2004). Externally, stakeholders such as customers, investors, and community members assess CSR capability as a measure of organizational legitimacy and long-term viability (Ditlev-Simonsen & Midttun, 2011).

In summary, perceived CSR capability by employees provides valuable insights into the antecedents, consequences, and influencing factors of employees' perceptions of CSR activities.

2.2.4 Employee Attachment

Employee attachment, a crucial concept in organizational psychology, refers to the psychological connection an employee feels towards their organization (Meyer & Allen, 1991). This goes beyond simply having a job and encompasses a sense of belongingness, loyalty, and commitment.

Jones, Willness, and Madey (2016) conducted experimental and field tests to examine why job seekers are attracted by corporate social performance. The study demonstrated that corporate social performance serves as a signal for potential employees, influencing their attachment to the organization. This suggests that CSR activities play a significant role in shaping employee attachment and recruitment outcomes. The organization's reputation, including its ethical practices, CSR initiatives, and external image, can influence employee attachment. A positive reputation enhances pride and loyalty among employees (Maignan and Ferrell (2001).

Employees with strong attachment are more likely to engage in OCB (Organizational Citizenship Behaviour), such as helping colleagues and contributing to organizational goals beyond their formal job responsibilities (Organ, 1988). Attachment contributes to overall job satisfaction and psychological well-being, reducing stress and promoting a positive work environment (Eisenberger et al., 2001).

Therefore, a positive relationship likely occurs between perceived CSR activities and employee attachment.

2.3 Conceptual Framework

The conceptual framework for understanding employee perception of CSR activities encompasses several key components. These components explain the factors influencing how employees perceive CSR initiatives and the subsequent impact on employee attachment.

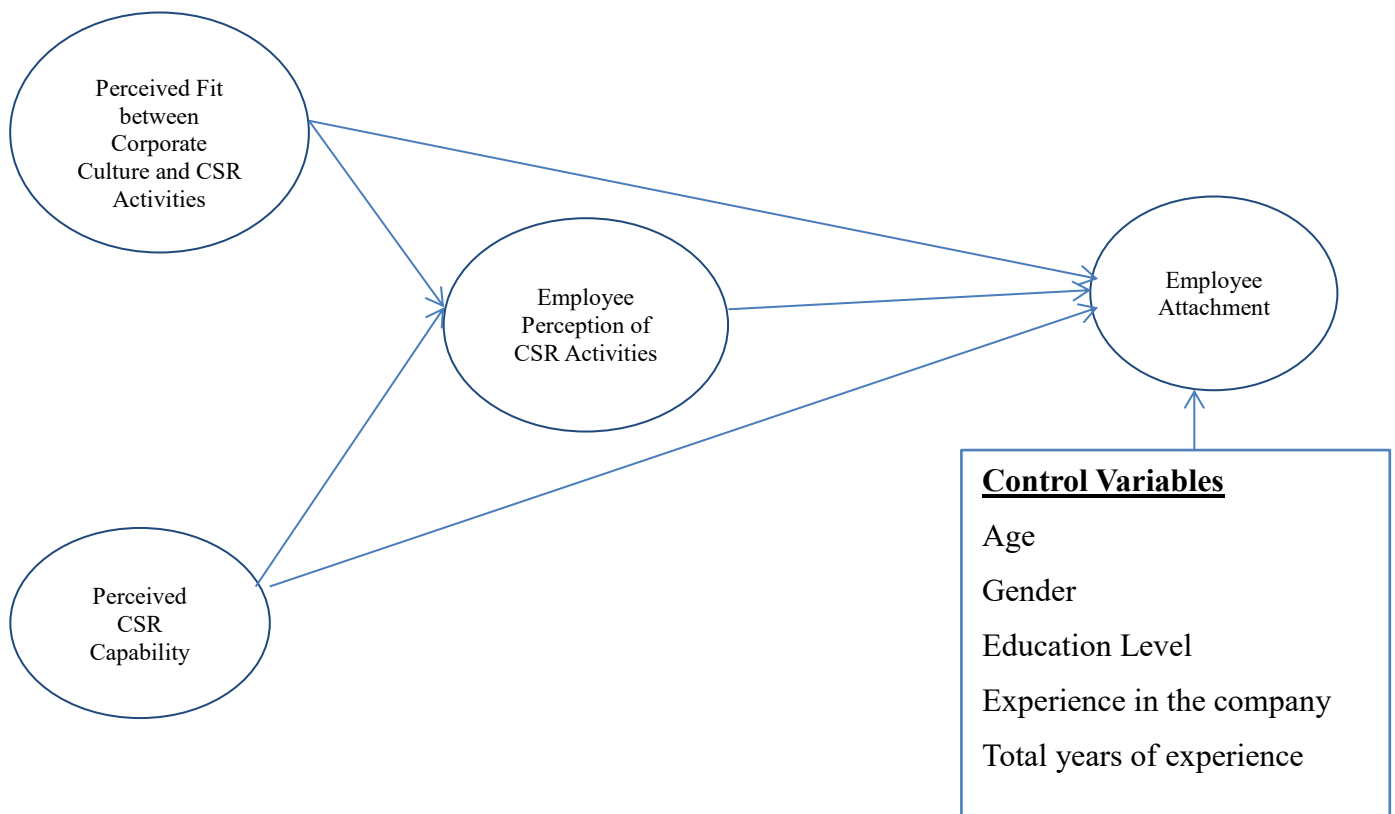


Figure 2 Modified Conceptual Framework (adapted from Lee et al., 2013)

Independent Variables:

Perceived Fit between Corporate Culture and CSR Activities: This variable measures the degree of alignment between the organization's culture and its CSR initiatives. It assesses whether CSR activities resonate with the organization's values, norms, and identity.

Perceived CSR Capability: This variable measures how much employees' beliefs about the organization's ability to effectively plan, implement, and evaluate CSR initiatives is. It reflects employees' confidence in the organization's capacity to enact meaningful social change.

Dependent variable:

Employee Attachment: This variable measures the strength of the relationship between employees and their organization, indicating their level of engagement, satisfaction, and commitment to organizational goals and values.

Mediator Variable:

Employee Perception of CSR Activities: This variable measures employees' subjective interpretation and evaluation of the company's CSR initiatives. It reflects how employees perceive the organization's efforts to fulfil its social, environmental, and ethical responsibilities. It serves as a mechanism through which the independent variables (perceived fit and CSR capability) influence the dependent variable (employee attachment).

Control Variables:

Age: can influence employee perspectives and priorities, potentially impacting their perception of CSR activities and their direct attachment to the organization (e.g., younger generations might value CSR more).

Gender: Gender differences might affect how employees value CSR initiatives and their connection to workplace attachment.

Education Level: can influence employees' understanding of CSR and their expectations for organizational responsibility, potentially impacting their attachment.

Experience in the Company: Employees with longer tenure may have a deeper understanding of the organization's culture and CSR efforts, potentially affecting their perceptions and attachment.

Total Years of Experience: Overall work experience can influence employees' general views on CSR and their expectations from employers, impacting their attachment to the organization.

2.4 Research Hypothesis Formation

Drawing from the literature review six hypotheses were formed to test in this study.

The alignment between organizational culture and CSR activities is crucial for shaping employee perceptions and attachment. When employees perceive a strong fit between their company's

culture and its CSR initiatives, they are likely to view the organization's CSR efforts as authentic and meaningful (Donaldson & Preston, 1995; Ashforth & Mael, 1989). This alignment enhances employees' sense of belonging and commitment to the organization, thereby positively influencing their attachment. Therefore, perceived fit between corporate culture and CSR activities is hypothesized to positively influence employee attachment within tanneries in Ethiopia.

- **Hypothesis 1 (H1):** Perceived fit between corporate culture and CSR activities positively influences employee attachment within tanneries in Ethiopia.

Employees' perception of their organization's capability to effectively implement CSR initiatives influences how they perceive these activities. When employees believe in their company's CSR capabilities, they are more likely to see CSR efforts as impactful and beneficial, fostering trust and pride in the organization (Ditlev-Simonsen, 2010; Maignan & Ferrell, 2001). This positive perception strengthens their attachment to the organization as they recognize the company's commitment to social responsibility. Therefore, perceived CSR capability is hypothesized to positively affect employees' perception of CSR within Ethiopian tanneries.

- **Hypothesis 2 (H2):** Perceived CSR capability positively influences employee attachment within tanneries in Ethiopia.

Employees' perception of the alignment between corporate culture and CSR activities influences how they interpret and evaluate CSR initiatives within their organization. A strong fit between culture and CSR enhances the credibility and perceived authenticity of CSR efforts, shaping positive perceptions among employees (Donaldson & Preston, 1995; Ashforth & Mael, 1989). This alignment reinforces employees' belief that CSR initiatives reflect the organization's core values, thereby influencing their overall perception of CSR activities. Therefore, perceived fit between corporate culture and CSR activities is hypothesized to positively affect employees' perception of CSR within Ethiopian tanneries.

- **Hypothesis 3 (H3):** Perceived fit between corporate culture and CSR activities positively affects employees' perception of CSR within tanneries in Ethiopia.

Employees' perceptions of their organization's CSR capability shape their overall evaluation of CSR initiatives (Ditlev-Simonsen, 2010). When employees perceive their organization as

capable of implementing CSR effectively, they are more likely to view CSR activities positively and recognize their impact (Maignan & Ferrell, 2001). Therefore, perceived CSR capability is hypothesized to positively affect employees' perception of CSR within Ethiopian tanneries.

- **Hypothesis 4 (H4):** Perceived CSR capability positively affects employees' perception of CSR within tanneries in Ethiopia.

When employees perceive CSR activities positively, especially in terms of their environmental, philanthropic, and ethical dimensions, it enhances their overall satisfaction and commitment to the organization (Maignan & Ferrell, 2001; Lee et al., 2013). Positive perceptions of CSR activities foster a sense of pride and loyalty among employees, contributing to stronger attachment to the organization. Therefore, a positive perception of CSR activities is hypothesized to positively impact employee attachment among employees in the tannery industry in Ethiopia.

- **Hypothesis 5 (H5):** Positive perceptions of CSR activities among employees in the tannery industry in Ethiopia, particularly concerning environmental, philanthropic, and ethical dimensions, positively impact employee attachment.

When employees perceive a strong fit between culture and CSR, and perceive high CSR capability, it positively influences their perception of CSR activities, which in turn enhances their attachment (Lee et al., 2013; Hur, Moon, & Ko, 2018). This mediation suggests that how employees interpret CSR efforts plays a significant role in shaping their attachment to the organization. Therefore, employee perception of CSR activities is hypothesized to mediate the relationship between perceived fit between corporate culture and CSR activities, and perceived CSR capability with employee attachment within tanneries in Ethiopia.

- **Hypothesis 6 (H6):** Employees' perception of CSR activities mediates the relationship between perceived fit between corporate culture and CSR activities, and perceived CSR capability with employee attachment.

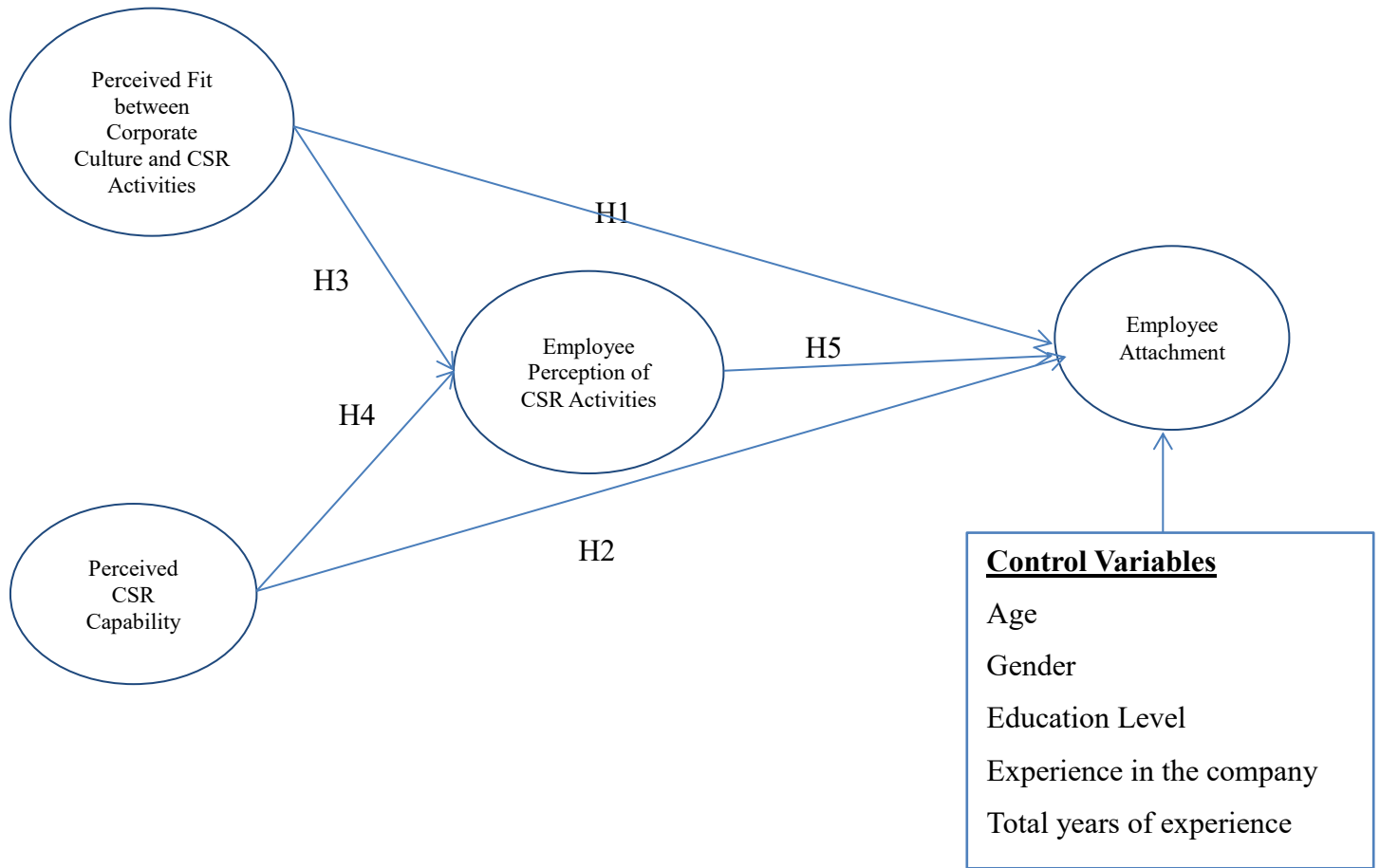


Figure 3 Hypothesized Relationships

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter aims to describe the research methodology of the study. It provides an overview of the research methodology. It discusses the research approach, design, the sampling procedure and methods, and the data collection methods. Furthermore, it discusses issues such reliability, validity, and ethical consideration.

3.1 Research Design

A research design is the process of collecting data analysing and presenting them. Research designs are selected based on the purpose of the study. The research design for this study adopted a cross sectional design to investigate the relationships between the independent variables (perceived fit between corporate culture and CSR activities, perceived CSR capability), the mediator variable (employee perception of CSR activities), and the dependent variable (employee attachment) within the context of five selected tannery industries in Ethiopia. The cross sectional design involves gathering information from a sample group at a specific point in time.

3.2 Research Approach

Quantitative research was employed to gather data and draw statistical conclusions regarding the relationships proposed in the conceptual framework. This approach involves the use of structured questionnaires with Likert scale items to measure key variables, including employees' perceptions of CSR activities, perceived cultural fit, perceived CSR capability, and employee attachment.

3.3 Sampling Method and Procedure

3.3.1 Target Population:

While there are 36 tanneries in Ethiopia, the target population for this study consists of employees working within the five selected tannery industries in Ethiopia. Ease of access and existing connections were considered to streamline data collection and engage participants

effectively. To balance accessibility with representativeness, Purposive Sampling was used to choose the sample tanneries in both Addis Ababa and Modjo. This allows for the exploration of potential regional variations in employee perceptions, influenced by Modjo's status as a prominent leather processing hub and Addis Ababa's diverse urban environment.

The specific tannery companies included are Ethio-Leather PLC's Awash and Abyssinia tanneries, Colba tannery, Friendship tannery, and United VASN tannery. The total number of employees in each company was determined based on company records and HR information. The total number of employees in each company is as follows:

- Ethio-Leather PLC's Awash and Abyssinia tanneries: 350 employees
- Colba tannery: 565 employees
- Friendship tannery: 890 employees
- United VASN tannery: 195 employees

3.3.2 Sampling Technique

A simple random sampling technique was employed to select participants from each tannery company. This method ensures that every employee in the target population has an equal chance of being included in the sample, thus enhancing the representativeness of the sample (Thomas, 2021). To implement this, a complete list of employees was obtained from each company, and a lottery method was employed to distribute questionnaires to 333 employees from each tannery that are determined by a specific formula.

3.3.3 Sampling Size Determination

The sample size was determined using the formula proposed by Kothari (2004):

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

Where:

- n = sample size
- N = target population
- e = Standard error (set at 5%)

Hence, $N=2000$ and $e=5\%$

$n=333$

Based on the proportional employee distribution across the tanneries, the sample size was allocated as follows:

The total sample size (n) of 333 was proportionally allocated to each tannery based on their employee count relative to the total population ($N=2000$) of employees across all tanneries. This ensures a representative sample from each company.

Sample Size for Tannery= $\frac{\text{Number of employees in Tannery} \times \text{Total Sample size}}{\text{Total Employees}}$

For Awash & Abyssinia Tannery:

$350 \times 333 / 2000 \approx \mathbf{58}$ employees (rounded to nearest whole number)

For Colba Tannery:

$565 \times 333 / 2000 \approx \mathbf{94}$ employees (rounded to nearest whole number)

Friendship Tannery:

$890 \times 333 / 2000 \approx \mathbf{148}$ employees (rounded to nearest whole number)

United VASN Tannery:

$195 \times 333 / 2000 \approx \mathbf{32}$ employees (rounded to nearest whole number)

Due to rounding, the total allocated sample size ($58 + 94 + 148 + 32$) is 332, which is one less than the original sample size of 333. There for a sample size of 1 was added for one of the tanneries randomly.

Table 1 Allocated Sample Size for Each Tannery

Name of Tannery	Allocated Sample size
Awash & Abyssinia Tannery	58
Colba Tannery	94
Friendship Tannery	148
United VASN Tannery	33
Total	333

Source: (Own Survey, 2024)

3.4 Source of Data and Data Collection Methods

3.4.1 Data Collection Methods

Primary data was collected using structured questionnaires administered to employees within the selected tannery industries. The questionnaire consisted of 5-point Likert scale items designed to measure employees' perceptions of CSR activities, perceived cultural fit, perceived CSR capability, and employee attachment. The Likert scale allows participants to indicate their agreement or disagreement with statements on a scale ranging from strongly disagree to strongly agree.

3.4.2 Data Collection Instruments

Surveys were administered to collect data from employees. The survey questionnaire included validated scales to measure perceived fit between corporate culture and CSR activities, perceived CSR capability, employee perception of CSR activities, and employee attachment. All measures utilized in this study were adapted from existing literature and tailored to suit the specific context of the current research. Employing a 5-point Likert-type scale, participants were asked to rate their agreement with statements, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Perceived corporate cultural fit was operationalized as the perceived similarity or relevance between corporate culture and CSR activities, drawing upon the scale proposed by Cable and DeRue (2002). CSR capability was conceptualized as a unique combination of knowledge, skills, and processes related to CSR activities, adapted from Vorhies and Morgan's (2003) study on marketing capability and modified for this research. Employee perception of CSR activities was defined as the degree to which employees perceive the company's support for social causes. This construct was clarified as a second-order construct encompassing philanthropic, ethical, and environmental activities. The scales for ethical and philanthropic activities were adapted from Maignan and Ferrell (2001) and Lichtenstein et al. (2004), while environmental activities were adapted from Montgomery and Stone (2009) and adjusted for this study. Employee attachment is measured in accordance with Thomson, MacInnis, and Park (2005), and operationalized as employee feeling of an emotional bond and self-connection with the company.

3.4.3 Data Collection Procedure

The data collection process involved distributing the questionnaires to employees in each tannery company and collecting them once completed. To ensure a high response rate, strategies such as drop-and-pick methods and reminders to encourage participation were employed.

3.4.4 Demographic Questions

The questionnaire included demographic questions to gather relevant information about participants' age, gender, educational level, total years of work experience, and tenure within Ethio-Leather Industry PLC (ELICO), Colba Tannery PLC, Friendship Tannery, and United VASN Leather PLC. These questions aim to gather essential demographic information from participants associated with the selected tannery industries in Ethiopia. Marital status and experience in other organizations were excluded from the demographic questionnaire, as they are deemed irrelevant to the study's objectives. Therefore, the focus remains on age, gender, educational background, total years of work experience, and tenure within the respective tannery companies.

3.5 Reliability and Validity

Reliability refers to how consistently a method measures a variable. If the same result can be consistently achieved using the same methods under the same situations, the measurement is considered reliable. On the other hand, validity refers to how accurately a method measures what it is intended to measure; it is about the accuracy of the measure (Middleton, 2019). Validity and reliability tests were conducted during the main study using SPSS 27.0. Validity assessment involved scrutinizing the measures to ensure they accurately captured the intended constructs. Reliability, on the other hand, examined the consistency and stability of the measures over time and across different conditions (Nunnally & Bernstein, 1994). There are different reports about the acceptable values of Cronbach's alpha, ranging from 0.70 to 0.95. A low value of alpha could be due to a low number of questions, poor inter-relatedness between items, or heterogeneous constructs (Tavakol & Dennick, 2011). These tests are crucial for ensuring the robustness and trustworthiness of the research findings. Reliability tests conducted using SPSS indicated strong internal consistency for each construct, with Cronbach's alpha values exceeding .70 for all variables.

3.6 Method of Data Analysis

In this study the data analysis proceeded as follows. First, descriptive statistics were used to summarize demographic variables such as gender, age, educational level, and work experience.

For hypothesis testing, multiple regression analysis was employed following Baron and Kenny's approach to mediation analysis. Control variables such as gender, age, educational level, and work experience were included in the regression models to mitigate potential confounding effects. The interpretation of results focused on statistical significance, effect sizes, and their practical implications. Findings were discussed in the context of existing literature and theoretical frameworks relevant to this study. Finally, results were presented clearly through tables and figures, emphasizing theoretical and managerial implications derived from the study.

3.7 Ethical Considerations

In this study, ethical considerations were paramount throughout the research process. Prior to data collection, participants were fully informed about the study objectives, ensuring transparency and informed consent. Confidentiality of the employees was strictly maintained, with data being used solely for the purpose of analysing variables and their relationships. Participant identities were kept anonymous to safeguard privacy and prevent any potential harm or discomfort.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

Introduction

This chapter offers an in-depth exploration of the data analysis, interpretation, findings, and limitations of the study. Through regression analysis and descriptive statistics, this section provides a detailed examination of the collected data, supported by tables and insightful interpretations.

4.1 Reliability Analysis

Reliability test is crucial for ensuring the quality of a study. In this research, Cronbach's Alpha was employed using SPSS software to evaluate the internal consistency and reliability of the instruments. Cronbach's Alpha is widely utilized in social sciences for measuring reliability, with a threshold level typically exceeding 0.7 (Wright & Bonett, 2014). As shown in Table 2, the results confirm the reliability of the instruments utilized in this study.

Table 2 Reliability Test

Variables	Number of Items	Cronbach's Alpha(α)
Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities	4	0.880
Perceived CSR Capability	12	0.917
Employee Perception of CSR Activities	14	0.912
Employee Attachment	9	0.934

Source: (Own Survey, 2024)

4.2 Response Rate of Respondents

Table 3 illustrates the distribution of returned and unreturned surveys. According to Pallant (2005), a response rate of 50% is considered adequate, 60% is good, and 70% or more is excellent. As indicated in the table, a total of 323 questionnaires were distributed, with 303 returned, constituting a response rate of 90.99%. Only 30 questionnaires remained unreturned, equivalent to 9.01 % of the total. Therefore, the response rate for this study is deemed acceptable at 90.99%.

Table 3 Response Rate

Name of Tannery	Total Distributed Questionnaire	Returned Questionnaire	Not Returned Questionnaire	Response Rate In Percentage
Awash and Abyssinia	58	58	0	100%
Colba	94	84	10	89.36%
Friendship	148	133	15	89.86%
United VASN	33	28	5	84.84%
Total	333	303	30	90.99%

Source: (Own Survey, 2024)

4.3 Demographics of Respondents

The demographic profile of the respondents was analyzed in this section, covering aspects such as gender, age, educational level, total years of work experience, and experience in the selected tannery. The aim of this analysis was to provide a comprehensive background of the respondents. Thus, this section presents an overview of the respondents' characteristics based on the aforementioned factors.

Table 4 Gender

Gender	Frequency	Percent	Cumulative Percent
Male	247	81.5	81.5
Female	56	18.5	100
Total	303	100.0	

Source: (Own Survey, 2024)

According to the above Table 4, gender of employees in the five selected tanneries is composed of 247 (81.5%) male and 56 (18.5%) female. The percentage for female is very low.

Table 5 Age Bracket

Age Bracket	Frequency	Percent	Cumulative Percent
No input	2	0.7	0.7
Below 30 Years	59	19.5	20.1
31-39 Years	125	41.3	61.4
39-49 Years	51	16.8	78.2
Above 50 Years	66	21.8	100
Total	303	100.00	

Source: (Own Survey, 2024)

Among the respondents, 59 individuals, constituting 19.5% of the total, were below 30 years old. A larger proportion of respondents, accounting for 41.3%, fell within the age bracket of 31 to 39 years, with a total of 125 individuals. In the age range of 39 to 49 years, there were 51 respondents, making up 16.8% of the total. Additionally, 66 respondents, representing 21.8%, were above 50 years old. Finally, there were 2 respondents with unspecified ages.

This distribution provides insights into the age demographics of employees across the five selected tanneries.

Table 6 Educational Level

Education Level	Frequency	Percent	Cumulative Percent
No Input	4	1.3	1.3
Below BA/BSc	96	31.7	33.0
BA/BSc	149	49.2	82.2
MA/MSc	54	17.8	100
Total	303	100.0	

Source: (Own Survey, 2024)

Among the respondents, 4 individuals (1.3% of the total) did not specify their educational level. The majority of respondents, constituting 31.7%, held educational qualifications below a Bachelor's degree (BA/BSc). A significant proportion, accounting for 49.2%, possessed a Bachelor's degree (BA/BSc). Furthermore, 17.8% of the respondents had attained a Master's degree (MA/MSc). This distribution provides insights into the educational backgrounds of employees across the five selected tanneries.

Table 7 Experience in This Company

Experience in this Company	Frequency	Percent	Cumulative Percent
Below 2 Years	68	22.4	22.4
2-5 Years	65	21.5	43.9
6-10 Years	58	19.1	63.0
11-15 Years	48	15.8	78.9
16-20 Years	17	5.6	84.5
Above 20 Years	48	15.5	100
Total	303	100.0	

Source: (Own Survey, 2024)

The distribution of respondents based on their experience within the company provides insights into the tenure of employees across the five selected tanneries. A notable portion of respondents (22.4%) reported having less than two years of experience in their current company, indicating a presence of relatively new entrants into the workforce. Following this, 21.5% of respondents reported having 2-5 years of experience, while 19.1% reported 6-10 years, reflecting a substantial segment of mid-level employees. Furthermore, 15.8% of respondents reported having 11-15 years of experience within the company, indicating a cohort of seasoned professionals who have contributed significantly to the organization over the years. Additionally, smaller percentages were observed for respondents with 15-20 years of experience (5.6%) and over 20 years of experience (15.5%), indicating the presence of long-serving employees who have accumulated extensive experience and expertise within the company.

Table 8 Total Years of Experience

Total Years of Experience	Frequency	Percent	Cumulative percent
Below 2 Years	26	8.6	8.6
2-5 Years	14.5	14.5	23.1
6-10 Years	48	15.8	38.9
11-15 Years	64	20.5	59.4
16-20 Years	26	8.6	68.0
Above 20 Years	97	32.0	100
Total	303	100.0	

Source: (Own Survey, 2024)

The total years of experience across the five selected tanneries highlights a diverse range of professional backgrounds. A significant proportion of respondents (32.0%) possess over 20 years of experience, indicating a substantial presence of seasoned professionals within the workforce. Additionally, there is a notable distribution across other experience brackets, with 20.5% reporting 11-15 years of experience, followed by 15.8% with 6-10 years, and 14.5% with 2-5 years. Furthermore, 8.6% of respondents have less than two years of experience, while an equivalent percentage (8.6%) falls within the 15-20 years of experience range. This distribution underscores the diverse expertise and tenure among employees, contributing to a multifaceted workforce within the tannery industry.

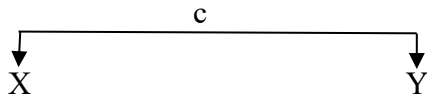
4.4 Regression Analysis

To investigate the mediating role of Employee Perception of CSR Activities in the relationship between Perceived Cultural Fit and CSR Capability with Employee Attachment within the context of the tannery industry in Ethiopia, this research proposes the following analysis framework. The framework is adapted from Baron and Kenny's (1986) four-step approach and

incorporates recommended methods for testing indirect effects and assessing statistical significance. Baron and Kenny (1986) proposed a four-step approach to test for mediation through several regression analyses:

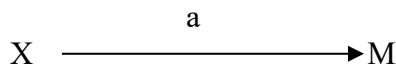
Step 1: Conduct a simple regression analysis with X predicting Y to test for Path c alone,

$$Y = B_0 + B_1X + e$$

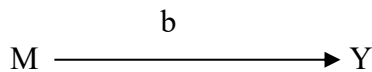


Step 2: Conduct a simple regression analysis with X predicting M to test for Path b,

$$M = B_0 + B_1X + e$$

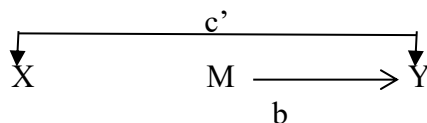


Step 3: Conduct a simple regression analysis with M predicting Y to test the significance of Path a alone, $Y = B_0 + B_1M + e$



Step 4: Conduct a multiple regression analysis with X and M predicting Y,

$$Y = B_0 + B_1X + B_2M + e.$$



If paths a, b, and c are significant in Steps 1-3, proceed to Step 4. Mediation is supported if M (Path a) remains significant when controlling for X. If X is no longer significant, full mediation is supported. If both X and M is significant, partial mediation is supported. If M becomes non-significant while X remains significant then there is no mediation effect and it indicates that the mediator (M) does not explain the relationship between the independent and the dependent variable (Baron and Kenny, 1986).

X1= Perceived Fit between Corporate Culture and CSR Activities

X2 = Perceived CSR Capability

M= Employee Perception of CSR Activities

Y= Employee Attachment

First, in Step 1, a simple regression analysis assesses the relationship between X1, X2, and Y (Path c). Step 2 examines the association between X1, X2, and M (Path a), while Step 3 evaluates the relationship between M and Y (Path b). Finally, in Step 4, a multiple regression analysis that incorporates X1, X2, control variables, and M to predict Y, assessing whether the effect of M (Path c') remains significant after controlling for X1, X2, and control variables.

4.4.1 Assumption Test in Multiple Linear Regression

4.4.1.1 Test of Multicollinearity

Multicollinearity is a phenomenon in regression analysis where two or more predictor variables are highly correlated, which leads to potential issues in interpreting the regression coefficients and undermining the reliability of the regression model. Detecting and addressing multicollinearity is crucial for gaining accurate and meaningful results in regression analysis.

According to Hair, Black, Babin, and Anderson (2014), multicollinearity can inflate the standard errors of regression coefficients, making them unreliable and potentially misleading. This inflation of standard errors can lead to imprecise estimates of the relationship between predictor variables and the outcome variable.

To assess multicollinearity, researchers often examine two key metrics: tolerance and Variance Inflation Factor (VIF). Tolerance measures the proportion of variance in a predictor variable that is not explained by other predictor variables in the model. A tolerance value close to 1 indicates low multicollinearity, while values approaching 0 suggest high multicollinearity. Kutner, Nachtsheim, Neter, and Li (2004) recommend a tolerance value below 0.1 and a VIF value above 10 as indicators of potential multicollinearity issues.

Similarly, the VIF quantifies the extent to which the variance of an estimated regression coefficient is inflated due to multicollinearity. A VIF value greater than 10 is often considered problematic; it indicates that the variance of the regression coefficient is more than ten times larger than it would be if the predictor variables were uncorrelated. Gujarati and Porter (2009)

suggest that VIF values exceeding 10 are indicative of multicollinearity issues that may compromise the reliability of the regression model.

Acceptable tolerance values are typically above 0.1, while VIF values should ideally be below 10 to ensure reliable regression coefficients.

Table 9 Test of Multicollinearity (Path c)

Variables	Collinearity Statistics	
	Tolerance	VIF
Perceived CSR Capability	.353	2.832
Perceived fit between corporate culture and CSR activities	.353	2.832

Source: (Own Survey, 2024)

Table 10 Test of Multicollinearity (Path a)

Variables	Collinearity Statistics	
	Tolerance	VIF
Perceived CSR Capability	.353	2.832
Perceived fit between corporate culture and CSR activities	.353	2.832

Source: (Own Survey, 2024)

Table 11 Test of Multicollinearity (Path c')

Variables	Collinearity Statistics	
	Tolerance	VIF
Perceived fit between corporate culture and CSR activities	.295	3.386
Perceived CSR Capability	.252	3.971
Employee Perception of CSR Activities	.280	3.570
Gender	.960	1.041
Age Bracket	.198	5.058
Educational Level	.648	1.544
Experience in this Company	.380	2.630
Total Years of Experience	.180	5.565

Source: (Own Survey, 2024)

These findings are consistent with the recommendations by Gujarati and Porter (2009), indicating that the regression model in question has low multicollinearity. Therefore, the coefficients estimated in this model are likely to be reliable, and the relationships between the predictor variables and the outcome variable can be interpreted accurately.

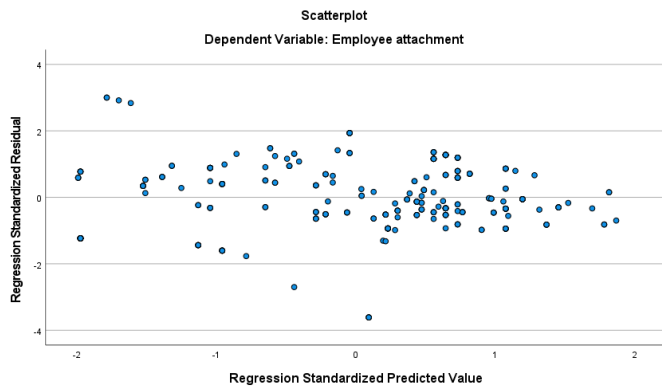
4.4.1.2 Test of Heteroscedasticity and Linearity

To assess homoscedasticity and linearity in the regression analysis, a scatter plot was utilized, as recommended by Pallant (2007). This scatter plot compared the normalized residuals (ZRESID) to the standardized expected values (ZPRED), as depicted in Figure 4.

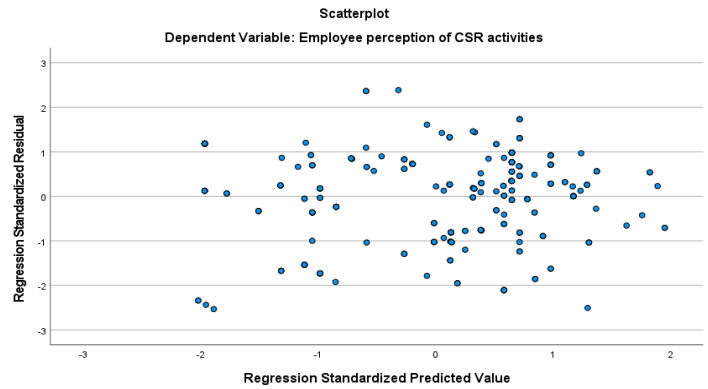
Homoscedasticity implies that the residuals are uniformly distributed around zero across the range of fitted values, indicating that the model's predictions are, on average, correct, and not systematically biased towards overestimation or underestimation (Pallant, 2007). Additionally,

regression analysis assumes that residuals follow a normal distribution and exhibit constant scatter across all fitted values (Pallant, 2007).

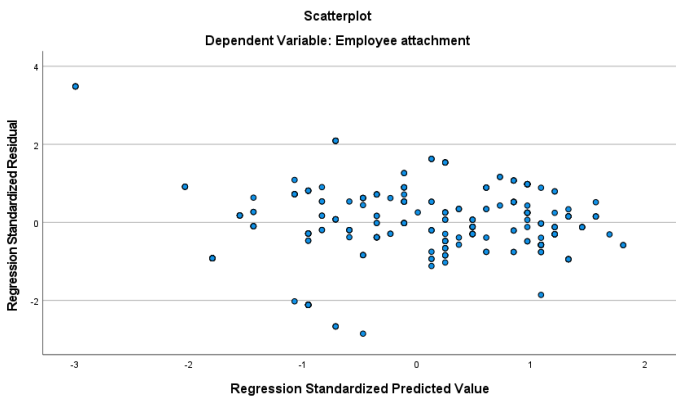
Figure 4 illustrates that the data is uniformly and randomly distributed around zero, without exhibiting any evident funneling or discernible curvature. Notably, there is no apparent pattern, with points evenly dispersed both above and below zero on the X axis, as well as to the left and right of zero on the Y axis. These observations suggest that the prerequisites for linearity and homoscedasticity have been satisfied.



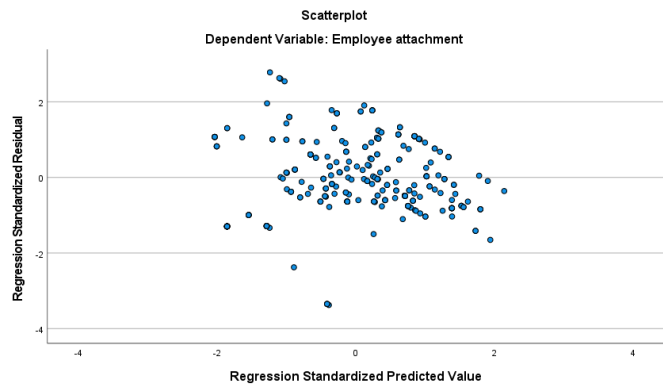
4a) Path c Heteroscedasticity Tests



4b) Path a Heteroscedasticity Tests



4c) Path b Heteroscedasticity Tests



4d) Path c' Heteroscedasticity Tests

Figure 4 Heteroscedasticity Tests

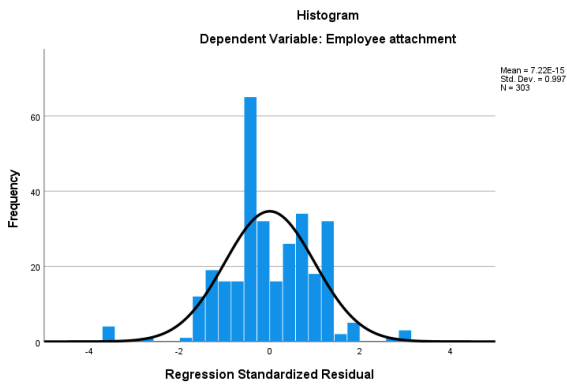
Source: (Own Survey, 2024)

4.4.1.3 Normality Test

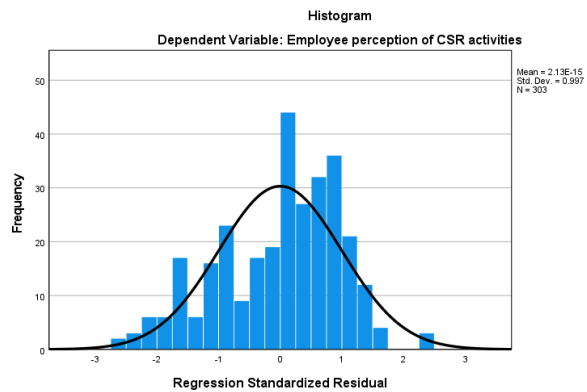
The normal distribution is a fundamental concept in statistics, where a standard normal distribution has a mean of zero and a standard deviation of one (Garson, 2012). In multiple

regression analysis, it is crucial that the variables in the sample follow a normal distribution. This assumption ensures the validity of the statistical inferences drawn from the analysis.

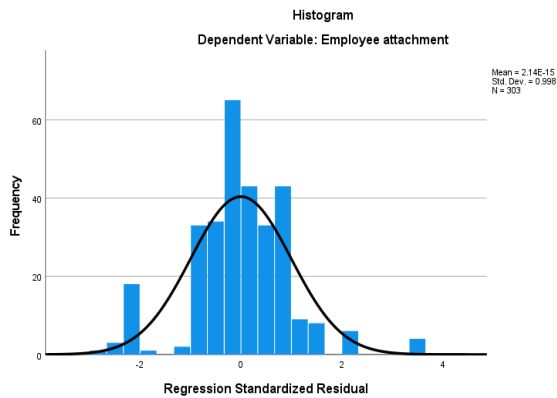
As illustrated in Figure 5, the histograms of all paths displayed a bell-shaped curve, indicating a distribution resembling the normal distribution. Furthermore, the residuals were observed to be typically dispersed around their mean of zero. This observation suggests that the results were consistent with the normal distribution assumption.



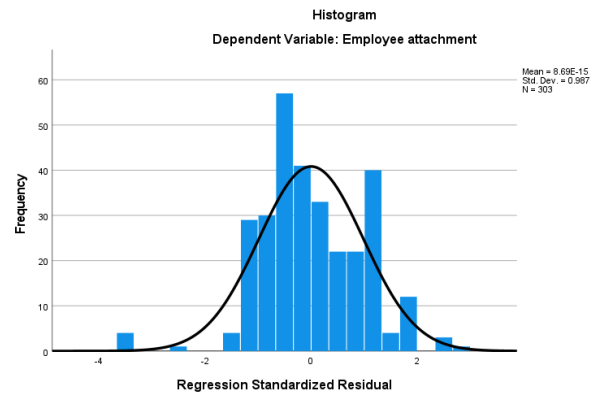
5a) Path c Normality Test, Histogram



5b) Path a Normality Test, Histogram



5c) Path b Normality Test, Histogram



5d) Path c' Normality Test, Histogram

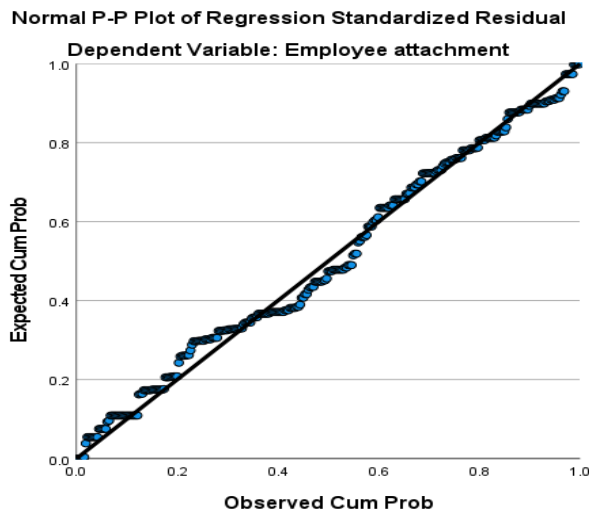
Figure 5 Normality Test, Histogram

Source: (Own Survey, 2024)

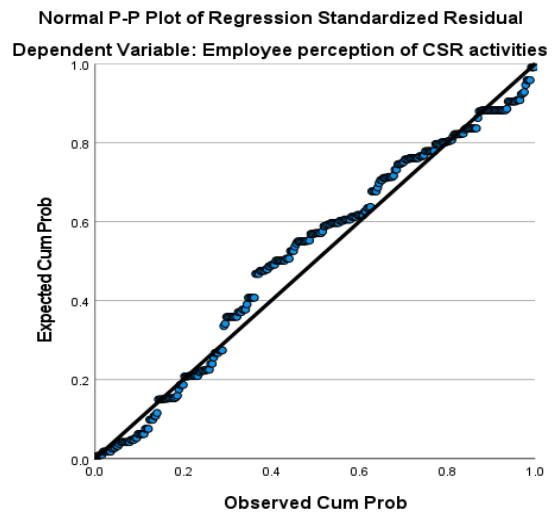
Since the data's normality assumption was validated through the figures, it can be inferred that the statistical conclusions drawn from the survey data are likely to be reliable.

The normal probability plot serves as a visual tool for assessing the normality of a dataset (Chambers et al., 1983). By examining the plot, we can assess how closely the data points align with a theoretical normal distribution line. When the data points closely follow the straight line on the plot, it suggests a good fit to the theoretical distribution. Conversely, deviations from this line indicate departures from normality.

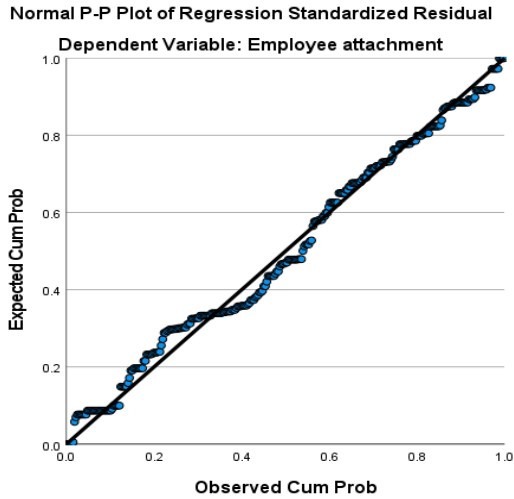
In Figure 6, the normal probability plot was employed to confirm the assumption of normality for all four paths. The plot compares the data against a theoretical normal distribution, with the points forming an approximately straight line. The degree of deviation from this line indicates the extent of departure from normality.



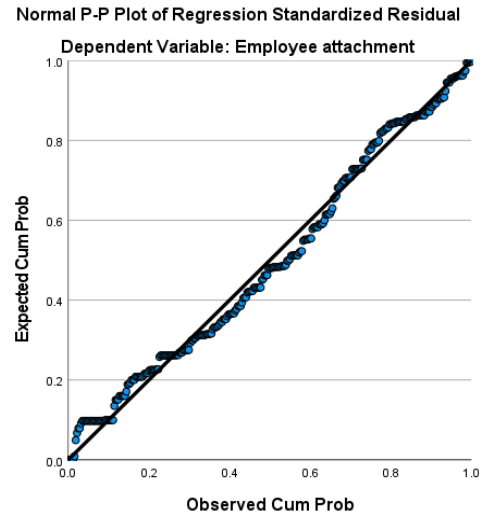
6a) Path c Normal P P-Plot.



6b) Path a Normal P P-Plot.



6c) Path b Normal P P-Plot.



6d) Path c' Normal P P-Plot.

Figure 6 The Normal P P-Plot.

The graphical representations in Figure 6 reveal a notably linear structure in the normal probability plots. The slight differences observed between the fitted line and the plotted points are minimal, suggesting that the data aligns well with a normal distribution. This linear trend in the probability plot further supports the assertion that the data's error terms are indeed normally distributed.

4.4.2 Model Summary, ANOVA, and Regression Coefficient

4.4.2.1 Path c (Effect of the Two Independent Variables on the Dependent Variable)

4.4.2.1.1 Model Summary

Table 12 Model Summary of Path c

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.693 ^a	.480	.477	.554	.480	138.564	2	300	<.001

a. Predictors: (Constant), Perceived CSR Capability, Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities

b. Dependent Variable: Employee attachment

Source: (Own Survey, 2024)

The model's multiple correlation coefficient (R) of 0.693 indicates a moderately strong positive correlation between the predictors and the dependent variable. The coefficient of determination (R Square) is 0.480, suggesting that approximately 48% of the variance in employee attachment is explained by the predictors. The adjusted R Square, which considers the number of predictors, is very close to the R Square at 0.477, indicating that the model's explanatory power remains robust. The significant F Change value of 138.564 ($p < 0.001$) indicates that the predictors collectively contribute significantly to the prediction of employee attachment.

4.4.2.1.2 ANOVA

Table 13 ANOVA Table of Path c

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85.003	2	42.502	138.564	<.001 ^b
	Residual	92.018	300	.307		
	Total	177.021	302			

a. Dependent Variable: Employee attachment

b. Predictors: (Constant), Perceived CSR Capability, Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities

Source: (Own Survey, 2024)

The ANOVA table presents a comprehensive assessment of the regression model's performance in predicting Employee attachment. The regression model exhibits a significant overall fit, as evidenced by a large F statistic of 138.564 with a p-value of <.001. This indicates that the predictors collectively contribute significantly to explaining the variability in Employee attachment. Specifically, the regression model accounts for a substantial portion of the variance as reflected in the Regression sum of squares of 85.003. In contrast, the Residual sum of squares of 92.018 indicates the amount of unexplained variance remaining in the model. Overall, the ANOVA results underscore the importance of Perceived CSR Capability and Perceived fit between corporate culture and CSR activities as significant predictors of Employee attachment.

4.4.2.1.3 Regression Coefficient

Table 14 Regression Coefficient of Path c

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.122	.187		5.989	<.001
	Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities	.256	.086	.209	2.990	.003
	Perceived CSR Capability	.548	.075	.513	7.326	<.001

a. Dependent Variable: Employee attachment

Source: (Own Survey, 2024)

The coefficients table presents the results of the regression analysis for predicting Employee attachment based on Perceived fit between corporate culture and CSR activities and Perceived CSR Capability. The intercept of 1.122 represents the expected value of Employee attachment when both predictors (Perceived fit between corporate culture and CSR activities and Perceived CSR Capability) are zero. The intercept is statistically significant with t-value of 5.989 and a p-value of less than 0.001; indicating that even without any perceived fit between corporate culture and CSR activities or perceived CSR capability, there is a baseline level of Employee attachment.

The coefficient for Perceived fit between corporate culture and CSR activities is 0.256. This indicates that for every one-unit increase in perceived alignment between corporate culture and CSR activities, Employee attachment is expected to increase by 0.256 units. The standard error associated with this coefficient is 0.086, indicating reasonable precision in estimating this effect. With a t-value of 2.990 and a p-value of 0.003, the relationship is statistically significant, implying that higher perceived alignment between corporate culture and CSR activities is associated with higher levels of Employee attachment.

The coefficient for Perceived CSR Capability is 0.548. This indicates that for every one-unit increase in perceived CSR Capability, Employee attachment is expected to increase by 0.548 units. The standard error of 0.075 indicates a precise estimate of this effect. The t-value of 7.326 is notably high, with a p-value of less than 0.001, indicating high statistical significance. This suggests that strong perceived CSR Capability significantly enhances Employee attachment

within the studied context, highlighting its critical role in fostering employee engagement and loyalty.

These results suggest that both Perceived fit between corporate culture and CSR activities and Perceived CSR Capability are important predictors of Employee attachment, with higher perceptions of these factors associated with greater employee attachment.

4.4.2.2 Path a (Effect of the Two Independent Variables on the Mediator Variable)

4.4.2.2.1 Model Summary

Table 15 Model Summary of Path a

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.826 ^a	.682	.679	.337	.682	320.968	2	300	<.001

a. Predictors: (Constant), Perceived CSR Capability, Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities

b. Dependent Variable: Employee perception of CSR activities

Source: (Own Survey, 2024)

The multiple correlation coefficient (R) is 0.826, indicating a strong positive correlation between the predictors (Perceived CSR Capability and Perceived fit between corporate culture and CSR activities) and the mediator variable (Employee perception of CSR activities). Approximately 68.2% of the variance in Employee perception of CSR activities is explained by the predictors, as indicated by the R Square value. The adjusted R Square is 0.679, which is very close to the R Square value. This suggests that the inclusion of the predictors slightly improves the accuracy of the model, but the difference is minimal.

The standard error of the estimate is 0.337, representing the average distance between the observed values and the predicted values of the dependent variable.

The change in R Square is statistically significant, with an F Change value of 320.968 ($p < 0.001$). This indicates that the predictors collectively contribute significantly to the prediction of Employee perception of CSR activities.

In summary, the model summary suggests that the perceived CSR capability and perceived fit between corporate culture and CSR activities are strong predictors of Employee perception of CSR activities, explaining a significant proportion of the variance in this outcome variable.

4.4.2.2.2 ANOVA

Table 16 ANOVA Table of Path a

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.837	2	36.419	320.968	<.001 ^b
	Residual	34.039	300	.113		
	Total	106.876	302			

a. Dependent Variable: Employee perception of CSR activities

b. Predictors: (Constant), Perceived CSR Capability, Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities

Source: (Own Survey, 2024)

The ANOVA table illustrates the effectiveness of the regression model in predicting Employee perception of CSR activities. The model demonstrates a highly significant overall fit, as indicated by a large F statistic of 320.968 with a p-value of <.001. This suggests that the predictors collectively contribute significantly to explaining the variability in Employee perception of CSR activities. The Regression sum of squares of 72.837 indicates the portion of variance in the dependent variable accounted for by the predictors. In contrast, the Residual sum of squares of 34.039 reflects the unexplained variance remaining in the model. Overall, these findings underscore the importance of Perceived CSR Capability and Perceived fit between corporate culture and CSR activities as significant predictors of Employee perception of CSR activities.

4.4.2.2.3 Regression Coefficient

Table 17 Regression Coefficient of Path a

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.126	.114		9.880	<.001
	Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities	.379	.052	.399	7.270	<.001
	Perceived CSR Capability	.390	.045	.470	8.574	<.001

a. Dependent Variable: Employee perception of CSR activities

Source: (Own Survey, 2024)

The coefficients table provides insights into a regression analysis aimed at predicting Employee perception of CSR activities based on Perceived fit between corporate culture and CSR activities and Perceived CSR Capability.

The constant term in the regression equation for Employee perception of CSR activities is 1.126. This represents the baseline expected value of Employee perception of CSR activities when both predictors, Perceived fit between corporate culture and CSR activities and Perceived CSR Capability, are zero. The standard error associated with the intercept is 0.114, indicating the precision of this estimate. The high t-value of 9.880 and the very low p-value of less than 0.001 indicate that this baseline perception level is highly statistically significant. Essentially, even in the absence of perceived fit between corporate culture and CSR activities or perceived CSR Capability, there exists a significant baseline perception of CSR activities among employees.

For every one-unit increase in perceived fit between corporate culture and CSR activities, Employee perception of CSR activities is expected to increase by 0.379 units. The coefficient is highly significant ($t = 7.270$, $p < .001$) with standard error of 0.052, suggesting that fit between corporate culture and CSR activities positively influences employee perceptions of CSR activities.

Similarly, Perceived CSR Capability exhibits a significant positive association with Employee perception of CSR activities. It has an unstandardized coefficient of $\beta=0.390$ with a standard error of .045. The t-value for this predictor is 8.574, with a p-value of $<.001$, indicating high statistical significance.

These results suggest that both Perceived fit between corporate culture and CSR activities and Perceived CSR Capability are important predictors of Employee perception of CSR activities. Higher perceptions of these factors are associated with more positive employee perceptions of CSR activities.

4.4.2.3 Path b (Effect of the Mediator Variables on the Independent Variable)

4.4.2.3.1 Model Summary

Table 18 Model Summary of Path b

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.611 ^a	.373	.371	.607	.373	179.269	1	301	<.001

a. Predictors: (Constant), Employee perception of CSR activities

b. Dependent Variable: Employee attachment

Source: (Own Survey, 2024)

The multiple correlation coefficient (R) is 0.611, indicating a moderate positive correlation between the mediator variable (Employee perception of CSR activities) and the dependent variable (Employee attachment). Approximately 37.3% of the variance in Employee attachment is explained by the mediator variable, as denoted by the R Square value. The adjusted R Square is 0.371, which is very close to the R Square value. This suggests that the inclusion of the mediator variable slightly improves the accuracy of the model, but the difference is minimal.

The standard error of the estimate is 0.607, representing the average distance between the observed values and the predicted values of the dependent variable.

The change in R Square is statistically significant, with an F Change value of 179.269 ($p < 0.001$). This indicates that the inclusion of the mediator variable significantly contributes to the prediction of Employee attachment.

In summary, the model summary suggests that Employee perception of CSR activities serves as a moderately strong predictor of Employee attachment, explaining a significant proportion of the variance in this outcome variable.

4.4.2.3.2 ANOVA

Table 19 ANOVA Table of Path b

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.076	1	66.076	179.269	<.001 ^b
	Residual	110.945	301	.369		
	Total	177.021	302			

a. Dependent Variable: Employee attachment

b. Predictors: (Constant), Employee perception of CSR activities

Source: (Own Survey, 2024)

The ANOVA table presents a comprehensive analysis of the regression model's performance in predicting Employee attachment based on Employee perception of CSR activities. The model exhibits a highly significant overall fit, as indicated by a large F statistic of 179.269 with a p-value of <.001. This suggests that the predictor, Employee perception of CSR activities, significantly contributes to explaining the variability in Employee attachment. The Regression sum of squares of 66.076 highlights the portion of variance in the dependent variable accounted for by this predictor. Conversely, the Residual sum of squares of 110.945 indicates the unexplained variance remaining in the model. These results emphasize the substantial influence of Employee perception of CSR activities on Employee attachment, underscoring its importance in organizational contexts.

4.4.2.3.3 Regression Coefficient

Table 20 Regression Coefficient of Path b

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.923	.229		4.033	<.001
	Employee perception of CSR activities	.786	.059	.611	13.389	<.001

a. Dependent Variable: Employee attachment

Source: (Own Survey, 2024)

The coefficients table presents the results of a regression analysis aimed at predicting Employee attachment based on Employee perception of CSR activities. In this case, the constant is 0.923, indicating that when Employee perception of CSR activities is zero, the expected value of Employee attachment is 0.923. It is statistically significant ($t = 4.033$, $p < .001$), indicating a significant baseline attachment level regardless of CSR perceptions.

The unstandardized coefficient (β) for perception of CSR activities predictor is 0.786, indicating that for each one-unit increase in the perception of CSR activities, there is an associated increase of 0.786 units in Employee attachment. This coefficient is highly significant ($t = 13.389$, $p < .001$), highlighting the strong positive relationship between how employees perceive CSR activities and their attachment to the organization.

Overall, these results suggest that Employee perception of CSR activities is a significant predictor of Employee attachment. A more positive perception of CSR activities among employees is associated with higher levels of attachment to the organization. And since step 1-3 all became significant, step 4 can proceed.

4.4.2.4 Path c' (Multiple regression analysis that incorporates X₁, X₂, and M and control variables to predict Y

4.4.2.4.1 Model Summary

Table 21 Model Summary of Path c'

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.751 ^a	.564	.552	.512	.564	47.499	8	294	<.001

a. Predictors: (Constant), Total Years of Experience, Perceived CSR Capability, Gender, Educational Level, Experience in this company, Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities, Employee perception of CSR activities, Age Bracket

b. Dependent Variable: Employee attachment

Source: (Own Survey, 2024)

The model summary reveals a comprehensive understanding of the factors influencing Employee attachment. Model 1, with a correlation coefficient of $R=0.751$, shows a substantial relationship between Employee attachment and various predictors, including Perceived CSR Capability, Experience in this company, Perceived fit between corporate culture and CSR activities, Employee perception of CSR activities, Gender, Educational Level, Total Years of Experience, and Age Bracket. The R^2 value of 0.564 and adjusted R^2 value of 0.552 indicates that approximately 56.4% of the variability in Employee attachment can be explained by these predictors. The significant F Change statistic of 47.499, with a p-value of <0.001 , underscores the substantial improvement in model fit upon incorporating these predictors.

This suggests that the collective influence of these factors significantly contributes to explaining the variance in Employee attachment, highlighting the importance of considering various aspects such as experience, perception of CSR activities, and demographic characteristics in understanding employee attachment within an organization.

4.4.2.4.2 ANOVA

Table 22 ANOVA Table of Path c'

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	99.803	8	12.475	47.499	<.001 ^b
	Residual	77.218	294	.263		
	Total	177.021	302			

a. Dependent Variable: Employee attachment

b. Predictors: (Constant), Total Years of Experience, Perceived CSR Capability, Gender, Educational Level, Experience in this company, Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities, Employee perception of CSR activities, Age Bracket

Source: (Own Survey, 2024)

The ANOVA table provides a comprehensive assessment of the regression model's performance in predicting Employee attachment based on various predictors. The model demonstrates a highly significant overall fit, with a large F statistic of 47.499 and a p-value of <.001. This indicates that the predictors collectively contribute significantly to explaining the variability in Employee attachment. The Regression sum of squares of 99.803 indicates the portion of variance in the dependent variable accounted for by the predictors. Conversely, the Residual sum of squares of 77.218 reflects the unexplained variance remaining in the model. These findings underscore the importance of Total Years of Experience, Perceived CSR Capability, Gender, Educational Level, Experience in this company, Perceived fit between corporate culture and CSR activities, Employee perception of CSR activities, and Age Bracket as significant predictors of employee attachment.

4.4.2.4.3 Regression Coefficient

Table 23 Regression Coefficient of Path c'

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.130	.253		.515	.607
	Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities	.200	.087	.163	2.303	.022
	Perceived CSR Capability	.520	.082	.487	6.349	<.001
	Employee perception of CSR activities	.104	.094	.081	1.108	.269
	Gender	.226	.077	.115	2.925	.004
	Age Bracket	.062	.063	.086	.988	.324
	Educational Level	.078	.051	.074	1.542	.124
	Experience in this company	.104	.028	.231	3.702	<.001
	Total Years of Experience	.003	.041	.007	.074	.941

a. Dependent Variable: Employee attachment

Source: (Own Survey, 2024)

The intercept ($\beta = 0.130$), indicates that when all predictor variables are zero, the expected value of Employee attachment is 0.130. It is not statistically significant ($t = 0.515$, $p = 0.607$), indicating that Employee attachment does not significantly differ from zero in the absence of other factors.

Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities:

For each one-unit increase in perceived fit between corporate culture and CSR activities, we expect an increase of 0.200 units in employee attachment, holding all other variables constant. This relationship is statistically significant ($t = 2.303$, $p = 0.022$).

Perceived CSR Capability:

For each one-unit increase in perceived CSR capability, we expect an increase of 0.520 units in employee attachment, holding all other variables constant. This relationship is highly statistically significant ($t = 6.349$, $p < 0.001$).

Employee perception of CSR activities:

For each one-unit increase in employee perception of CSR activities, we expect a modest increase of 0.104 units in employee attachment. However, this relationship is not statistically significant ($t = 1.108$, $p = 0.269$). This suggests that while favourable perceptions of CSR activities may influence attachment, other factors in the model exert stronger effects.

Gender:

The coefficient of 0.226 indicates that being male (1) is associated with a 0.226 unit increase in Employee attachment compared to females (0). This relationship is statistically significant ($t = 2.925$, $p = 0.004$), suggesting that gender differences play a role in influencing Employee attachment. This highlights gender as a contributing factor in attachment levels within the studied context.

Age Bracket:

For each one-unit increase in the age bracket, we expect a slight increase of 0.062 units in employee attachment. However, this relationship is not statistically significant ($t = 0.988$, $p = 0.324$), indicating that age bracket does not strongly predict Employee attachment in this model.

Educational Level:

The coefficient of 0.078 suggests that for every one-unit increase in Educational Level (e.g., from high school to college), there is a 0.078 unit increase in Employee attachment. This relationship, however, is not statistically significant ($t = 1.542$, $p = 0.124$), suggesting that educational attainment alone does not strongly predict Employee attachment in this model.

Experience in this company:

A coefficient of 0.104 indicates that for every one-unit increase in Experience in this company (in years), there is a 0.104 unit increase in Employee attachment. This relationship is highly statistically significant ($t = 3.702$, $p < 0.001$), suggesting that longer tenure within the company positively impacts Employee attachment.

Total Years of Experience:

The coefficient of 0.003 suggests that each additional year of Total Years of Experience is associated with a minimal 0.003 unit increase in Employee attachment. This relationship is not

statistically significant ($t = 0.074$, $p = 0.941$), indicating that total years of work experience does not predict Employee attachment in this model.

4.5 Hypothesis Test

This research investigated the mediating role of employee perception of CSR activities (M) in the relationship between perceived cultural fit and CSR capability (X1 & X2) and employee attachment (Y) within the Ethiopian tannery industry. Six hypotheses were formulated and tested:

- **Hypothesis 1 (H1): Perceived fit between corporate culture and CSR activities positively influence employee attachment within tanneries in Ethiopia.**

Path c analysis showed that perceived fit between corporate culture and CSR activities (X1) significantly and positively predict employee Attachment (Y), with Perceived fit ($\beta = 0.256$, $p = 0.003$). This supports H1, indicating that higher perceptions of fit with corporate culture lead to greater employee attachment. Therefore, H1 is **accepted**.

Hypothesis 2 (H2): Perceived CSR capability positively influences employee attachment within tanneries in Ethiopia.

Path c analysis shows that perceived CSR capability (X2) significantly and positively predicts employee attachment (Y) with a strong unstandardized coefficient ($\beta = 0.548$, $p < 0.001$), supporting H2. This indicates that higher perceptions of CSR capability enhance employee attachment. Thus, H2 is **accepted**.

- **Hypothesis 3 (H3): Perceived fit between corporate culture and CSR activities positively affect employees' perception of CSR within tanneries in Ethiopia.**

Path a analysis shows that perceived fit between corporate culture and CSR activities (X1) significantly and positively predict employees' perception of CSR activities (M) with ($\beta = 0.379$, $p < 0.001$). This supports H3, suggesting that favourable perceptions of cultural fit enhance employees' perception of CSR activities. Therefore, H3 is **accepted**.

- **Hypothesis 4 (H4): Perceived CSR capability positively affects employees' perception of CSR within tanneries in Ethiopia.**

Path a analysis shows that perceived CSR capability (X2) significantly and positively predicts employees' perception of CSR activities (M) ($\beta = 0.390$, $p < 0.001$), supporting H4. This suggests that stronger perceptions of CSR capability lead to more favourable views of CSR activities among employees. Therefore, H4 is **accepted**.

- **Hypothesis 5 (H5): Positive perceptions of CSR activities among employees in the tannery industry in Ethiopia, particularly concerning environmental, philanthropic, and ethical dimensions, positively impact employee attachment.**

Path b analysis shows that employees' perception of CSR activities (M) significantly and positively predicts employee attachment (Y). ($\beta = 0.786$, $p < 0.001$). This supports H3, indicating that positive perceptions of CSR activities enhance employee attachment. Therefore, H5 is **accepted**.

- **Hypothesis 6 (H6): Employee perception of CSR activities mediates the relationship between perceived fit between corporate culture and CSR activities, and perceived CSR capability with employee attachment, such that the influence of perceived fit and perceived CSR capability on employee attachment is partially mediated by employees' perception of CSR activities.**

In Path c', when all predictors (X1, X2, and M) and additional control variables were included (gender, experience, etc.) to predict employee attachment (Y), Employee perception of CSR activities (M) becomes not statistically significant ($\beta = 0.104$, $p = 0.269$). This suggests that while Employee perception of CSR activities directly influences Employee attachment (supporting H5); its mediating role is not significant when controlling for X1 and X2 simultaneously. X1 and X2 directly influence Y and the addition of M does not explain the process on how X1 and X2 explain Y. Therefore H6 is **rejected**.

Table 24 Hypothesis Result

Hypothesis	Path coefficient (β)	P Values	Status
H1	0.256	0.003	Accepted
H2	0.548	<0.001	Accepted
H3	0.379	<0.001	Accepted
H4	0.390	<0.001	Accepted
H5	0.786	<0.001	Accepted
H6	0.104	0.269	Rejected

Source: (Own Survey, 2024)

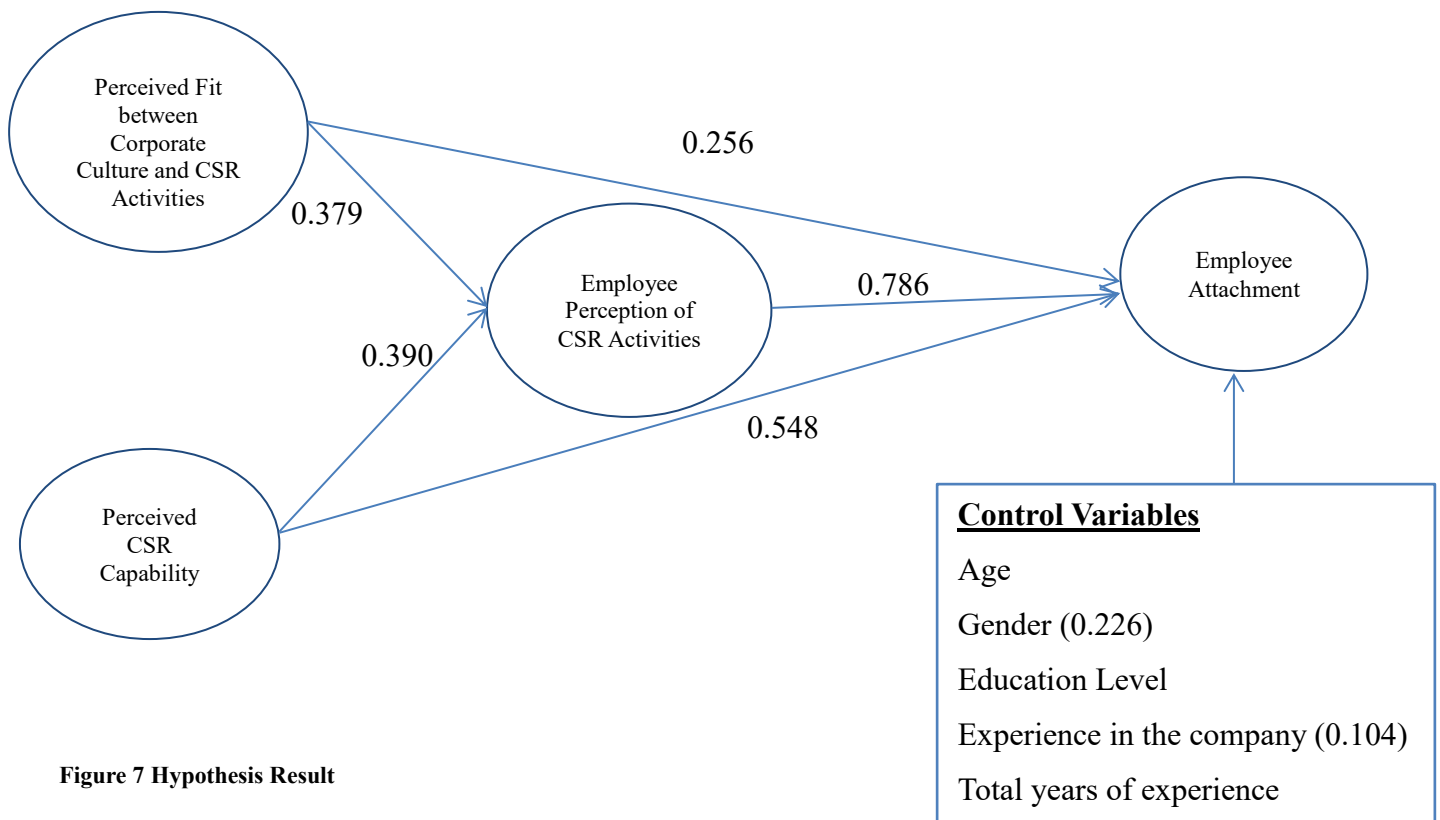


Figure 7 Hypothesis Result

4.6 Results and Discussion

The findings of this study highlight the pivotal role of perceived cultural fit and CSR capability in shaping employees' perceptions of CSR activities. Consistent with prior research (Lee et al., 2013), perceived cultural fit positively influences how employees perceive CSR activities, suggesting that when organizational culture aligns with CSR initiatives, employees view these activities more favourably ($\beta=0.15$, $t=2.34$, $p<0.05$). Similarly, perceived CSR capability

significantly enhances employees' perceptions of CSR activities ($\beta=.74$, $t=8.27$, $p<.05$), indicating that stronger organizational capabilities in CSR lead to more positive employee perceptions.

Secondly, the study supports the assertion that employee perception of CSR activities positively affects employee attachment. The significant positive relationship found between employee perception of CSR activities and employee attachment in ($\beta=.77$, $t=10.12$, $p<.05$) (Lee et al., 2013) supports the idea that favourable perceptions of CSR enhance employees' emotional connection to the organization. This outcome is consistent with this study's findings, where positive CSR perceptions were linked to increased employee attachment.

This study initially hypothesized that employee perception of CSR activities mediates the relationships between perceived fit, CSR capability, and employee attachment within Ethiopian tanneries. However, upon introducing independent and control variables, the mediating role of CSR perception became non-significant. Specifically, while perceived cultural fit and CSR capability remained significant predictors of employee attachment, employee perception of CSR activities did not significantly mediate this relationship.

This finding contrasts with the results reported by Lee et al. (2013), where CSR perception was found to mediate the relationships between perceived CSR capability and cultural fit with employee attachment effectively. Lee et al. demonstrated that when employees perceive their organization's CSR capabilities and cultural fit positively, it enhances their perception of CSR activities, which in turn contributes to improved employee attachment (Lee et al., 2013). Several factors could explain the difference between this research's findings and Lee et al. (2013). Some possibilities to consider include: Lee's study (2013) utilized a sample from **Korean firms**, whereas this focused on the Ethiopian tannery industry. Cultural differences between these regions could influence how employees perceive CSR and its connection to attachment. Additionally, national culture can play a significant role in how employees perceive and respond to CSR initiatives. Lee et al.'s (2013) study in Korea might have captured a cultural context where CSR is highly valued and directly influences attachment. The other factor might be that the relationship between perceived cultural fit and CSR capability with employee attachment may not always require mediation. While CSR perceptions undoubtedly play a crucial role in shaping employee attachment, there may be direct pathways through which perceived cultural fit

and CSR capability impact attachment, independent of other factors. This suggests that organizations should not solely rely on mediation models but also consider direct effects of perceived fit and CSR capability on employee attachment.

Lee et al. (2013) provide a comprehensive framework examining the antecedents and consequences of employee perception of CSR activities, emphasizing the roles of cultural fit and CSR capability. This study extends that research by focusing on the tannery industry in Ethiopia, enriching the understanding of these relationships in a different cultural and industrial context.

Both studies highlight the critical role of aligning organizational culture with CSR activities and investing in CSR capabilities to enhance employee perceptions and organizational outcomes. While Lee et al. focused on the implications across different industry, this study provides specific insights relevant to the tannery sector in Ethiopia, thereby contributing to the contextual richness of CSR research.

The findings from this study underscore the significant role of employee perception of Corporate Social Responsibility (CSR) activities in shaping organizational outcomes within the Ethiopian tannery industry. Consistent with social identity theory (Ashforth & Mael, 1989), employees derive their self-concept from group affiliations, including their workplace. Therefore, CSR initiatives can influence how employees perceive their organization's identity, impacting their sense of pride and attachment (Dutton et al., 1994).

This research confirms that positive perceptions of CSR activities enhance employee attachment. This aligns with previous studies suggesting that employees who view their organization as socially responsible report higher levels of organizational commitment and engagement (Maignan & Ferrell, 2001). Effective communication of CSR efforts is crucial, as it mediates the link between CSR activities and positive psychological outcomes among employees (Lee, Park, & Lee, 2013).

Based on the empirical review, the findings resonate with researches indicating that organizational cultures emphasizing CSR as a core value foster employee motivation and alignment with company goals (Glavas & Kelley, 2014; Jong & Meer, 2017). The findings of this study also aligns with prior research indicating that positive employee perceptions of CSR contribute to increased attachment and loyalty to the organization (Jones et al., 2016; Maignan & Ferrell, 2001). This attachment not only enhances job satisfaction but also promotes

organizational citizenship behaviors, such as proactive engagement in company initiatives beyond formal job requirements (Organ, 1988). Several studies validate the positive relationship between perceived CSR activities and employee attachment. Maignan and Ferrell (2001) and Jones, Willness, and Madey (2016) find that employees who perceive their organization as socially responsible tend to exhibit higher levels of pride and loyalty, enhancing their attachment. Hur, Moon, and Ko (2018) and Tian and Robertson (2019) further support this by illustrating how CSR perceptions can strengthen employee engagement and commitment, reinforcing the link between CSR activities and attachment. On the other hand, Scheidler, Edinger-Schons, Spanjol, and Wieseke (2019) caution that insincere CSR efforts may negatively impact employee perceptions, potentially undermining attachment if CSR activities are perceived as hypocritical. Shen and Zhang (2017) add that an inclusive CSR approach, especially when perceived as beneficial to employees, can enhance their support and attachment. Collectively, these studies underscore the importance of genuine CSR efforts aligned with organizational values to positively influence employee attachment while highlighting the risks of perceived insincerity in CSR practices.

Generally, this study builds upon and corroborates the findings of other researchers by examining how perceived fit, CSR capability, and CSR perception influence employee attachment within Ethiopian tanneries. These insights advance understanding of CSR dynamics in organizational settings and offer valuable implications for theory and practice. It underscores the significant influence of perceived cultural fit and CSR capability on employee attachment within the Ethiopian tannery industry. While the mediating role of employee perception of CSR activities was found to be non-significant when controlling for other variables, the direct effects of perceived cultural fit and CSR capability remain robust predictors of employee attachment.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

INTRODUCTION

This chapter provides an overview of the key findings from the study, drawing conclusions based on the analysis and offering recommendations for both practice and future research.

5.1 Summary of the Findings

This study investigates the impact of perceived cultural fit and CSR capability on employee attachment, mediated by employee perception of CSR activities within Ethiopian tanneries. The findings indicate that both perceived cultural fit and CSR capability significantly enhance employee perceptions of CSR activities. Specifically, when organizational culture aligns well with CSR initiatives, employees view CSR more positively. Similarly, higher perceptions of CSR capability lead to more favourable views of CSR activities among employees. Additionally, positive perceptions of CSR activities correlate positively with employee attachment, highlighting the role of CSR in fostering organizational commitment.

Among demographic variables, gender and experience in the company emerged as significant predictors of employee attachment. Being male and having longer tenure in the company were associated with higher levels of attachment. Age, educational level, and total years of experience did not significantly predict employee attachment. And while initially hypothesized as a mediator, the study found that the mediating role of employee perception of CSR activities becomes non-significant when controlling for independent and control variables, suggesting there are other influential factors in the organizational context or that the relationship between CSR perceptions and employee attachment may not always require mediation. These findings underscore the importance of aligning organizational culture with CSR practices and investing in CSR capabilities to enhance employee perceptions and organizational outcomes in the tannery industry in Ethiopia.

5.2 Conclusion

In conclusion, this study in Ethiopian tanneries illuminates significant relationships between perceived cultural fit, CSR capability, employee perception of CSR activities, and employee

attachment. Findings confirm that perceived alignment between corporate culture and CSR activities enhances employee attachment, alongside the positive influence of strong CSR capabilities. Employees' perceptions of CSR activities are shaped by these factors, contributing to their overall attachment to the organization. While employee perception of CSR activities directly impacts attachment, it does not mediate the relationship between perceived fit, CSR capability, and attachment when controlling for other variables. These insights underscore the importance of aligning organizational culture with CSR practices and demonstrating robust CSR capabilities to foster employee loyalty and commitment in developing economy contexts like Ethiopian tanneries. This study contributes to the growing body of literature on CSR and organizational behaviour, particularly within the context of emerging economies and specific industries such as the Ethiopian tannery sector. By providing insights into the factors influencing employee attachment and perceptions of CSR activities, this research informs strategic decision-making and policy interventions aimed at promoting responsible business practices and environmental sustainability.

5.3 Limitation of the Study

Limitations of the study include the time constraints imposed by data collection from the tanneries included in the study. Getting access and gathering comprehensive data from multiple tanneries within a limited timeframe posed challenges in terms of accessing relevant information and ensuring the accuracy and reliability of the collected data. Secondly, the study's focus on a specific subset of tanneries in Ethiopia may limit the generalizability of the findings to other industries or regions. Thirdly, the reliance on self-reported data from employees may introduce potential biases or inaccuracies, which should be considered when interpreting the results of the study. Furthermore, the study utilized a cross-sectional design, which captures data at a single point in time. This limits the ability to establish causality or capture changes in perceptions over time. Addressing these limitations in future research endeavors could provide a more nuanced understanding of how CSR activities impact employee attachment.

5.4 Recommendation

For Managers:

To enhance employee attachment, managers should align CSR initiatives with the organizational culture. This alignment ensures that CSR activities resonate with employees' values and beliefs,

fostering a sense of belonging and commitment. Managers should also communicate CSR efforts clearly and effectively, ensuring transparency and inclusivity in these initiatives. By doing so, employees will feel more connected and engaged with the company's CSR goals. Additionally, managers should invest in genuine CSR capabilities, demonstrating a sincere commitment to ethical, philanthropic, and environmental responsibilities. They must ensure that CSR activities are not just performative but contribute meaningfully to social and environmental causes. Engaging employees in CSR programs can further enhance their commitment and attachment to the organization. Managers should provide opportunities for employees to participate in and contribute to CSR activities, making them feel like integral parts of the company's social responsibility efforts.

For Companies:

Organizations should establish transparent CSR frameworks that clearly outline their CSR goals, strategies, and outcomes. This transparency builds trust and credibility among employees and external stakeholders. Companies must also provide continuous training and support for employees to understand and engage in CSR activities effectively. Training programs can enhance employees' knowledge and skills related to CSR, enabling them to contribute more meaningfully. By fostering a culture of continuous learning and development around CSR, companies can ensure that their CSR initiatives are sustainable and impactful. Furthermore, companies should regularly review and adapt their CSR strategies to stay relevant and responsive to evolving social and environmental challenges.

For Policymakers:

Policymakers should encourage and support businesses in adopting robust CSR practices by providing guidelines and incentives. Establishing a regulatory framework that promotes transparency and accountability in CSR activities can ensure that companies genuinely contribute to societal well-being. Policymakers can also facilitate partnerships between businesses and community organizations to enhance the impact of CSR initiatives. Additionally, policies that encourage continuous training and development in CSR can help build a knowledgeable and skilled workforce dedicated to social responsibility. By creating an enabling environment for CSR, policymakers can drive broader societal benefits and promote sustainable development.

These recommendations, when implemented, can significantly enhance the effectiveness of CSR initiatives, improve employee attachment, and contribute to the overall success and sustainability of organizations.

5.5 Future Research Areas

To address identified limitations, future studies could adopt longitudinal designs to capture changes in CSR perceptions and employee attachment over time. This approach would enable a more dynamic exploration of causal relationships and help mitigate limitations associated with cross-sectional designs. Additionally, expanding the study's scope to include diverse industries within Ethiopia and possibly other regions would enhance the generalizability of findings and provide a broader perspective on CSR's role in different organizational contexts.

Given the non-significant mediating role of employee perception of CSR activities found in this study, future research should explore alternative mediators or moderators that could influence the relationship between CSR practices and employee attachment. Investigating the role of leadership support, organizational justice, or employee engagement as potential mediators could provide deeper insights into how organizational contexts shape the impact of CSR on employee attitudes and behaviours.

Future research should also explore Employee Attachment as a mediator between Employee Perception of CSR Activities and Perceived Corporate Performance. Investigating this mediation could provide insights into how employee attachment derived from positive CSR perceptions translates into enhanced organizational performance. Additionally, examining the contextual and cultural factors that may influence this mediation in various industries and regions could further enrich our understanding of the dynamics at play.

Future research could also explore the comparative perspectives of external stakeholders (e.g., customers, investors, community members) alongside internal stakeholders (employees). Understanding how CSR activities are perceived across various stakeholder groups would enable organizations to tailor their CSR strategies more effectively, aligning with broader societal expectations and enhancing stakeholder engagement.

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Appendix

Questionnaire



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY !



RESEARCH QUESTIONNAIRE

Addis Ababa University College of Business and Economics

Department of Management

Research Title: Employee Perception of CSR Activities: Its Antecedents and Consequences

Dear Respondent,

My name is Gifti Lelisa and I am conducting this research for my Master's thesis in International Business at Addis Ababa University. The goal of this survey is to understand how employees perceive their company's Corporate Social Responsibility (CSR) activities and how these perceptions influence various factors.

The information you provide will be used solely for this research project and will be kept confidential. Your honest responses are greatly appreciated.

If you have any questions or require further information please feel free to contact me anytime with the phone numbers or email address provided below.

Phone No.: 0929-033302 / 0912-125592

Email: giftylelissa@gmail.com

Please note: There is no need to include your name in this survey.

THANK YOU in advance for participating.

Sincerely,

Gifti Lelisa

Part One – Demographic Information

1. Please indicate your gender

Male Female

2. Please indicate your age bracket.

Below 30 Years 31 to 39 years 39 to 49 years Above 50 years

3. Education Level

Below BA/BSc

BA/BSc

MA/MSc

PhD

Other (Please Specify) _____

4. What is your current position in the company? _____

5. Please indicate your total years of experience

Below 2 years 2 to 5 years 6 to 10 years 11 to 15 years

16 to 20 years Above 20 Years

6. Please indicate your experience in this company.

Below 2 years 2 to 5 years 6 to 10 years 11 to 15 years

16 to 20 years Above 20 Years

Part Two – Questions on “The Impact of Perceived Cultural Fit and CSR Capability on Employee Attachment: Mediating Role of Employees’ Perception of CSR in the Ethiopian Tannery Industry”

Instructions: -Dear respondents depending on your experience please rate and tick [√] in the appropriate box for your answers and rank each statement as follows:

5 = strongly agree (SA)

4= Agree (A)

3 = Neutral/ not sure (N)

2 = Disagree (D)

1= strongly disagree (SD)

	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I.	Perceived fit between corporate culture and CSR (Corporate Social Responsibility) activities					
1	Our company's CSR activities are congruent with our corporate culture.					
2	Our company's CSR activities are relevant to our corporate culture.					
3	Our company's CSR activities are similar to our corporate culture.					
4	Our company's CSR activities reflect our corporate culture.					
II.	Perceived CSR capability					
a)	Corporate capability to plan CSR Activities					
5	Our company actively seeks to understand the needs and concerns of stakeholders, including employees, suppliers, and the local community.					
6	Our company utilizes stakeholder feedback and information to inform our CSR strategies and initiatives.					
7	Our company considers our stakeholder's requirements.					
8	Our company serves our stakeholder's demands.					
b)	Corporate Ability to Do CSR Activities					
9	Our company has the ability to manage CSR activities.					
10	Our company has a CSR department.					
11	The CEO of our company reinforces CSR.					
12	Our company performs CSR activities.					
c)	Corporate Ability to See CSR Activity Performance					
13	Our company has a system to evaluate CSR activity performance.					
14	Our company has process to evaluate CSR activity performance.					
15	Our company reveals the evaluation results of CSR activities with an official report.					

16	Our company publishes the performance of CSR activities.					
III.	Employee perception of CSR activities					
a)	Philanthropic CSR activities					
17	Our company actively contributes to solving social and environmental issues within the local community.					
18	Our company has a strong sense of corporate social responsibility.					
19	Our company gives adequate contributions to local communities.					
20	Our company allocates some of their resources to philanthropic activities.					
21	Our company plays a role in society that goes beyond the mere generation of profits.					
22	Our company encourages its employees to participate in voluntarily activities.					
b)	Ethical CSR activities					
23	Our company emphasizes the importance of its social responsibilities to its employees.					
24	Our company organizes ethics training programs for its employees.					
25	Our employees are required to provide full and accurate information to all customers.					
26	Our company has a comprehensive code of conduct.					
27	Our company is recognized as a trustworthy company.					
c)	Environmental CSR activities					
28	Our company tries to offer environmentally friendly products.					
29	Our company has an environmentally related mission.					
30	Our company makes all-out efforts to maintain and preserve the environment.					
IV.	Employee attachment					
31	I am affectionate towards the company.					

32	I feel loved by the company.					
33	Our company have a friendly atmosphere.					
34	Our company have a peaceful work environment.					
35	I am passionate about my work.					
36	I am delighted to work for this company.					
37	I am captivated/fascinated by the company.					
38	I feel connected to the company's values.					
39	I fell bonded with the company.					