RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND EMPLOYEES' PERFORMANCE OF KENYA'S STATE CORPORATIONS: A CASE STUDY OF KENYA POWER

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ABSTRACT
Corporate social responsibility, also known as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business or corporate social performance, can be defined as the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time. This research project investigated the relationship between corporate social responsibility and employees’ performance of Kenya’s state corporations: a case study of Kenya Power dwelling on employee training and employee motivation as the independent variables. The theories for the study included the shareholder’s theory, stakeholder’s theory and the social contract theory.

In research methodology the study used a case study research design. A total of 300 in population constituted of the top level, middle level and lower level management and a sample of 90 respondents was drawn using 30% of the total population. The study employed the structured questionnaires where the researcher personally delivered them. A statistical package for social science (SPSS) was used in data analysis and the findings presented in pie-charts, graphs and frequency distribution tables where after this the findings were summarized, concluded and recommendations given by the researcher.

Key Words: Employee Training, Employee Motivation, Employee Performance
Background of the Study
According to (WBCSD) The World Business Council for Sustainable Development (2006), describes CSR as a contribution to sustainable economic development. It is said that there is no way to avoid paying serious attention to corporate social responsibility, the costs of failing are simply too high. The job of today’s leaders is to stop being defensive and start thinking systematically about corporate responsibility according to Porter (2005) who says successful executive or leaders know that CSR is inevitable and contributes to the long term success of the organization.

According to the World Business Council for Sustainable Development (WBCSD, 1999), Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life. The European Commission (2001) proposes that CSR is a voluntary and strategic adoption of management practices that go beyond legal prescription aimed at contributing significantly to sustainable development. Williams and Siegel (2001) describe corporate social responsibility as actions that appear to further some social good, beyond the interest of the firm and that which is required by law. However he further states that CSR is more than just following the law.

According to Pietersz (2011), CSR is divided into two which are external and internal CSR. External CSR is defined as the actions of company to promote the pursuit of positive impact on society and environment while internal CSR is focused within the organization, what can be done by the company to improve the well-being of their employees and their productivity as well their impact on profitability.

Organizations exercise CSR towards employees as employees are always described as the most valuable stakeholder in a company (Mishra & Suar, 2010). Employees as one of the business partners play an important role to increase company’s performance and by having good employees’ performance on work will impact the short-term and long-term result of the business.

Company employees are certainly among the most important groups of strategic supporters of a firm. It is employees who to a large extent, shape the success of an organization as well as its competitive position and image. This is because the success of firms depends on employees as their well-being determines the job performance (Bowling, 2007) and quality of products and services offered to customers (Lee et al., 2012). The greater the engagement and commitment employees have, the greater their willingness to go extra mile and deliver excellent performance. They will be also satisfied and proud to be a part of the company. CSR activities towards employees apply to all the spheres of human resources management from the moment employees start their job until they leave their firm. When organization fulfills their employees’ expectations regarding CSR, they are able to achieve better work attitudes, greater productivity and decreased turnover rate (Trevino,2004).

The Kenya Power Company Ltd and Corporate Social Responsibility

Social and environmental responsibilities are an integral part of Kenya Power Company’s overall business practice; their CSR policy guides their CSR activities. They take cognizance of the social and environmental responsibility of their business, while at the same time protecting shareholders’ interests. They support the communities and the environment in which they carry out their business materially and financially, and also have concrete and impactful programmes to support employee welfare. Their CSR programmes are sustainable and
make a difference; and they also provide their staff with the opportunity to make a contribution to the society. In line with its underlying commitment to creating and sustaining stakeholder value, the Board takes overall responsibility for continued development and implementation of appropriate social and environmental policies of the Company. During the year under review, the Company continued to dedicate its resources towards supporting several initiatives in the key areas of focus: environment, sports and education. The Company spent Shs.42 million on the various CSR programmes outlined below, environmental conservation and tree planting, rain water harvesting in schools. One Young World Global Summit, solar lamps for pupils, sports, supporting other charitable causes and staff participation in regional CSR activities, (Kenya Power annual report& financial statement 2013).

**Statement of the Problem**

Too many of the CSR programs are simply public relations campaigns that do not necessarily have anything to do with how the business is operated (Porter & Kramer, 2006). Other CSR programs involve business as usual without concern for social issues and then charitable donations made to causes deemed worthy (Jones, Comfort, & Hillier, 2006). Companies are feeling pressure from activists, customers, employees, and governments to be socially responsible, and while they understand the need to report on their CSR activities, many of their CSR efforts are not yet integrated into their core business activities (Jones, Comfort, & Hillier, 2006).

Several studies have been done on CSR in Kenya including, Management Perception of Corporate Social Responsibility (Omwenga 2013), An assessment of the impact of corporate social responsibility of the strategic intent (Gathungu & Ratemo 2013) and Effects of strategic management practices on corporate social responsibility performance, (Namusonge, Sakwa & Sasaka. 2014). Despite the several studies conducted on CSR several questions still remains, for example, there is no concrete answer if CSR activities have a relationship with employee performance hence the reason why to carry out this research.

**General Objective**

The general objective of this study was to investigate the relationship between corporate social responsibility and employee performance a case study of Kenya Power.

**Specific Objectives**

- To establish the relationship between employee training and employees’ performance at Kenya Power
- To evaluate the relationship between employee motivation and employees’ performance at Kenya power

**LITERATURE REVIEW**

This chapter covers what different scholars have written on the relationship between corporate social responsibility and the organization performance, also reviews the theories related to the study as well as the conceptual framework.

**Theoretical Framework**

**Shareholders’ Theory**

The shareholders’ theory stipulates that management has a fiduciary duty to the owners or stockholders of a corporation and thus this duty takes priority over any other responsibilities and obligates it to focus on profit maximization alone. The belief of researchers in this group stems from the traditional neoclassical paradigm of the firm (Moir, 2001), a theory which reflects Adam Smith’s notion of economic man, whose goal is to maximize the wealth of the firm, based on his contractual
duties to the owners (Brenner and Cochran, 1991). This model of the firm was further popularized by Friedman (1970), who argued that in a free economy, there is only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to engage in open and free competition, without deception or fraud.

**Stakeholders Theory**

According to Freeman (1984), the firm can be described as a series of connections of stakeholders that the managers of the firm attempt to manage. Stakeholder, according to Bruno & Nichols (1990) is a term which denotes any identifiable group or individual who can affect or be affected by organizational performance in terms of its products, policies, and work processes.

Stakeholders are typically analyzed into primary and secondary stakeholders. Clarkson (1995) defines a primary stakeholder group as one without whose continuing participation the corporation cannot survive as a going concern with the primary group including shareholders and investors, employees, customers and suppliers, together with what is defined as the public stakeholder group; the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations may be due.

The secondary groups are defined as those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival. Mitchell et al. (1997) developed a model of stakeholder identification and salience based on stakeholders possessing one or more of the attributes of power, legitimacy and urgency.

**Social Contracts Theory**

Gray et al. (1996) describe society as a series of social contracts between members of society and society itself. In the context of CSR, an alternative possibility is not that business might act in a responsible manner because it is in its commercial interest, but because it is part of how society implicitly expects business to operate.

Donaldson and Dunfee (1999) developed integrated social contracts theory as a way for managers to take decisions in an ethical context. They differentiate between macro social contracts and micro social contracts. Thus a macro social contract in the context of communities, for example, would be an expectation that business provides some support to its local community and the specific form of involvement would be the micro social contract. Hence companies who adopt a view of social contracts would describe their involvement as part of societal expectation; however, whilst this could explain the initial motivation, it might not explain the totality of their involvement.

**Conceptual Framework**

![Conceptual Framework](image)

**Independent Variables**

- Employee training
  - Training programmes
  - Training content

**Employee performance**

**Employee motivation**

- Monetary rewards
- Non-monetary rewards

**Dependent variable**

- Job quality

Figure 1: Conceptual framework
**Review of Literature in Variables**

**Employee Training**

Training is a planned and systematic effort to modify or develop knowledge, skill and attitude through learning experience to achieve effective performance (Buckley and Caple, 2009). The purpose of training is to enable an individual to acquire abilities in order to perform better in a given task and realize their potential.

Organization participation in training may be seen as both an investment and as a socially responsible activity (Steven Brammer, 2005). Hence, training and development have seen as a win-win approach for both organization and employees. From the aspects of employees, it can increase individual performance; while from the aspects of organization, this can help to increase profitability and more importantly is the employees are more committed to the organization.

Organizations can’t see the CSR policy separate from employee training and the development programs. According to Snider et al. (2003) are nowadays organizations more and more focusing on employee development in their CSR policy. Training can be seen in a CSR context (Snider et al., 2003) and some scientists even say that training is one of the most important activities of the internal CSR policy. Training is directly related to the performance of the employees in an organizations and it also can improve individual and organizational performance and assists an agency in achieving its mission and performance.

**Employee Motivation**

Latham and Pinder (2005) defines work motivation as a set of energetic forces that originate both within as well as beyond an individual’s being, to initiate work related behavior and to determine its form, direction, intensity, and duration. Thus, motivation surges employees to put their best efforts in their job. Hence, motivated employees being more satisfied are more involved in exercising CSR initiatives and promoting corporate identity.

For employees to be able to respond to company goals, they first have to be motivated and secondly committed to overcome the challenges to achieve the goal (Collier and Esteban, 2007). The key element in motivation is goal setting, without a goal it is impossible to measure the achievement. Motivation is what induces the action and answers the questions “why am I doing this?” and “what do I hope to achieve?” Employee satisfaction, commitment, and loyalty have a positive relationship with motivation (Meyer et al., 2004). The higher the satisfaction level, the higher will be employees’ motivation. Motivated employees develop a strong bonding with their organizations.

**Employee Performance**

According to Kulkarni et al. (2006–2007), Bontis & Serenko (2007) and Tseng & Fan (2011, p. 330) defines employee performance as an individual’s perception of the improvement of job quality, productivity, effectiveness, effortlessness, and so on. For improved job performance, the notion of CSR plays a positive role in influencing the attitudes and behaviors of employees (Gond et al., 2010). As employees see that their organizations are ethically and socially responsible, they will feel more satisfied to be associated with such organization.

Other studies also suggest that employees would give preference to socially responsible organizations (Trevino, Butterfield, & McCabe, 1998; Chen et al., 2010; Tziner, 2013) which may have positive effects on the turnover and job satisfaction etc (Morgeson et al., 2013; De Roeck
et al., 2014). Employees would also be able to work with full confidence. We also think that people are intrinsically tilted toward ethical and socially responsible practices; they desire to work ethically and responsibly. Therefore, when they see that their organizations’ values overlap with their personal values, they work with more enthusiasm. This way they will be able to successfully achieve their targets in an efficient and effective manner in return of CSR practices (Anantatmula, 2007; Gold et al., 2010). Previous researchers have shown that CSR related policies positively impact the prospective employees (Albinger & Freeman, 2000).

Empirical Review

Corporate Social Responsibility is part and parcel of the operations of the organization. However, its impact on the organization performance is slightly different from that of other main functions like production, finance, selling and distribution. This is due to the fact that CSR is multifunctional and hence its execution involves a simultaneous management of other functions of the organization. Therefore, the link between CSR and corporate performance can only be clear if the components of the CSR programmes in an organization are clearly identified before the relationship of the joint and several functions can be established (Gerry and Scholes, 2005).

Idowu (2008) observes that in the global arena it is increasingly being clear that CSR is slowly moving away from the margins to the business mainstream and there is hope of establishing a measurement criterion of CSR through the establishment of CSR management standards, labeling schemes, and reporting systems which would then make it easier to assess the impact of CSR on corporate performance. For instance, the current global practice where organizations disclose information on social and environmental practices in their audited financial reports is evidence that CSR reporting systems can be harnessed to form a basis upon which the overall performance of an organization can be measured.

The disclosure of the CSR activities is also used as a measurement tool of performance in the sense that the amount of funds invested in CSR activities is an indication of the level of available resources and more especially the value that the organization has ascribed to the beneficiaries of the programmes. Therefore, if it would not be possible to establish a clear relationship between CSR and corporate performance, the social and environmental responsibility of the organization is likely to remain at the level of empty mission statements and isolated add-on activities which in turn will affect the performance of the organization (Rionda, 2002).

RESEARCH METHODOLOGY

Research Design

The study utilized case study research design since it provides detailed examination of a single subject, group or phenomenon to understand the study area and make conclusions.

Population

The study population of this study constituted of the top level, middle level and lower level management which added up to 300 in total.

Sampling Frame

The sampling frame consisted of 300 employees distinguished as the top level management, middle level management and lower level management in Kenya Power.

Data Collection Instruments

The study employed the structured questionnaires as the major tool for data collection in this study.
The respondents were required to select answers from the choices given in the questions given main aim being to minimize information biasness and also to help facilitate data analysis.

**Data Collection Procedure**

The researcher personally delivered the questionnaires to the respondents and this enabled the researcher to easily accumulate the information and also give the respondents freedom to express their views and opinions.

**Data Analysis and Presentation**

Data collected was coded using predetermined coding schemes and analyzed using a statistical package for social sciences (SPSS). Quantitative data was done using descriptive statistics by calculating percentiles, frequency counts, means and standard deviations. The information was then displayed by use of pie charts, bar graphs and frequency tables.

**RESEARCH FINDINGS AND DISCUSSION**

This chapter contains the analysis of the study and discussions on the findings.

**Response Rate**

In this study a total of 90 questionnaires were distributed, a total of 73 completely filled questionnaires were returned representing a response rate of 81%. This was a high response rate and the researcher was confident that information gathered through the 73 completed questionnaires would give a representative view of the sample under study.

**Gender of the respondents**

According to the study findings 53% of the respondents were males while 47% were females. This indicated that number of male respondents was higher compared to that of females.

**Age of the respondents**

From the findings 11% of the respondents were below 25 years of age, 26% were between 25-35 years of age, 51% were between 35-45 years of age and 12% were above 45 years of age. This showed that the majority of the respondents were between 35-45 years of age.

**Education level of the respondents**

From the study 8% of the respondents were certificate holders, 23% diploma holders, 40% undergraduates and 29% were postgraduates. This indicated that majority of respondents were undergraduates.

**Years of work of the respondents**

The results showed that 23% of the respondents had worked for less than 5 years, 44% for 5-10 years and 33% over 10 years. This indicated that majority of respondents had worked between 5-10 years.

**Study Variables**

**Employee Training**

According to the research findings the respondents agreed that the company provides high quality training programmes indicated by a mean of 2.38 and standard deviation of 1.33. The respondents agreed that the training need assessment is conducted indicated by a mean of 2.41 and standard deviation of 1.23. The respondents agreed that training content provided was easy to understand indicated by a mean of 2.05 and a standard deviation of 1.17.

The results agree with those of Kinicki and Kreitner (2007) which according to them the employee could be only satisfied when they feel themselves competent to perform their jobs, which is achieved through better training programs. Training entails...
systematic intervention that improves the performance of individual employees on their job.

**Employee Motivation**
According to the research findings the respondents agreed that motivation encourages them to improve the level quality of their work by a mean of 2.37 and standard deviation of 1.35. The respondents agreed that they are provided with both monetary and non-monetary motivation by a mean of 2.42 and standard deviation of 1.27. The respondents agreed that they feel a sense of personal satisfaction when they do their work well by a mean of 1.97 and a standard deviation of 1.03.

Employee motivation is one of the most important parts of management (steers et al.; 2004). Employees who are highly motivated are likely to work hard while those who are not very motivated tend not to work very hard.

**Employee Performance**
According to the research findings the respondents agreed that they feel the sense of achievement while performing their job by a mean of 1.95 and standard deviation of 1.12. The respondents agreed that they feel responsible over their jobs by a mean of 1.78 and standard deviation of 1.00. The respondents agreed that the company conducts performance assessment exercise fairly by a mean of 1.96 and a standard deviation of 1.02.

Previous studies agree with the findings in that when employees see that their organizations’ values overlap with their personal values, they work with more enthusiasm and in this way they are able to successfully achieve their targets in an efficient and effective manner in return of CSR practices (Anantatmula,2007;Gold et al.,2010).

**SUMMARY, CONCLUSIONS AND RECOMMENDATION**

This chapter presents summary of the findings and conclusions made from the findings. Recommendations for action are then made and areas for further research identified.

**Summary of Major Findings**
The purpose of this study was to investigate the relationship between corporate social responsibility and employee performance of Kenya’s state corporations: A case study of Kenya Power. The objectives of the study were to establish the relationship between employee training and employee performance at Kenya Power and to evaluate the relationship between employee motivation and employee performance at Kenya power.

**To establish the relationship between employee training and employees’ performance at Kenya Power**

Based on the study findings on the relationship between employee training and employee performance it was indicated that the company provides high quality training programmes for employees, the respondents agreed that the company conducts a training need assessment for its employees and that the training content provided by the company is easy to understand.

**To evaluate the relationship between employee motivation and employees’ performance at Kenya power**

According to the research findings on the relationship between employee motivation and employee performance it was found that motivation encourages employees to improve the level quality of their work, the respondents agreed that they are provided with both monetary and non-monetary motivation and that they feel a sense of personal satisfaction when they do their work well.
Conclusions

Training consisting of high training programmes and training contents easy to understand helps employees perform their jobs in the manner that the organization expects on them and they are more engaged to their jobs thus improving their performances for organizational growth and success and more so is considered as that sort of investment by the firm that not only bring high return on investment but also supports to achieve competitive advantage.

Motivation both using monetary rewards and non-monetary rewards enables to increase employee morale in their work and encourages them to perform their job with greater responsibility and higher productivity because the basis of excellent human resource management that represent the complete and logical approach ensuring performance are a result from the efforts put towards motivation in the organization.

Recommendations

The study recommends that more training should be given to the employees in order to improve on their knowledge, skills and attitude to effectively and efficiently perform well in their entrusted work. Employees in the organization will always remain the most valuable assets and therefore training will always be essential to them not only to increase productivity but also to motivate and inspire them by letting them know how important their jobs are and giving them all the information they need to perform those jobs in the organization as desired.

Monetary rewards and non-monetary rewards should always be put in place in order to fully satisfy different employees on their different needs therefore feeling as the part and parcel of the organization. Introducing company-wide motivation by multiple strategies to reach each individual employee will be very crucial with the fact that everyone is unique, with unique values and ideas; this will be a necessary factor contributing to overall employee satisfaction which will lead to excellent performance in the organization.

Areas for further research

The study was limited to state corporations in Kenya, the researcher suggests a similar study to be done on other sectors in the country especially the private sectors to find out whether the same findings will be obtained.
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