



**ROLE OF INTERNAL CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES ON EMPLOYEES' COMMITMENT IN FIRMS LISTED IN THE NAIROBI STOCK EXCHANGE**

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**ABSTRACT**

*This research endeavors to find out the role of Internal Corporate Social responsibility activities on employees' commitment in firms listed in the Nairobi stock exchange. CSR is expected to play a significant role in accomplishing the effectiveness of business, the betterment of society and the preservation of the environment. Academics have already identified a few outcomes regarding internal CSRs' impact on employees' attitudes and behaviors, however, studies explaining the underlying mechanisms that drive employees' favourable responses to CSR remain largely unexplored. The general objective of this study was to find out the role of Internal Corporate Social responsibility activities on employee commitment in firms listed in the Nairobi stock exchange. In conducting the study the approach used was descriptive survey. The researcher used questionnaires, document analysis and interviews to collect data which was analyzed using correlation analysis, descriptive analysis, multiple regression, a nova test and T-test. The target population was 53,203 employees and the research used simple random sampling to sample 381 employees. The research used Institutional theory, Resource-based theory and Social identity Theory. The research is useful to companies, surrounding communities, employees, Government and other researchers in the field of human resource management.*

**Key Words:** Internal CSR, Employee Commitment, Worksite Wellness, Work Life Balance, Workplace Diversity

## INTRODUCTION

Over the years this concept of Corporate Social Responsibility (CSR) has gained unprecedented momentum in business and public debate and has become a strategic issue crisscrossing the departmental boundaries and affecting the way in which a company does business. It has become so important that many organizations have rebranded their core values to include social responsibility. Almost all corporate websites, policies and reports talk about their endeavors' for CSR which has become a way of ensuring that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. These activities of CSR ranging from small donations to bigger projects for social welfare practices differ from organization to organization depending on the resources available to an organization for undertaking sustainable practices (Suparn et al, 2009)

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 as their impact on profitability (Santoso, 2014). It is expressed on concern for the health and well-being of employees, their training and participation in the business, equality of opportunities and work-family relationship (Vives, 2006). Internal CSR concerns with employees and usually referred to those activities that directly work with physical and psychological work conditions in which employees find themselves in the organizations (Turker, 2009), specifically, the social activities and practices adopted by top managers such as improving work conditions and environment, supporting human relations in the workplace, providing social welfare and health benefits programs, security and professional safety in order to increase their satisfaction and loyalty among employees (Al-hasani, 2003). Amann and Stachowicz- Stanvsch (2013) add some actions

which company can do as internal CSR such as, development of worker skills, equitable wage and reward system, and open as well as flexible communication system. It is believed that internal CSR gives concrete outcome benefits for company in employee retention as well as commitment. Papasolomon et al (2005) made a study with regard to CSR which involved a total of 4000 employers' federation in Cyprus in which they argued that the criteria of CSR for employees include: to provide a work environment which is staff and family friendly, engage in responsible human resource management, provide an equitable reward and wage system for employees, engage in open and flexible communication with employees, invest in training and education, encourage freedom of speech and allow employees the rights to speak up and report their concerns at work, provide child care support/paternity/maternity leave, engage in employment diversity by hiring and promoting women, ethnic minorities and physically handicapped, and promote dignified and fair treatment of all employees. Lindgreen et al (2009), selected seven items as indicators for CSR practices related to employees that is support for employees who wish to pursue further education, procedures that help to ensure the health and safety of employees, fair and respectful treatment of employees regardless of gender or ethnic background, help for employees to balance their private and professional lives, incorporate the interests of employees in business decisions, provide employees with salaries that commensurate with their work and fairly reward them for excellent work. Turker (2009), suggested eight dimensions of the corporate internal social responsibility related to employees including quality of staff, wellbeing and safety, improved hiring standard, equal opportunity, fair managerial decisions, needs and desires, organization policies encouraging skills development, support received by employees in furthering their learning. Vives

(2006), argued that corporate social responsibility essentially involves well-being and welfare of employees, training and participation in the decision making process, equal opportunity, good business relations and some practices of corporate governance.

Welford (2005) argued that corporate internal social responsibility practices involve indiscriminate, equal opportunity, fair wages, professional education, human relations and human rights. Kok, Vander, Mickenna, and Brown (2001), studied such internal social responsibility practices as moral awareness, variety, work conditions, organizational structure, management style, education and training. Recent research on the subject of motivation showed that one of the incentives used to motivate employees is internal CSR activities undertaken by companies (Skudienė & Auruskeviciene, 2010). Some studies by Heflin and Ochoa, (2008); Aguilera et al (2007) have shown that internal CSR positively impacts employees' turnover, recruitment, satisfaction, retention, loyalty and commitment and therefore employers may be able to use the firm's internal CSR profile as a device to enhance employee motivation. According to Longo et al (2005), employee-related CSR practices are classified into four groups, named "value classes" which create the value for the company's stakeholders and thus, satisfy their various expectations. Employee "value classes" relate to development of workers' skills, social equity, health and safety at work, well-being and satisfaction of the workers and quality of work (Skudienė & Vilte Auruskeviciena, 2012). According to Aguilera et al (2007) socially responsible organizations are usually perceived as fair organizations. As a consequence employees are more likely to trust their company, feel the support, perceive high quality exchange relationships with the company and its management, feel proud and affiliated, and thus, believe in a similar way which is beneficial for the company.

Employee commitment is regarded as a psychological state characterizing an employee's relationship with the organization that has implications for the employees' decision to remain or leave the organization (Tzai-chenget al, 2007). Duygu, (2011) defines it as the psychological identification that an individual feels towards his or her employing organization while Meyer and Allen (1997), argued that commitment reflects an employee's relations with an organization and has implications for the decision of maintaining membership.

Corporate Social Responsibility (CSR) is a global concept and a prominent feature of the international business agenda (Moon, 2007) and its meaning, orientation; relevance and applicability vary across different country contexts (Matten, Moon, 2008). Birch and Moon, (2004) noted that CSR performance varies greatly between countries with a wide range of CSR issues being tackled such as education, environment and employee welfare. Companies across the world exhibit a variety of CSR principles, policies and practices (Baughn, 2007; Kusku & Fraser, 2004) with different levels of intensity (Welford, 2005; Maignan, Ralston, 2002).

In Kenya, a survey by Muthuri and Victoria, (2011) indicated that the integration of corporate social responsibility principles into core business practices ranged from very centralized to very decentralized in most companies. They found out that corporate social responsibility as a concept is given less attention by companies operating solely within Kenya than those with headquarters in other countries. This may be reflective of the developing country context where the concept is still new to the business agenda. Their findings indicated that most of the community initiatives such as employee voluntary were one-off events rather than long-term partnership projects strongly linked to the core competencies of the company.

Kenyan companies are relatively small when compared with the international standards and

their participation in social activities may not be pegged on their financial capability rather, their willingness and desire for strategic positioning within the society for future economic advantages and as a face saving exercise (Okoth & Cyril, 2009).The companies display different understanding and levels of commitment to CSR as demonstrated by the issues they prioritize, the range of CSR processes they employ (Muthuri &Victoria, 2010) and philanthropic responsibilities feature highly on the CSR agenda.

### **Statement of the Problem**

Businesses have recognized that their future profitability and license to operate depend on their willingness to assume responsibility for social and environmental consequences of their global footprint. But as civil society's awareness of the need for CSR increases, and as regulators, and auditors, place increasing pressures on companies and as institutional shareholders become more pressing in their demands for adequate risk management, companies must ensure they put in place social reporting and key performance indicators that will convince the world that they are fulfilling their responsibilities to society. Companies will fail to convince stakeholders of which one is the employee, that they are serious about CSR unless they can demonstrate that their policies consistently achieve the desired social, environmental and ethical outcomes. It is the employee who is responsible for implementing ethical corporate behavior and hence their loyalty and commitment is imperative for CSR to succeed. Esteban et al, (2010), postulate that CSR is complex and multifaceted and hence will be influenced by both the corporate contextual factors like organizational identification and by employee perceptions, hence employee commitment. The way employees respond to CSR programmes is dependent on first, how they relate to the organization that is, how they derive their own

identity from being members of that organization and the degree they can commit to the organization's goals and values. Secondly, their responses to CSR programs depend on their views or perception of justice and fairness. Thirdly, they view CSR depending on how the top management champion CSR activities. Employees can feel proud to belong to and work for a company that is acknowledged for its positive contribution to society (Turban, 1997). Socially responsible firms tend to gain positive public reputation and employees would rather work for a good citizen that contributes to the welfare of society than for a poor citizen that cares only about itself (Fombrun, 1990). However, to date remarkably little research attention has been devoted to the influence of CSR activities on employees' work attitudes (Brammer, 2007; Peterson, 2004) and it is an area that is under researched, under discussed (Tzai Zang, 2007) and remains unclear (Hae Ryong, Moon, 2010).In addition research on the relationship between CSR and employee commitment has been carried out in developed economies (De Roeck et al; 2014) though CSR is more important in developing countries. Hence this study will answer the call of researchers such as Campbell (2006) who pointed out that there is an imperative need for conducting researchers in developing countries such as Kenya on the relationship between CSR activities and employees' attitude and behavior. Therefore the study found out the role of internal and external CSR on employee commitment in firms listed in the Nairobi Stock Exchange in order to contribute to our knowledge of employee commitment resulting from CSR.

### **Study Objective**

The general objective of this study was to find out the role of Internal corporate social responsibility activities on employees' commitment to firms listed in the Nairobi stock exchange. The specific objectives were:-

- To find out if internal corporate social responsibility activities affect employees' commitment in firms listed in the Nairobi stock exchange,
- To establish if the relationship between internal corporate social responsibility activities and employee commitment is mediated by organizational identification in firms listed in the Nairobi Stock exchange,
- To establish the moderating effect of organizational justice on the relationship between internal corporate social responsibility activities and employees' commitment in firms listed in the Nairobi Stock exchange.

### Study Hypotheses

The study seek to test the following hypothesis.

**Hyp<sub>1</sub>:** Internal corporate social responsibility activities affect employees' commitment in firms listed in the Nairobi stock exchange.

**Hyp<sub>2</sub>:** The strength of the relationship between internal corporate social responsibility activities and employee commitment is mediated by organizational identification in firms listed in the Nairobi Stock exchange.

**Hyp<sub>3</sub>:** The strength of the relationship between internal corporate social responsibility activities and employees' commitment is moderated by organizational justice in firms listed in the Nairobi Stock exchange.

## LITERATURE REVIEW

### Theoretical Framework

#### Social Identity Theory

The social identity theory suggests that individuals derive their self-concept in part from their membership in certain social groups (Backhaus & Helner, 2002).The success and reputation of our group contribute to our self-concept (Tajfel, 1982). The employees enjoy the benefits of their employer's positive reputation but also suffer detrimental effects of their firm's negative

reputation (Dulton & Harquil, 1994). According to the theory, employees' obtain a positive sense of identity when associated with firms that have positive reputation from investing in CSR and organization that has negative CSR reputation may have detrimental impact on an individual's self-concept (Peterson, 2004).The theory suggests that firms which invest in CSR may be more attractive as employers because employees' expect enhanced self-concept through associations with such firms (Albinger & Freeman, 2000;Greening & Turban, 2000; Peterson, 2000). A core tenet of social identity theory is that people seek to improve their social identity by moving to higher status groups when group boundaries are permeable. People are willing to stay loyal to their group as long as it can provide them with a positive social identity (Baumann, Skitka, 2012). When this is not the case and people are offered the possibility of changing group membership, they are tempted to do so (Doosje & Ellemens, Spears, 1999). Organizational prestige is associated with increased attractiveness of organizations during recruitment (Turban, Cable, 2003) and decreased turnover and turnover intentions (Herrbach, et al, 2004). More recently, an emerging stream of research based on Social Identity Theory (SIT) started to investigate employees' reactions to CSR initiatives and suggested a positive correlation between perceived CSR and employees' attitudes such as organizational commitment (Brammer, 2007; Peterson, 2004; Duygu, 2009).Therefore CSR activities that are highly visible to external stakeholders should be particularly effective at increasing prestige and enhancing employees' social identity. A wide range of corporate activities including philanthropy programs, production of high quality and innovative products and providing jobs for a large number of people in an area may project a positive image of the firm, enhance the firms' reputation and increase positive distinctiveness. When the community views a company in a positive light, employees' are likely

to feel a sense of pride and be more likely to remain with the company (Dutton, 1994). According to the theory, if an employee starts to be proud of being a member of socially responsible organization his/her work attitudes can be influenced positively (Peterson, 2004; Duygu, 2005) and may contribute positively to the attraction, retention and motivation of employees because they are likely to identify strongly with positive organizational values (Peterson, 2004). Dutton and Dukerich (1991) found that image perceptions influence employees who use organizational images to evaluate outsiders perceptions of both the organization and themselves. Corporate image as conveyed by CSR can directly contribute to employees' sense of self-esteem (Riordan, 1997) and may respond to the organizational success as a matter of their own personal success and compare their organization with others. If employees perceive their organization as being a socially responsible member of society, the sense of belonging to this favourable reputable organization can enhance their self-concept (Brammer, 2005; Albinger, 2000; Greening, 2000; Peterson, 2004).

The reviewed studies indicate that social identity theory and its underlying self-enhancement process is a good framework for explaining CSR's impact on employees' attitudes (Brammer, 2007; Peterson, 2004; Duygu, 2009). Specifically these studies argue that CSR initiatives can reflect a positive organizational image that enhances employees' pride and willingness to be associated with such a reputable organization (Peterson, 2004; Duygu, 2009). Individuals want their work to not only meet their own needs, but also the needs of the community and society at large (Benveniste, 2000) and organizational membership can become an important dimension of an individual's identity as employees respond to organizational achievements as reflective of their own personal achievements (Duygu, 2009). Social identity theory explains why actual employees care about CSR initiatives

developed by companies. CSR activities reveal an organizations character and is not only fundamental and relatively enduring but more distinctive than other corporate activities (Sen & Bhattacharya, 2001). In this study, the researcher established how internal CSR activities enhanced organizational identity of employees' hence their commitment to companies listed in the Nairobi Stock Exchange.

### **Resource Based Theory of the Firm**

A theoretical perspective which seems to be helpful in analyzing the contribution of corporate social responsibility to organizational commitment of employees is the Resource-based view of the firm (Dooreward, 2000). The Resource based view of the firm grew out of Edith Penrose's (1959) book *The theory of the growth of the firm*. She recognized that firms had resources or capabilities that were unique to them, depending on, among other things the origins of the firm and the paths firms had taken in their growth (Falkenberg, 2012). The Resource based perspective suggest that firms generate sustainable competitive advantage by effectively controlling and manipulating their resources and or capabilities that are valuable, rare, cannot be perfectly imitated and for which no perfect substitute is available. Human resource activities including that which improve employee attitudes on workplace quality are seen as fulfilling these four characteristics (Ballou, 2003, Fulmer 2003, Wright, 2001). A resource is valuable if it enables the firm to respond to environmental threats and opportunities, to exploit opportunities and neutralize threats. A rare resource is one that is controlled by only a small number of competing firms while inimitability is when a resource is not able to be obtained or developed by firms not possessing it. The firms' policies and procedures should be organized to support the exploitation of its valuable, rare and costly to imitate resources. When a resource or capability is valuable, rare and non-imitable it leads to a firm's strategic advantage,

if it is organizable, then strategic advantage can be sustainable (Barley, 1991). Resource based theory suggest that sustained competitive advantage is based on the attraction, accumulation and retention of resources that are difficult to substitute and hard to imitate (Hart 1995, Prahalad; 1990) and the retention of workers is seen as central to the maintenance of a firm' specific advantages (Lado, 1994; Pfeffer, 1994). Roberts and Dowling (2002) believe that CSR activities can lead to high quality intangible assets such as reputation, which can be linked to sustained superior performance in line with the resource based view (Barney, 1991). In effect CSR can have positive effects on employees' motivation and morale as well as on their commitment and loyalty to the firm (Branco, 2006). Socially responsible employment practices such as fair wages, clean and safe working environment, training opportunities, health and education benefits for workers and their families, provision of childcare facilities, flexible work hours and job sharing can bring direct benefits to a firm by increased morale and productivity while reducing absenteeism and staff turnover thus saving for recruitment and training of new employees (Branco, 2006). CSR activities that result in developing a good reputation for a firm are often hard to imitate. Reputation is an accepted and valued intangible asset (Vilanova, 2009). For reputation to be hard to imitate implies that it is not based on a single CSR activity but a program of activities often based in the values of the firm. Firms that have a good reputation for their CSR activities have leveraged that resource and thus can expect to achieve sustainable competitive advantage. Firms need to recognize that the inimitability as well as the leveraging of CSR activities needed for leading sustainable competitive advantage may be related to reputations built on a program of CSR activities (Falkenberg, 2012). From a Resource based theory, corporate social responsibility is seen as providing

internal or external benefits or both. Investments in socially responsible activities may have internal benefits by helping a firm to develop new resources and capabilities which are related namely to know how and corporate culture (Branco, 2006). In effect, investing in social responsible activities and disclosure has important consequences on the creation or depletion of fundamental intangible resources namely those associated with employees. Firms with good social responsibility reputation may improve relations with external actors and attract better employees or increase current employee's motivation, morale, commitment and loyalty to the firm. Firms need to evaluate their CSR activities to find out if they add value (Porter, 2006) if they do not, they can lead to strategic disadvantage because the resource used can be better placed elsewhere. The essential test that should guide CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value that is a meaningful benefit for society that is also valuable to the business (Porter, 2006). Firms must evaluate their CSR activities in terms of the value these activities create, both for the firm and the society. If no value is created, then CSR activities will not lead to higher performance but can lead to lower performance. This research applied the Resource based theory to establish the mediating effect of organizational identification on the role of internal corporate social responsibility activities on employees' commitment to firms listed in the Nairobi stock exchange.

### **Institutional Theory**

The Institutional theory has been useful theoretical lens for understanding the effects of the institutional environment on corporate social responsibility behaviors of firms (Aguilera 2003, Campbell, 2007). It advocates posit that organizations are influenced by institutional settings in which they operate and as such economic explanations such as financial performance and



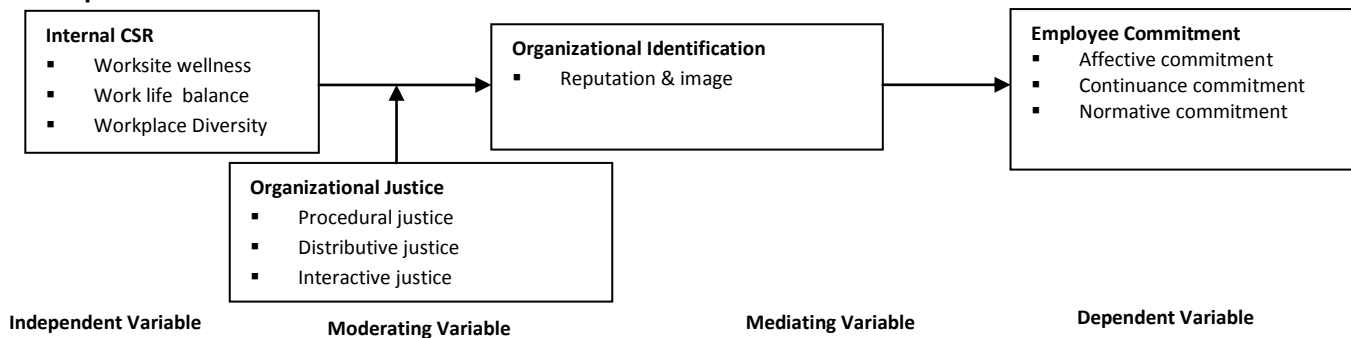
competition are insufficient to fully account for organizations corporate social responsibility behaviors (Doh, 2006; Marquis, 2007). Scotts (2006) identified three elements of institutions, regulatory, normative and cognitive to illustrate how institutions define the nature and extent of corporate behaviours. Regulative (legal) elements include rules, sanctions and regulations which tend to codify socially accepted corporate behavior (Muthuri & Victoria, 2011). The state establishes hard regulations which act as a coercive mechanism for CSR uptake whilst industries establish soft regulation to which their members voluntarily adhere (Campbell, 2007; Marquis, 2007). Governments of developing countries have been accused of refusal to enforce standards and regulations or easing business regulations relating to CSR as an inducement for foreign investment (Campbell, 2007; Moon & Vogel, 2008). Therefore, different regulatory systems can produce different forms of CSR and it requires the active vigilance of all societal actors to ensure the effectiveness of the regulatory institutions (Moon & Vogel, 2008). Cognitive frameworks encompass shared beliefs about what constitutes responsible corporate behavior. Managers interpret these cognitive schemes and create common definitions of socially responsible behavior (Muthuri & Victoria, 2011). Corporations that conform to established cognitive frameworks exhibit behaviours that are culturally acceptable in the institutional environments in which they operate (Kostova & Zahear, 1999). Marquis (2007) suggested that corporations would identify and support arts as a social issue if the community identifies with and values cultural artifacts. Normative (social) elements set the standards for and encourage conformity to that which is deemed to be acceptable corporate behavior (Campbell, 2006). Normative elements are the values and social norms that define what is the right thing to do, (Marquis, 2007). Normative values are set by a variety of social factors including the

media, institutional investors, NGOs, educational and professional associations and social movement organizations (Muthuri & Victoria, 2011). These factors validate CSR based on existing normative frameworks, exert pressure on corporations to confirm to social norms, encourage and influence the adoption of certain structures, practices or procedures deemed socially responsible (Campbell, 2007; Matten & Moon, 2008). Companies become responsive to the stakeholders needs and in return the stakeholders confer both social-political and cognitive legitimacy to corporations that adhere to societal norms (Muthuri & Victoria, 2011). The growing literature linking CSR and institutional theory focuses mainly in two areas: Macro-institutional pressures that influence firms to engage in CSR and evidence of institutionalization (Bondy, 2012). Different societal actors in the profit, non-profit and public sectors encounter define and influence the institutional norms, values and regulation in the institutional environments they operate and only when these actors accept a shared definition of socially responsible behavior can we say that institutionalization has occurred (DiMaggio & Powell, 1983). Institutions provide the logistics of appropriateness and instrumentality for implementation and evaluation of CSR (Sethi, 1979). Institutional determinants for socially responsible corporate behavior include: public and private regulation, the presence of NGO's and other independent organizations that monitor behavior, associative behaviour amongst corporations themselves and organized dialogues amongst corporations themselves and their stakeholders (Campbell, 2007; Matten & Moon, 2008). These institutions determinants affect the uptake and practice of CSR and promote or hinder CSR agendas (Muthuri & Victoria, 2011). Studies focusing on macro-institutional pressures tend to investigate broad societal pressures on corporate engagement in CSR and use these to demonstrate how CSR varies in particular contexts. They illustrate the

influence of such things as high-impact industries (Jackson & Apostolakou, 2010), health of the economy (Campbell, 2007) or features of particular stakeholders such as communities (Marquis, 2007), activist groups (Denhond & Debakker, 2007) and governments (Gond, 2011) on corporate engagement with CSR activities. Business is not considered to be an active participant in creating these pressures (Tempel & Walgenbach, 2007) which receive and then respond to pressures for particular CSR activities coming from outside the organization. Those making exceptions to these theorize that in the absence of strong external pressures, managers will either adopt certain CSR-like activities to enhance the firms' reputation or

ignore it altogether (Campbell, 2007).;/While mainstream CSR literature recognizes the value-based approach where business engages in CSR based on the values of particular employees' (Maignan & Ralston, 2002; Windsor, 2006; Aguilera, 2007) it is under-represented in the literature linking CSR and institutional theory. The existing CSR and institutional theory literature suggests that CSR is done either by passive firms pressured by stakeholders or because it improves profitability. Therefore, the researcher established whether CSR has been institutionalized in firms listed in the Nairobi stock exchange hence commitment of their employees.

### Conceptual Framework



**Figure 1: Conceptual Framework**

#### Internal CSR

This study focused on three (3) dimensions of internal CSR specifically Social welfare and health benefits, work life balance and workplace diversity. The selection of these dimensions was based on previous academic researches which omitted a specific number of internal CSR dimensions, for example, some used six dimension (Castka et al, 2004) four dimensions (Longo et al; 2005) and even two dimensions (Brammer et al; 2007).

#### Work life balance

Work life balance is the general term used to describe organization initiatives aimed at enhancing

employee experience of work and non –work domains (O’Connell & Russell, 2005). Cascio (2000) defines work-life balance programs as any employer sponsored benefits or working conditions that help employees balance work and non- work demands. Work life balance arrangements and practices refer to initiatives voluntarily introduced by firms which facilitate the reconciliation of employees work and personal lives. Such initiatives include, flexible working arrangement, teleworking, work life balance support such as employee counseling, employee assistance programs, time management, training, stress management training, and child care facilities. Essentially, work life balance initiatives are

offered by organizations to assist staff to manage the demands of work and personal life (Grady et al; 2008). Holmes et al (2005) argue that the current highly competitive labor market, where the attraction and retention of highly valued employees is difficult, calls for greater awareness of employee work life balance concerns.

### **Workplace Diversity**

Diversity is about recognizing the value of individual differences and integrating these into the workplace. Diversity can include gender, language, ethnicity, cultural background, age, sexual orientation, religious belief and family responsibilities (Cheruiyot & Maru, 2012). Rutherford and Ollereanshaw (2002) argue that equality and diversity are becoming increasingly important in the global business environment, particularly for attracting talent globally through business outsourcing; this is attained through encouraging creativity and improving service delivery. Previous empirical cross sectional research in Ireland indicated that the presence of a formal equality policy in the workplace was strongly associated with higher levels of job satisfaction and organizational commitment even when all other relevant variables were taken into account (O'Connell & Russell, 2005). The greater the degree to which employees perceive that their firm is providing them with a working environment where social benefits and a sense of fairness are important values; the more motivated they will be to reward their firm with discretionary effort (Lambert, 2000). Employees' equity is ensuring that everyone is treated in a fair manner according to the individual needs and circumstances in the work place and includes the concept of equal employment opportunities (Lambert, 2000). Equity is about creating work environment where employees are recruited, promoted and treated on the basis of their individual skills and abilities. In organizations today considerable emphasis is placed on

facilitating diversity and encouraging equality assuming that if properly embraced, diversity and equality management can lead to empowered job satisfaction (Erhardt, 2003).

### **Worksite wellness**

Worksite wellness refers to various initiatives implemented in a workplace environment to produce a healthier workforce. By systematically addressing the issues surrounding employee wellness, an organization can realize long term benefits to the real health of individual workers and to its own economic health (Shillingford & Mackin, 1991). Corporate and worksite wellness programs can be described as employer sponsored services designed to promote or maintain the good health of employees. Corporate and worksite wellness programs focus on promoting healthy behaviors' and correcting employees' poor health in ways that also enhance the operation and productivity of the organization. Worksite wellness programs can include a broad spectrum of activities from smoking cessation to physical fitness Centre (Society for Human Resource management, 2008). Wellness programs have been introduced to worksites worldwide to try and improve the health and wellbeing of employees. Although the overarching purpose of worksite wellness programs is to provide a positive return on investment by reducing absenteeism and lowering health insurance premiums, the altruistic benefit has been the creation of a healthier workforce which translates into a healthier population (Ngeno et al, 2014)

Worksite Wellness programs have the great importance in corporate world to attract and retain the valuable employees and to build a strong image of the organization in the society. Wellness programs encourage self-directed lifestyle changes. Early wellness programs were aimed primarily at reducing the cost and risk of disease. Newer programs add to it and emphasize healthy lifestyles and environment including reducing cholesterol and

heart disease risks and individualized exercise programs and follow-up. Employer sponsored support groups have been established for individuals dealing with health issues such as weight loss, nutrition or smoking cessation (Syed et al, 2013). Wellness programs are designed to maintain or improve employee health for sustainable productivity and efficiency. Employers desire to improve productivity, decrease absence and manage health care cost have come together in the wellness movement (Chapman, 2003).

Unhealthy behaviors' and modifiable health risks are very common in all working populations and are generating more costs as the population ages. Poor health and well-being at work leads to increased absenteeism and can have adverse effects on individual, organizational, economic and societal consequences. Workplace wellness programs generally include any health promotion intervention, policy or activity in the workplace designed to improve health outcomes of workers such as educational endeavors', health coaching, health screenings, health related fairs, onsite fitness facilities and or healthy food options (Boorman, 2009). Wellness programs range from smoking cessation activities, prevention and management of HIV/AIDS and related illness, provision of health improvement exercise and activities within the workplace. Wellness programs are designed to support employees in understanding their health risks and adopting healthy behaviors' to decrease these risks. These programs can include health risk management (screening for elevated cardiovascular disease risk factors such as elevated cholesterol and blood pressure), behavioral health like smoking cessation, substance abuse and psychological counseling and primary care promotion and lifestyle management especially on weight loss, fitness and nutrition (Ngeno et al; 2014). Allender et al (2011) found that workplace health leads to job motivators and satisfaction despite providing health benefits to the employees. Promoting health within the

workplace is an investment in human capital and fiscal health that positively impacts employee productivity. In addition to increasing productivity, this investment in employee well-being pays off by helping businesses to attract and retain valuable employees (Syed et al; 2013). This research hypothesis that:

*Hyp 1:* Internal corporate social responsibility activities affect employees' commitment in firms listed in the Nairobi stock exchange.

### **CSR and Organizational Identification: Corporate Reputation and Image**

Organizational identification can be defined as the degree to which organizational members perceive that an organization shares their defining attributes (Ashforth & Mael, 1989; Pratt, 1998). A survey even suggested that MBA's were willing to forgo financial benefits in order to work for a corporation with a good reputation for CSR (Montgomery & Ramus, 2003). CSR can therefore, be seen as a useful marketing tool for attracting the most qualified employees and is an important component of corporate reputation (Fombrun & Sharley, 1990). According to Collier and Esteban (2007) employees can evaluate attractiveness of the company's identity and form identification in two ways: (a) Self-evaluation in which employees' identify themselves with a company if they perceive that its attributes are attractive and (b) Reflected evaluation in which employees' believe that outsiders have a positive perception of their company, therefore they are able to feel proud in their affiliation with their company and in turn intensify their identification with the company. Many companies have realized that in order to stay competitive they must manage the identification their employees' have with the company (Cardador & Pratt, 2006). Researchers have found that the degree to which employees' identify with a company is based on others admiration of the company (Bartels, 2007; Larson, 2008). Corporate

identity entails a reputation more so when companies develop their identity and communicate it to employees' these companies acquire a good reputation (Dowling, 2004). Organizational membership is an important dimension of an individual's identity (Duygu, 2009) and according to social identity theory; employees obtain a positive sense of identity when associated with a firm that invests in CSR. According to Social identification theory, social identification corresponds to the psychological process through which individuals classify themselves into various social groups of reference (nation, organization, political or religious affiliations) in order to reinforce their self-esteem and overall self-concept (Hogg & Terry, 2001). Corporate social responsibility affects organizational identification because it can influence the amount of value similarity or dissimilarity people perceive between themselves and the organization. Activities that demonstrate commitment to specific values such as philanthropy, support for particular causes, environmental stewardship and efforts to promote diversity within the company are likely to have the greatest impact on employees' who share those values (Baumann & Skitka, 2012). Employees who feel that they truly belong to an organization internalize responsibility for its success and are willing to work hard to achieve the organization's goals. Therefore CSR that satisfies belonging needs should be positively associated with performance and organizational citizenship behavior (Podsakoff & Mackenzie, 2006). Stawiski et al (2010) proposed that in order to yield maximum benefits of CSR, employees should be involved in decision making regarding which actions should be undertaken relating to environment, community, employees themselves and the likewise. The more employees are influenced by CSR actions, the higher will be their commitment and consequently it will enhance their productivity. Moreover, CSR itself is having positive effects on organizational performance by building positive reputation of the corporations

with other stakeholders including customers, investors, suppliers, government, which results in favourable decisions by these stakeholders in respect of corporation. Carmeli et al (2007) demonstrate that perception of CSR positively influence organizational identification which in turn impacts job performance. Rodrigo and Arenas (2008), Jones (2010), Roeck and Delobbe (2012) and Clavas and Godwin (2012) suggest that CSR has a positive influence on organizational identification. The study of corporate identity has attracted increasing interest from scholars and practitioners due to its potential strategic value for companies (Melawan, 2006). In addition CSR initiatives enhance the employees' commitment to the organization (Brammer, 2007; Peterson, 2004) and their identification with the company (Collier & Esteban, 2007; Rodrigo & Arenas, 2008). Although a few quantitative studies have begun to demonstrate that the CSR initiatives of a firm also generate employee-company identification (Berger, 2006) little is known about the role of CSR initiatives on employee company identification. Moreover, with a few exceptions (Bhattacharya, 2008) the relationship between employee-company identification and commitment to the firm has not been emphasized in a CSR context. Recent studies have shown evidence of positive relationships between corporate involvement in social causes and reputation and company image (Hess et al; 2002, Sen & Bhattacharya, 2001). In addition, many companies show an eagerness to display their CSR policies and initiatives with a view to enhance their corporate image (Maignan & Ralston, 2002). In addition, many companies readily perceive the accruing benefits of being seen as socially responsible and attach importance to reporting their CSR activities even using different media channels to communicate their activities to stakeholders (Sweeney & Coughlan, 2008). Organizational image promotes the identification of employees with their organization

(Smidts et al; 2001) as an employee is likely to develop a strong bonding to his/her organization that holds a favorable prestige (reputation). Since social identity theory indicates that employees will be proud to identify with organization with a positive reputation (Maignan & Ferell, 2001), a positive relationship between organizational identification and CSR may therefore be posited. A powerful tool like CSR not only enhances the brand image and reputation of the business but also leads to improvement in sales and customer loyalty and increased ability to attract and retain employees' (Suparn et al; 2009). Hence the research hypothesizes that:

**Hyp<sub>2</sub>:** The strength of the relationship between internal corporate social responsibility activities and employee commitment is mediated by organizational identification in firms listed in the Nairobi Stock exchange.

### **Organizational justice**

Perceptions of organizational policies and practices have been found to influence employees such as perceived organizational support and organizational justice (Colquitt, 2001). Rupp Canapathi, Aguilera and Williams (2006) posit that the traditional focus of organizational justice be expanded to include individual's perception of how others are treated. If organizational justice leads to perceptions of fairness, then how others are treated also signals to an employee the fairness of organizational policies and practices (Baumen et al; 2012). Eisenberger et al (2001) found that when organizations supported employees, they felt obligation to reciprocate, thus increased affective commitment. The construct of organizational justice is generally said to contain three components: distributive justice, procedural justice and interactional justice (Colquitt, Woe, & Jackson, 2002).

Distributive justice relates to the feeling that decisions are just and proper and is based on the

assumption that the method of exchange is grounded in the perceived fairness of the rewards people receive in exchange for their efforts. Thus, in the organizational framework, distributive justice refers to the perceived fairness of resource allocation in respect to the balance between employees' contributions and rewards (Lee, 2001), a perception derived from a comparison of the distribution of resources to comparable others and to oneself (Cropanzano, et al; 2001). On the other hand, Procedural justice relates to the perceived fairness of the procedures through which decisions are needed and the employees' feelings about the process of organizational decision making (Cropanzano et al; 2001). Interactional justice is divided into two main components: interpersonal justice, that is, the nature of the employee – organization relationship and the degree to which employees are treated properly and respectfully by the organization and its managers (Tyler & Bies, 1990); and informational justice, i.e. the nature of the information and explanations conveyed to employees. Employees use an overall fairness heuristic to decide about relationships with their organization (Trevino & Weaver, 2001). Justice is a primary social expectation that guides employees' evaluations of organization's and their subsequent behaviours. Perceptions of CSR can influence employees' perceptions of justice in two ways (Swan Valerie et al; 2010). First, CSR can impact how employees personally perceive fairness. A company dedicated to CSR can create a friendly and ethical working environment, which reflects organizational practices with moral consequences. Employees are likely to feel that organizational authorities treated them fairly (Naumann & Bennett, 2000), especially if CSR initiatives include employees issues such as improving working conditions, establishing fair wages and nondiscrimination policies. Employee justice perceptions theory (Cropanzano et al; 2001) posits that employees derive general justice perceptions of firms based on

the level of fairness demonstrated by these firms. Research has shown that in work environments that are perceived to be fair, employee wellbeing is positively affected, such as in the areas of job satisfaction and stress (Colquitt et al; 2001). Research shows that work environments that are perceived as being fair have positive effects on organizational outcomes as well, by means such as lower employee absenteeism and higher levels of employee commitment (Colquitt et al; 2001). On the other hand, work environment that are perceived as being unjust lead to lower employee performance and even vengeful behaviours on the part of employees (Ambrose et al; 2002). CSR signals to employee's essential information on which they judge the fairness of a firm. When fairness is perceived, employees are happy and work harder. However, under unjust conditions, employees reciprocate through lowered performance and vengeful behaviours (Ambrose, 2001). In a meta-analysis perceptions of organizations being fair towards and caring for the well-being of the employee directly have been found to be related to job satisfaction, organizational commitment, organizational citizenship behavior and performance (Colquitt et al; 2001). Second, CSR actions can affect how employees collectively perceive fairness. Research has shown that employees can as third parties, form justice judgments and react to how the company treats other people (Colquitt, 2004). There is some evidence that in layoff situations, survivors reactions can be stronger than victims responses as they can withhold productivity or engage in sabotage (Brockner & Greenberg, 1990). Employees focus on justice judgments that provide key information that shapes the degree to which people regard their group as having high status, regard themselves as having high status in their group and identify with the group by merging their sense of self with the group (Tyler & Blader, 2000). When organizations treat employees with dignity and

consider their needs, employees feel valued which enhances their perception of justice (Bies, 2005). This reassures employees about their status in the organization and thus helps secure their sense of identity (Tyler & Blader, 2000). Justice judgments represent a plausible basis for employees' assessment of their organizations and their status within them. Hence Employees will identify with high status organization in which they feel that they have status (Tyler & Blader, 2000). CSR may be viewed as a natural extension of organizational ethics (Valentine et al; 2008). According to Aguilera et al (2007), a CSR policy meets employees' need for fairness and perceived organizational justice. Moreover, the response of employees to CSR activities has been found to directly affect their perception of the organization's justice and fairness (Collier & Estaban, 2007), and CSR activity has been shown to enhance the image of the organizational fairness in the eyes of employees and CSR toward clients to enhanced employee satisfaction (Galbreath, 2010). The employee justice perception theory (Cropanzano et al; 2001) holds that employees rate organizational justice according to the degree of justice which the organization manifests. According to the social identity theory, the perception of a firm as a socially responsible member of society is likely to afford employees and enhance self-image as well as pride in the organization (Peterson, 2004). Employees may view a socially engaged organization as one that is concerned about all people, both internal and external to the organization. The logic is that if an organization has a general concern for fairness (respect and care for the environment, for working conditions) employees may deduce that chances are conditions will be fair for them, thus satisfying their need for control (Aguilera et al; 2007). CSR fosters positive social relationships both within and between organizations and communities and therefore, relational needs become highly relevant (Rupp et al; 2002). Clary and Snyder (1999) note

that CSR allows for the creation and strengthening of social relationships and, the reduction of negative feelings associated with an alleged bad relationship between an organization and its community. Employees have a psychological need to belong and to be legitimate members of valued social group in organizations they often rely on the justice perceptions to deduce if they have such standing and thus if their needs for belongingness are being met (Lind, 2001). Employees desire that organizations act in a socially responsible manner not only because CSR gives them a general sense of the organization's concern for treating all people fairly but also because CSR initiatives require employees and management to work together toward a greater good, providing employees with additional experiences with which to judge both management's social concerns and relational quality (Aguilera et al, 2007). Employees will seek to work for, remain in and set attached to organizations whose organizational strategies are consistent with the employees moral or ethical frameworks and this preference may, at times, supersede employees' instrumental and relational motives (Folger, Cropanzano & Gulman, 2005). Moral motives influence employees participation in various CSR initiatives meaning they desire to be involved not only with initiatives seen as directly affecting themselves or groups they identify with but also with causes they feel are fundamentally just and relevant to the establishment of a moral community. When employees feel they are treated fairly by their organization they are more likely to trust the organization, to feel supported by it (Taylor, 2004) and to perceive high quality social exchange relationships with the organization or management (Rupp & Cropanzano, 2002). Research shows that when organizational authorities are trustworthy, unbiased, and honest, employees feel pride and affiliation and behave in ways that are beneficial to the organization (Tyler et al; 1996). Under certain circumstances, employees

reciprocate the positive treatment they receive from the organization. In fact, the repayment obligation depends on how employees value CSR actions, motives and resources of the organization. Many studies have demonstrated that employees, who feel underpaid, tend to steal company property in order to counteract the company's perceived unfairness (Greenberg 2002). This study therefore hypothesizes that:

**Hyp<sub>3</sub>:** Organizational justice moderates the relationship between internal CSR and employee commitment.

### **CSR and Employee Commitment**

Meyer and Allen (1997) defined Organizational commitment as the psychological identification that an individual feels towards his or her employing organization. It reflects on employee's relations with an organization and has implications for the decisions of maintaining membership. Employee commitment as an empirical construct is regarded as a psychological state characterizing an employee's relationship with the organization that has implications for the employees' decision to remain or leave the organization (Tzai, 2001). This form of commitment reflects the employee's acceptance of the goals of the organization and willingness to engage in behavior that are specified in the job description as well as those that are considered to be beyond the job expectations. Research has shown that employee commitment is related to a number of organizational outcomes (Albinger & Freeman, 2000; Peterson, 2004). A study by Dawkins (2004) stated that corporate social responsibility contribution attracts motivated potential employees and improves commitment level of existing employees. Brammer (2007) noted that CSR increased employee commitment which is a force that binds individual to a course of action that is of relevance to a particular target. Employee commitment has been treated as three dimensional construct involving Affective, Continuous and



Normative components (Perez & Rodrigues, 2011). Affective commitment refers to an employee's positive emotional reaction to the organization (Watson & Clark, 1997). According to Perez and Rodrigues (2011) affective commitment is an emotional attachment to, identification with and involvement in the organization. Affective commitment (want to remain) is driven by attachment to the organization and based on personal identification, value congruence with the target (Collier & Esteban, 2007) and covers the individual's attachment to social relationships and the organization (Smeenk, Eisinga & Dooreward, 2007). It develops when an individual becomes involved, recognizes the value driven relevance of and/or derives his/her identity from the organization. Turker's study (2009) on employees' affective commitment, demonstrates that CSR initiatives directed at different stakeholder groups (customer, employees, government, environment) can influence employees' attitudes. Affective commitment is related to employee performance when judged by employees and supervisors or measured using objective indicators (Meyer & Herscovitch, 2001; Sliders & Dharwadkar, 2001) as well as employee withdrawal (Carmel & Gefen, 2003) and turnover intentions. Research shows that affective commitment has the strongest positive correlation with job performance, organizational citizenship behavior and attendance, (Meyer, 2004). Peterson (2004) found that perceived CSR was a better predictor of affective commitment than was organizational tenure, gender, age and firm size. Herbach and Mignonac (2004) highlighted that perceived external prestige can be related to employees' affective commitment which is based on the identification suggesting that good reputation is the symbolic rewards' of organizational membership. Consequences of affective commitment include altruism, compliance, support of one's supervisor and motivation to engage in organizational citizenship behavior

(Meyer & Schoorman, 1992; Shore & Wayne, 1993). If employees see that the company has self-defining values such as being a good citizen they see themselves as part of it (Rodrigues & Arenas, 2008). Brammer (2007) observed that CSR and affective commitment remained significant after controlling for job satisfaction. Employees with strong affective commitment stay with an organization because they are emotionally attached to the organization (Tzai-Zang et al; 2007). Meyer and Allen (1984) reported that older workers exhibited more affective commitment while Kooij, Jansen, Dijkers and Delange (2009) suggested that older workers may exhibit higher organizational commitment because they have fewer alternative employment opportunities but Vitell and Singhapakali (2008) reported that age only affects organizational commitment through job satisfaction. The link between affective component and CSR is more precise based on the social identity theory (Duygu, 2009). Being a member of favorably reputable organization can enhance employees' social identity and influence affective component (Duygu, 2007). Continuance commitment refers to employees' perceptions of the costs associated with leaving an organization (Tzai-Zang et al; 2007). Employees with high extroversion tend to be more socially active, develop more social contacts and get more chance of promotion than introverts. Hence, the costs of leaving firms are increased which result in the significant impact of extroversion on continuance commitment.

### **Empirical Review of Literature**

Recently a handful of studies have begun to explore the impact of CSR from the perspective of internal stakeholders including employees. Research by Omer et al (2013) established a strong positive relationship of commonly focused CSR actions with organizational identification and trust. Hae-Ryong kim, Moon and Namin (2010) study revealed that when a company's CSR initiatives satisfy employees

psychological needs, people tend to identify themselves with the company. The researchers suggested that CSR initiatives are strategically valuable especially when firms try to establish identification with their employees. Ample research is available on the influence of corporate social responsibility on employee commitment. Studies by (Turban & Greening, 1996; Albinger & Freeman, 2000; Greening & Turban, 2000; Backhaus, 2002; Peterson, 2004; Dawkins, 2004) indicated that corporate social contributions improve commitment level of existing employees. The study by Duygu (2009) indicated that employees prefer to work in socially responsible organizations and their organizational commitment level is positively affected by CSR to society, natural environments, next generations, non-governmental organizations, employees and customers. The growing importance of internal CSR is evident in many academic researches. In his findings, (Welford, 2005) maintains that a clear set of internal CSR includes non-discrimination, equal opportunities and fair wages, vocational education, association and human rights. Al-bdour, Elisha, & SohKeng (2010) examined the relationship between corporate internal social responsibility and organizational commitment. The study called future studies to pay greater attention to such internal social responsibility practices as education and training, human rights, safety and wellbeing life-work balance and variety in the workplace (Self Obeid et al, 2011). Recent studies on organizational justice have dwelt on how employees perceive the treatment of both the self and others by the organizational stakeholders and also how the organization treats the external stakeholders (Cropanzano et al; 2001). Rupp (2011) while devising for organizational justice studies says that employees' will "look in", "look around" and "look out" when forming perceptions about organizational justice "looking in" refers to how employees perceive the treatment of self by

stakeholders, including the organization, the supervisor, coworkers, customers. "looking around" refers to the interactions between the organization's members and how these interactional processes lead to collective justice perceptions. "Looking out" refers to how organizational employees perceive treatment of others by the organization. They are formed when employees witness an organizational affiliate fall victim to injustice. This is often third party in (justice) perceptions. Positive perceptions formed by a "looking in" employee can boost organizational attractiveness; attract high quality potential employees, lead to employee organizational commitment, job satisfaction and improved employee performance (Booth et al; 2009). Positive perceptions formed by a "looking around" employee can lead to psychological feelings of belongingness (Rupp, 2011) and provide opportunities for more employee involvement in CSR activities like employee volunteerism and personal contributions to various causes (Aguilera, 2010). Such activities will tighten the bond between the employees and employers leading to overall organizational success. Third party justice ("looking out") can be viewed from the moral perspectives whereby organizations are expected to do the right things to their external stakeholders (Rupp, 2011). When employees perceive anything to the contrary, they are bound to react negatively hence affect the organization's performance in one way or another.

## **RESEARCH METHODOLOGY**

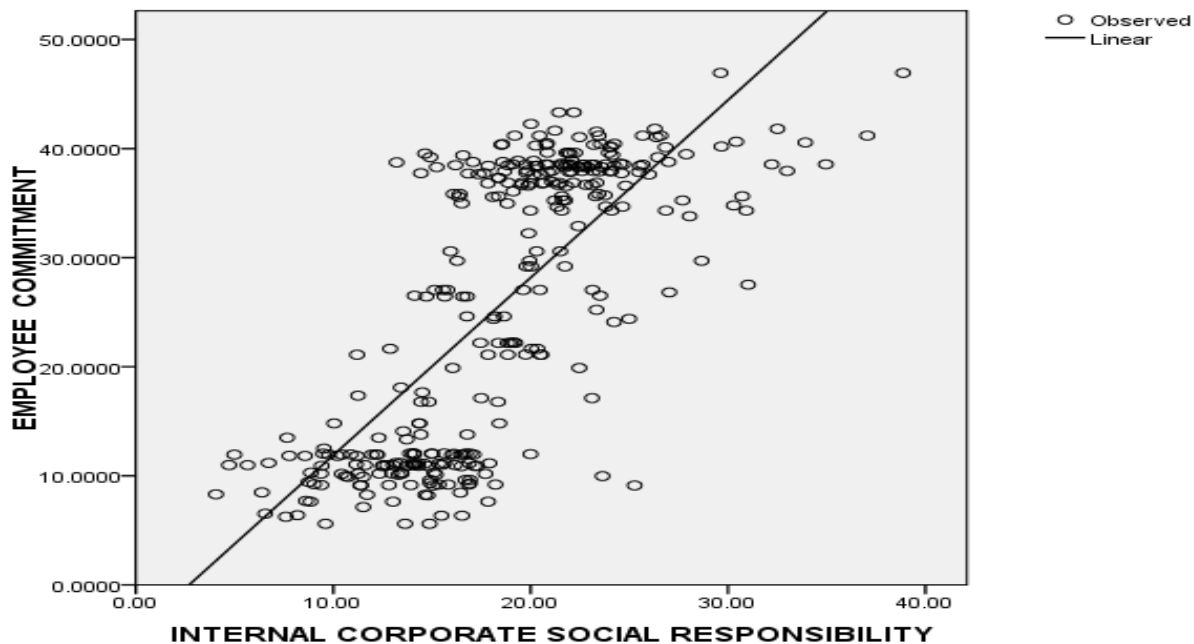
In order to understand and establish reliable results, the researcher adopted both the use of the qualitative approach and quantitative methods. Data was mainly acquired through descriptive survey. The population of this research consisted of sixty two companies listed in the Nairobi Exchange with internal Corporate Social Responsibilities activities. This research employed three types of

research tools: interviews, questionnaires and documentary evidence. Primary data was conducted using questionnaire while secondary data collection technique was interview method. The researcher used regression analysis to analyze the data as a number of empirical studies on corporate social activities' and its effect on employee commitment (Aguilera, Rupp, Ganathi & William, 2006; Peterson, 2004; Brammer, 2007; Duygu, 2009; Valentine & Fleishman, 2008) used it to analyze their data.

## FINDINGS AND DISCUSSION

### Correlation analysis of internal corporate social responsibility on employee commitment

The objective of the study was to find out if internal corporate social responsibility activities affect employees' commitment in firms listed in the Nairobi stock exchange. From Figure 2, it is clear that there was a positive linear relationship between internal corporate social responsibility and employee commitment. These implied that employee commitment increased with increase in employees' participation in internal corporate social responsibility activities in their firms and decreased in participation in internal corporate social responsibility activities lead to decrease in employee commitment.



**Figure 2: Scatter plot of the relation between internal corporate social responsibility and employee commitment**

Pearson correlation test was conducted to verify existence of relationship between internal corporate social responsibility and employee commitment. Results showed a positive and significant correlation of 0.734 (P-value=0.000) between internal corporate social responsibility and employee commitment. This implied that an increase in internal corporate social responsibility

lead to an increase in employee commitment. This was supported by the study by Albdour (2010) who examined the relationship between corporate internal social responsibility and organizational commitment in Jordan which indicated that internal CSR were at a statistically significant level to encourage employees to be committed to their firms.

**Table 1: Regression coefficient of independent variable internal corporate social responsibility against employees' commitment**

Parameter Estimates							
Equation	Pearson Correlation	R Square	F	df1	df <sub>2</sub>	Constant	b1
Linear	.734	.539	382.001	1	327	-4.390	1.628
Sig.	.000		.000			.007	.000

The results of regression analysis revealed that there was a significant positive relationship between internal corporate social responsibility and employee commitment. The independent variable reported R<sup>2</sup>=0.539 meaning that the predictor internal corporate social responsibility can only explain 53.9 percent of the variation in employee commitment. The rest of the variation 46.1 percent could be explained by other variable such as organizational identification and organizational justice. An F statistic of 382 (mP-value= .001) indicated that the model was significant. This indicates that the overall model applied can statistically significantly predict the outcome variable. The regression equation was presented as follows:

Employee commitment = -4.390 + 1.628 ICSR . The findings agree with study by Keraita et al (2013) which showed that internal CSR had positive and significant correlation with employee commitment. Rammer et al (2007), Ali et al (2010) and Altarawaneh (2012) found that internal social

responsibility represented by human resources practices had positive influence on employees' commitment and loyalty.

**Conclusion**

Therefore HI that internal corporate social responsibility activities affect employees' commitment in firms listed in the Nairobi stock exchange is supported.

**Organizational justice moderating internal corporate Social responsibility against employee commitment.**

Table 2 provides the R and R<sup>2</sup> values. The R<sup>2</sup> values of 0.711 indicates how much of the variations in moderating variable" Organizational justice", can be explained by the independent variable, "internal corporate social responsibility". In this case, 71.1% can be explained by internal corporate social responsibility while the remaining 28.9% can be explained by the other variables in the study. The R<sup>2</sup> in linear regression also tells how the regression line fits the data.

**Table 2: Model summary of Organizational justice and internal CSR**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.845 <sup>a</sup>	.714	.711	6.9007136

ANOVA results in Table 3 indicate that the regression model predicts the outcome variable

significantly well. This indicates the statistical significance of the regression model that was applied. An F statistic of 270.497(P-Value=.001)

indicated that the model was significant. This indicates that overall the model applied can

statistically significantly predict the outcome variable.

**Table 3: ANOVA for organizational justice and internal corporate social responsibility.**

enhanced moderating effect on the relationship

**ANOVA<sup>b</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	38643.125	3	12881.042	270.497	.000 <sup>a</sup>
Residual	15476.451	325	47.620		
Total	54119.576	328			

Table 3 provides the information needed to predict organizational justice and internal corporate social responsibility. Both the constant and organizational justice contributed significantly to the model. The regression equation was presented as follows:

$$Y = \beta_0 + aX + \beta Z + CXZ + e$$

Z=moderation

XZ=interaction term

If C is significant then Z has a moderation effect

$$Y = 49.421 + 1.792X_1 + 2.764Z + 0.156X_1Z$$

Since p-value for X<sub>1</sub>Z coefficient is less than 0.005 then organizational justice has a significant and

between employee commitment and internal corporate social responsibility.

According to Flynn (2005) CSR can enhance specific employees' attitudes at work (organizational justice, organizational commitment and satisfaction at work) through identification. CSR can also affect the social exchange dynamics between employees and the corporation through its alteration of the identification processes. As a result, CSR can ultimately affect employees' behaviors and consequently corporate organizational performance.

**Table 4: Coefficient determination of organizational justice and internal corporate social responsibility Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	49.421	1.627		30.369	.000
Internal Corporate Social Responsibility	1.792	.101	.788	-17.807	.000
Organizational Justice	2.764	.132	1.265	-20.869	.000
Internal Corporate Social Responsibility * Organizational Justice	.156	.006	2.096	27.902	.000

**Organizational identification mediating internal corporate social responsibility against employee commitment.**

The following steps were used to test mediating effect of organizational identification on internal CSR and External CSR against employee commitment.

Note that Z = Organizational identification.

- 1) Test if X predicts Y  
 $Y=B_1+cX+ e$
- 2) Test if predicts Z  
 $Y=B_2+aX+ e$
- 3) Test if X still predicts Y when Z is in the model  
 $Y=B_3+Cx+bZ+ e$

The researcher adopted from Hsueh-ShengWu (2011) the following three rules of mediation:

- a) Z completely mediates the X-Y relation if all three conditions are met
  - 1) X predicts Y
  - 2) X predicts Z
  - 3) X no longer predicts Y, but Z does when both X and Z are used to predict Y.
- b) Z partially mediates the X-Y relation if all three conditions are met:
  - 1) X predicts Y
  - 2) X predicts Z
  - 3) Both X and Z predict Y, but X have a smaller regression coefficient when both X and Z

are used to predict Y than when only X is used.

- c) Z does not mediate the X-Y relation if any of:
  - 1) X does not predict Z
  - 2) Z does not predict Y
  - 3) The regression coefficient of X remains the same before and after Z is used to predict Y.

Table 5 shows results of Pearson correlation coefficient to determine the magnitude of the relationship between internal corporate social responsibility and employee commitment. The R<sup>2</sup> value of 0.539 indicates how much of the variation in dependent variable “employee commitment” can be explained by the independent variable “internal corporate social responsibility”. In this case 53.9% can be explained by internal corporate social responsibility while the remaining 46.1% can be explained by other variables of the study.

**STEP ONE:** Test if X (Internal CSR) predicts Y (Employee commitment) the following regression equation was used:

$$Y (\text{Employee commitment}) = a + b X (\text{Internal CSR})$$

$$Y (\text{Employee commitment}) = -4.390 + 1.628X (\text{Internal CSR})$$

Since P-Value for the coefficient of X is less than 0.05, it is clear that X (Internal CSR) predicts Y (Employee commitment).

**Table 5: Correlation between organizational identification and employee commitment.**

Equation	Parameter Estimates						
	Pearson Correlation	R Square	F	df1	df2	Constant	b1
Linear	.734	.539	382.001	1	327	-4.390	1.628
Sig.	.000			.000		.007	.000

Table 5 provides the R<sup>2</sup> value of 0.435 indicates how much of the variations in dependent variable, “Organizational identification” can be explained by the independent variable, “internal corporate social responsibility”. In this case, 43.5% can be explained

by “internal corporate social responsibility” while the remaining 56.5% can be explained by the other variables of the study. The R<sup>2</sup> in linear regression also tells how the regression line fits the data.

**Table 6: Correlation between organizational identification and internal corporate social responsibility**

Equation	Parameter Estimates						
	Pearson Correlation	R Square	F	df1	df2	Constant	b1
Linear	.659	.435	251.445	1	327	-9.921	.667
Sig.	.000			.000		.000	.000

**STEP TWO:** To test if X (Internal CSR) predicts Z (Organizational identification) the following regression equation was used:

$$Z (\text{Org. identification}) = a + bX$$

$$Z (\text{Org identification}) = 9.921 + 0.667X$$

Since P-value for the coefficient of X (Internal CSR) is less than 0.05, it is clear that X (Internal CSR) predicts Z (Organizational identification)

Table 7 provides the R and R<sup>2</sup> values. The R<sup>2</sup> of .841 indicates how much of the variations in moderating variable organizational identification can be

explained by the independent variable internal corporate social responsibility. In this case 84.1% can be explained by internal CSR while the remaining 15.9% can be explained by the other variables of the study. The R<sup>2</sup> in linear regression also tells how the regression line fits the data.

**Table 7: Model Summary for organizational identification and internal corporate social responsibility**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.917 <sup>a</sup>	.841	.840	5.1391714

A Nova results in Table 8 indicate that the regression model predicts the outcome variable significantly well. This indicates the statistical significance of the regression model that was

applied. An F statistic of 861.562(P-Value.001) indicated that the model was significant. This indicates that overall, the model applied can statistically significantly predict the outcome variable.

**Table 8 :ANOVA for organizational identification and internal CSR**

**ANOVA<sup>b</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	45509.563	2	22754.782	861.562	.000 <sup>a</sup>
Residual	8610.013	326	26.411		
Total	54119.576	328			

Table 8 provides the information needed to predict employee commitment from internal corporate social responsibility and organizational identification. Both the constant and internal

corporate social responsibility and organizational identification contribute significantly to the model.

**STEP THREE:** Test if X (Internal CSR) still predicts Y (Employee commitment) when Z (Organizational

identification) is in the model the regression equation is presented as follows:

$$Y (\text{Employee commitment}) = a + b X + c Z$$

$$Y (\text{Employee commitment}) = -2.922 + 0.559X (\text{Internal CSR}) + 1.579Z (\text{Organizational identification})$$

X (Internal CSR) still predicts Y (Employee commitment) when Z ((Organizational identification) is in the model.

### **Conclusion**

Therefore organizational identification mediates the relationship between internal corporate social responsibility and employee commitment. The study by Fatima (2012) revealed that organizational identification increase the quality of work as well as quality of life and positive thinking; as a result of which employees develop healthy living and when they are satisfied with their work, this is more fruitful for both employee as well as organization. Organizational identification is also responsible for the maintenance of psycho-physical level of an individual employee ,because employee feel more adjustable with working conditions inside the organization and create an inner feeling of positive thinking through which there is an increment of production of an organization and employees incentive(Salary) because of the fact that organizational identification itself help in improving along with increasing the work commitment of an individual. This study supports the study by Osveh et al (2015) which indicated that organizational identification mediates the relationship between internal CSR and employee engagement and the mediation effect was statistically significant.

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.**

The study established a positive linear relationship between internal corporate social responsibility activities and employee commitment. This study agrees with the study by AL bdour, Elisha and Soh

Keng (2010) on the relationship between corporate internal social responsibility and organizational commitment which indicated that internal social responsibility practices in banks were at a statistically significant level to encourage employees on job commitment and involvement.

The study established that organizational identification mediates the relationship between internal corporate social responsibility and employee commitment.

The study established that organizational justice had a significant and enhanced moderating effect on the relationship between employee commitment and internal corporate social responsibility activities in firms listed in Nairobi stock exchange.

### **Managerial implication of the Study**

This study suggested practical recommendation for managers as well as to practitioners who can use these findings to create programs that will help embed CSR culture into their firms and improve employee commitment in firms listed in Nairobi stock exchange.

The managers in firms' listed in Nairobi stock exchange should provide free/subsidized health screening to their employees. This will help in reducing diseases among the staff and the subsequent costs incurred for treating them. There is need for companies to put in place programmes to assist employees' to stop smoking/drinking in order to prevent them from succumbing to lifestyle diseases which will lead to chronic absenteeism and other health related costs. The employees' should be encouraged to participate in running/health walk in order to be physically fit moreover they should be given professional counselling services which will enable them to reduce stress and improve work-life balance.



There is need for the firms listed in Nairobi stock exchange to put up a formal equality policy in order for their employees' not to feel discriminated against in terms of tribe, race, nationality, gender and promotion. Besides, the companies should put in place a good reward system which will recognize the contribution of each individual towards the success of the firms. The managers' should consult with employees or their representatives and put in place formal equality policy which should be understood by all employees and the company should strictly adhere to its implementation. Besides the managers should ensure that there is workplace diversity which will send a message that the firms cares about their employees. There should be diversity training workshops for all employees listed in Nairobi Stock Exchange in order to improve on their commitment.

The appraisal system of companies listed in Nairobi Stock Exchange should be improved to allow employees to participate in evaluating their work in order for them to feel justice is being administered to them. The research results showed that organizational justice has a positive and significant relation with employees' commitment. To reinforce organizational justice managers should attempt to plan future programs by employees' consultation and collaboration. Moreover to improve employees' commitment, it is necessary to make the factors of organizational justice clear and determined and necessary explanations should be given regarding implementing or not implementing each section. It is suggested that facilities, salaries, promotion opportunities, improvement of programs of working life quality, working responsibilities should be distributed among employees in order to develop perceived distributive justice. To improve procedural justice managers and supervisors decisions should be just, non -emotional and unbiased. To improve interactional justice, it is suggested that employees should be treated patiently and respectfully concerning their wishes

and demands. Furthermore, opinion polls should be carried out to enable employees' to participate in the firms' decisions and know their views. Organizational justice issues in organizations should therefore be well managed since they are important determinants of employee commitment.

Companies should build and improve information communication mechanisms of Corporate social responsibility activities in order to promote employees participation in CSR. The managers of companies listed in Nairobi Stock Exchange must involve the employees in the design and implementation of CSR activities .This will enhance their sense of unity and togetherness. When employees are involved in the design and implementation of CSR they will view the CSR activities as their own therefore ensuring their success and commitment to their firms.

#### **Recommendation For Further Studies**

The study covered the role of internal CSR activities on employee commitment to firms' listed in Nairobi stock exchange. First future research may be conducted to address the limitations outlined in this research. Future studies may extend the research to one particular sector of the companies listed in Nairobi Stock exchange to obtain the generality of the findings. This is because there may be significant variations in employee participation in internal CSR activities in private and public firms and this will most probably show different results. The comparison will illustrate drastic disparities in employee commitment level of both sector employees. In addition this research could be replicated in other countries to find out the role of Internal and External CSR activities on employee commitment in companies listed in Stock Exchange in their respective countries.

Second for purposes of causality, it would be interesting to replicate this study in a longitudinal design so that it could be determined if the role of

employees' participation in internal CSR activities on employee commitment can be sustained

Thirdly, future study should find out the amount of money the companies listed in Nairobi Stock Exchange use for their internal corporate social responsibility activities and their effect on employee commitment.

Lastly future research may consider the mediating effect of Organizational culture on employees' participation in CSR activities and employee commitment.

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