

An Empirical Analysis Of The Motivational Value Of Corporate Social Responsibility Actions In Sugar Production Firms In Western Kenya

Dr. Janet N. Manyasi, Wasike Martin Shikuku

Abstract: The relationship between CSR activities and employee motivation is still an area that is under-researched. Few studies have tried to compare the motivational value of the different types of CSR actions in the company especially in the manufacturing firms in Kenya. This study therefore investigated the effect of different types of corporate social responsibility activities on the motivation of employees in sugar production firms in western Kenya. The study employed a descriptive survey design to investigate this relationship. Stratified and random sampling techniques were used to obtain a sample of 306 respondents from the research population. A self-administered questionnaire was used to collect primary data which was analyzed statistically with the help of the SPSS software 20. To determine the statistical associations between the different types of CSR activities and employee motivation, correlation was used. The results from the hypotheses testing indicated that there are significant positive correlations between all the types of CSR activities and employee motivation. These are customers-related, the local community-related, the business partners-related and employees-related CSR activities. On the whole, each type of CSR activities had its own strength and degree to which it could promote or influence employee motivation.

Keywords: Employee Motivation, CSR activities

1 Introduction

Quite a number of studies have addressed the concept of employee motivation or work motivation. According to Porter and Lawler (1968), there are two types of motivation i.e. extrinsic and intrinsic rewards. Extrinsic rewards are those external rewards which provide extrinsic motivation and are associated with the company's remuneration system. They include rewards such as a salary, some fringe benefits and performance related payments like bonuses. This kind of motivation according to some scholars only helps to keep a person on the job (Minbaeva, 2008). Intrinsic rewards on the other hand, are those rewards that are not external, but are embedded in the work itself and lead to the intrinsic motivation of employees. They include a feeling of satisfaction, a feeling of accomplishment, a sense of achievement, enjoyment of the task, meeting challenges, positive recognition, receiving performance feedback and being involved in the decision making process (Mosley et al., 2005; Greenberg and Baron, 2008; Mullins, 2006). This motivation is believed to result into a person's effective job performance. According to Armstrong (2006), other factors that influence intrinsic motivation include the feeling that the work is important, having control over one's own resources, scope to use and develop skills and abilities, freedom to act and having opportunities for advancement.

Given that corporate social responsibility actions in the company aim at addressing the needs of internal and external stakeholders like employees, the local community, the customers and other business partners, it is important to establish how these types of activities influence employee motivation. Hopkins (2007) defines corporate social responsibility as "being concerned with treating stakeholders of the firm ethically and in a responsible manner". According to Sacconi (2004, p. 6), corporate social responsibility is "a model of extended corporate governance who run a firm (entrepreneurs, directors and managers) and have responsibilities that range from fulfillment of their fiduciary duties towards the owners and to the fulfillment of analogous fiduciary duties towards all the firm's stakeholders". The World Business Council for Sustainable Development (WBCSD) report (1999) has also summarized the definition of corporate social responsibility as "the ethical behavior of a company towards society". This means management acting responsibly in its relationship with the stakeholders who have a legitimate interest in the business, but not just the shareholders. Working for a socially responsible company strengthens employees' self-image, helps them to identify themselves with the organization and fulfills their need for belonging and membership by encouraging social relationships both within the organization and between organizations. Socially responsible organizations are also usually perceived as fair organizations and therefore employees are more likely to trust their company, feel the support, perceive high quality exchange relationships with the company and its management, feel pride and affiliation and behave in a similar way that is beneficial to the company (Turban and Greening, 1997). Also employees care about socially responsible actions because they find that they share the same socially conscious values with the company (Aguilera et al., 2007).

- *Dr. Janet Nangila Manyasi is a Lecturer, Department of Business Administration, Masinde Muliro University of Science and Technology, Kenya*
- *Wasike Martin Shikuku is an Adjunct Lecturer, Department of Business Administration, Masinde Muliro University of Science and Technology, Kenya*

1.1 Statement of the Problem

There has been some increased interest in the area of corporate social responsibility as indicated by several proposed approaches to understanding it and the numerous attempts that have been made to define it as a concept. However, it is still a new management idea that needs to be

empirically explored. According to Eweje and Bentley (2006), corporate social responsibility is a new management idea which has received some attention from theorists as well as practitioners only in the last few decades and is still theoretically and empirically poorly explored. Because of this reason, enough information concerning the effect of different types of corporate social responsibility actions on the motivation of employees in the company has not been made available in many organizations around the globe. A number of sugar manufacturing firms located in the Western part of Kenya do engage in corporate social responsibility activities as guided by their social responsibility policies. However, due to lack of sufficient research information concerning the effect of these activities on the motivation of employees, the main reasons for their social responsibility practices have mainly been legal, ethical or economical. According to Skudiene and Auruskeviciene (2012), the real motive for the company's corporate social responsibility practices is to attract more customers and sell more products rather than create some social value to its stakeholders. This study therefore sought to establish how employees-related, customers-related, business partners-related and the local community-related corporate social responsibility activities, as independent variables did impact on the intrinsic motivation of employees as a dependent variable.

1.2 Study Hypotheses

The study tested the following four null hypotheses:

Hypothesis one, (H_{01}) there is no significant statistical relationship between employees-related CSR activities and employee motivation.

Hypothesis two, (H_{02}) there is no significant statistical relationship between customers-related CSR activities and employee motivation.

Hypothesis three, (H_{03}) there is no significant statistical relationship between the local community-related CSR activities and employee motivation.

Hypothesis four, (H_{04}) there is no significant statistical relationship between the business partners-related CSR activities and employee motivation.

2.0 Literature Review

2.1 Types of Corporate Social Responsibility Activities

Corporate social responsibility is a multidimensional concept related to different stakeholders of a firm. According to Cochius (2006), corporate social responsibility activities should be viewed from the various stakeholder perspectives i.e. employees, customers, suppliers and the local community.

2.1.1 Employees-related CSR activities

These are corporate social responsibility practices related to the employees as internal stakeholders of a firm. According to Longo et al. (2005), employee-related corporate social responsibility practices create the value for them as stakeholders and therefore satisfy their various expectations and needs. These activities relate to the development of employees' skills, social equity, health and safety at work, quality of work, employee well-being and satisfaction.

2.1.2 Customers-related CSR activities

These are corporate social responsibility practices related to

the customers as external stakeholders of a firm. According to the European Commission (2001), socially responsible companies should provide products and services in an efficient, ethical and environmentally friendly manner. Customers as an important external stakeholder group expect good quality products and services. In order to ensure that this has been achieved, there should be a good relationship between the company and customers which facilitates information sharing so that all their complaints, suggestions and proposals are all addressed. Also according to Longo et al. (2005), customers prefer products that are produced in compliance with the socially acceptable and responsible criteria. This means that corporate social responsibility activities influence the attitudes of customers towards the company as well as its products.

2.1.3 Business partners-related CSR activities

These are corporate social responsibility practices related to other business partners as external stakeholders of a firm. Social responsibility also requires that the company should have a good and responsible relationship with other business partners such as suppliers (Skudiene and Auruskeviciene, 2012). According to Longo et al., (2005), the company should be a good business partner to other companies or partners by influencing them to improve their products and services through sharing quality goals according to standards adopted, and also by agreeing to control procedures. Graafland and van de Van (2006) state that controlling the standards of suppliers and other business partners in compliance with legal requirements and also implementing the complaints procedure for them is part of corporate social responsibility practices within companies. This practice is seen to emphasize fair trade transactions between the company and its business partners.

2.1.4 The Local community-related CSR activities

These are corporate social responsibility practices related to the local community. They comprise of all philanthropic activities such as sponsorship activities which include local sports and other cultural events, helping the needy children, helping the diseased or handicapped in society or ethnic minorities by recruiting socially excluded people (Ligeti and Oravec, 2009), infrastructure investments in roads, water systems, schools and hospitals (Aguilera et al. 2007), providing financial support to social and other non-commercial community projects (Graafland and van de Van, 2006), launching community development activities and encouraging employees to participate in community projects (Papasolomou-Doukakis et al., 2005). These practices are seen as not only creating value for the community, but also for the company.

2.2 Employee Motivation

Motivation has been defined 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" (Latham and Pinder, 2005). This definition points at the two types of motivation highlighted by Vroom's Expectancy Theory (1964), namely intrinsic and extrinsic motivation.

3.0 Research Methodology

The study adopted a descriptive survey and correlation research designs to investigate the effect of the four types of corporate social responsibility activities on employee

motivation. The target population of the study comprised of all the employees of the five private and public socially responsible sugar production firms located in the Western part of Kenya. A representative sample of 306 respondents was selected from the target population using stratified and random sampling techniques. The research tool used in the collection of data was a questionnaire. The main questionnaire items were designed as statements on the research tool and measured on a five-point Likert scale. Data was then coded and analyzed statistically using the SPSS software 20.0 to determine how the independent variables affected the dependent variable. Correlation analysis was performed to test the hypotheses and measure the statistical associations between the variables. The SPSS software 20.0 was also used to run a reliability test on the questionnaire items to test the reliability of the study. A Cronbach's Alpha of 0.78 was obtained for 28 questionnaire items as shown in Table 3.1 below.

Table 3.1 Reliability Statistics

| | |
|------------------|--------------|
| Cronbach's Alpha | No. of Items |
| 0.77 | 28 |

4.0 Research Findings and Discussion

4.1 Introduction

Out of the sampled 306 respondents, 304 filled and returned the questionnaire. This yielded a response rate of 99.35%.

4.2 Statistical findings on the Variables

The Pearson product-moment correlation coefficient was used to establish the statistical associations between independent variables and the dependent variable. The Pearson product-moment correlation coefficient is a measure of linear associations between any two variables and has the advantage of yielding a small standard error (Galll et al. 2003).The coefficient of correlation (r), determines the degree or strength of relationship and its value is between (-1) and (1). A value (0) implies no relationship, (1) implies a perfect positive relationship, (-1) means a negative relationship. If the value of (r) is greater than 0.3 and less than 0.5, then the relationship is moderate. The value of (r) above 0.5 and less than 1 implies a strong relationship between variables, while the value of (r) less than 0.3 indicates the relationship is weak.

4.2.1 Employees-related CSR Activities and Work Motivation

Work motivation was correlated with the employees-related CSR activities and had the (r) value of 0.809 as shown in Table 4.1 below.

Table 4.1 Correlation Coefficients between Employees-related CSR Activities and Work Motivation

| | | | |
|----------------------------------|---------------------|----------------------------------|-----------------|
| | | Employees Related CSR Activities | Work Motivation |
| Employees Related CSR Activities | Pearson Correlation | 1 | .809** |
| | Sig. (2-tailed) | | .000 |
| | N | 304 | 304 |

** Correlation is significant at the 0.01 level (2-tailed).

4.2.2 Customers-related CSR activities and Work Motivation

Work motivation was also correlated with the customers-related CSR activities and an (r) value of 0.556 was obtained as shown in Table 4.2 below.

Table 4.2 Correlation Coefficients between Customers-related CSR Activities and Work Motivation

| | | | |
|----------------------------------|---------------------|----------------------------------|-----------------|
| | | Customers Related CSR Activities | Work Motivation |
| Customers Related CSR Activities | Pearson Correlation | 1 | .556** |
| | Sig. (2-tailed) | | .000 |
| | N | 304 | 304 |

** Correlation is significant at the 0.01 level (2-tailed).

4.2.3 The Local Community-related CSR activities and Employee Motivation

When work motivation was correlated with the local community-related CSR activities, an (r) value of 0.671 was obtained as shown in Table 4.3.

Table 4.3 Correlation Coefficients between Community-related CSR Activities and Work Motivation

| | | | |
|-----------------|---------------------|-----------------|---|
| | | Work Motivation | Community Corporate Responsibility Activities |
| Work Motivation | Pearson Correlation | 1 | .671** |
| | Sig. (2-tailed) | | .000 |
| | N | 304 | 304 |

** Correlation is significant at the 0.01 level (2-tailed).

4.2.4 The Business Partners-related CSR Activities and Work Motivation

Finally work motivation was correlated with the business partners-related CSR activities and an (r) value of 0.670 was obtained as shown in Table 4.4.

Table 4.4 Correlation Coefficients between the Business Partners-related CSR Activities and Work Motivation

| | | | |
|--|---------------------|--|-----------------|
| | | Business Partners Related CSR Activities | Work Motivation |
| Business Partners Related CSR Activities | Pearson Correlation | 1 | .671** |
| | Sig. (2-tailed) | | .000 |
| | N | 304 | 304 |

** Correlation is significant at the 0.01 level (2-tailed).

Table 4.5 Summary of Hypotheses Tested, Results and Conclusion

| Statement of Hypothesis | Conclusion |
|---|--|
| H ₀₁ There is no significant statistical relationship between employees-related CSR activities | H ₀₁ rejected. Significant positive association was found |

| | |
|---|---|
| and employee motivation | at 0.01 level (2-tailed) |
| H ₀₂ There is no significant statistical relationship between customers-related CSR activities and employee motivation | H ₀₂ rejected. Significant positive association was found at 0.01 level (2-tailed) |
| H ₀₃ There is no significant statistical relationship between the local community-related CSR activities and employee motivation | H ₀₃ rejected. Significant positive association was found at 0.01 level (2-tailed) |
| H ₀₄ There is no significant statistical relationship between the business partners-related CSR activities and employee motivation | H ₀₄ rejected. Significant positive association was found at 0.01 level (2-tailed) |

5.0 Summary, Conclusion and Recommendations

5.1 Summary of Findings

The main purpose of this study was to examine the relationship between the different types of CSR activities and employee motivation in sugar production firms in the western part of Kenya. In summary, the findings of the study indicated that there are significant positive statistical relationships between all the four independent variables and the dependent variable, thus failing to support the study hypotheses. The key findings relating to the testing of the study hypotheses are as follows. The first hypothesis (H₀₁) stated that there is no significant statistical relationship between employees-related CSR activities and employee motivation in the company. The study results indicated a significant positive statistical association between employees-related CSR activities and employee motivation with an (r) value of 0.809. Hence the null hypothesis was rejected. This shows that as the company engages more in employees-related CSR activities, employee motivation is highly improved. The second hypothesis (H₀₂) stated that there is no significant statistical relationship between customers-related CSR activities and employee motivation. The results indicated there is a significant positive statistical relationship between the two variables with an (r) value of 0.556. Hence the null hypothesis was rejected. This shows that as the company also engages more in customers-related CSR activities, employee motivation is improved. The third hypothesis (H₀₃) stated that there is no significant statistical relationship between the local community-related CSR activities and employee motivation. The findings indicated that there is a significant positive relationship between the two variables with an (r) value of 0.671. Hence the null hypothesis was rejected. This shows that as the company engages more in the community-related CSR activities, employee motivation is promoted. Finally, the fourth hypothesis (H₀₄) stated that there is no significant statistical relationship between the business partners-related CSR activities and employee motivation. The results showed that there is a significant positive statistical relationship between the two variables with an (r) value of 0.670. Hence the null hypothesis was rejected. This shows that as the company also engages more in business partners-related CSR activities, employee motivation is improved.

5.2 Conclusion

This study is significant as it has looked at the different types of CSR activities and how they are related to employee motivation in the company. The study has therefore shed some more light on how different types of CSR activities can be used to promote and improve employee motivation in the

company. According to the findings, there should be a comprehensive corporate social responsibility policy in the company which addresses all the types of CSR activities if the company has to achieve some significant motivation for its employees. Although priority could be given to employees-related CSR activities for the simple fact that the study showed that there is a slightly higher significant positive association between them and employee motivation as compared to other types of CSR activities, the local community-related, business partners-related and the customers-related CSR activities shouldn't be ignored, if maximum employee motivation has to be achieved in the company.

5.3 Recommendations

In the light of the above findings, the study makes the following recommendations: The study has established that there are significant positive statistical associations between all the types of CSR activities and employee motivation in the company. However, employees-related CSR activities have some higher positive statistical association. This means that although the companies should have a comprehensive policy that addresses all the four types of CSR activities, the priority area should be the employees-related activities if they have to maximize their performance through employee motivation. Further research in this area is also recommended to shed some more light on the impact of corporate social responsibility activities on employee motivation in the company based on the limitations of the study. The study used employees of the five socially responsible sugar production firms located in the western part of Kenya as its target population, but further research could focus on a much larger population. Also correlation analysis was a statistical method used in analyzing data and testing the hypotheses of the study, but further research could use another research design so that data collection and analysis involves both quantitative and qualitative methods.

References

- [1] Aquilera, R.V., Rupp, D.E., Williams, C.A. and Ganapathi, J. (2007) Putting the 'S' back in corporate social responsibility: a multi-level theory of social change in organization. *Academy of Management Review*, 32, 836-863.
- [2] Armstrong, M. (2006). *A Handbook of Human Resource Management Practice* (10th ed.). London: Kogan Page.
- [3] Cochius, T. (2006). *Corporate social responsibility in Dutch SMEs: motivation and CSR stakeholders*. Unpublished thesis, Maastricht University, Maastricht.
- [4] Deci, E.L. and Ryan, R.M. (2008a). Facilitating optimal motivation and psychological well-being across life's domains. *Canadian Psychology*, 49, 14-23.
- [5] Deci E.L. and Ryan R. M. (2008b). Self-determination theory: a macro theory of human motivation, development and health. *Canadian Psychology*, 49, 182-185.
- [6] European Commission (2001). *Promoting a European framework for corporate social responsibility*. Green Paper, European Commission, Brussels.

- [7] Eweje, G. and Bentley, T. (2006). CSR and staff retention in New Zealand companies: a literature review. Research Working Paper, No. 6, Department of Management and International Business, Auckland.
- [8] Gall, M.D., Gall, J.P. and Borg, W.R. (2003). Educational Research: an introduction (7th ed.). Boston: Pearson Education, Inc.
- [9] Graafland, J. and van de Van, B. (2006). Strategic and moral motivation for corporate social responsibility. *Journal of Corporate Citizenship*, 22, 111-123.
- [10] Greenberg, J. and Baron, R. A. (2008). Behavior in organizations. Upper Saddle River, NJ: Prentice Hall.
- [11] Hopkins, M. (2007). Corporate Social Responsibility and International Development. London: Earthscan.
- [12] Latham, G.P. and Pinder, C.C. (2005). Work motivation theory and research at the dawn of the twenty-first century. *Annual Review of Psychology*, 56, 485-516.
- [13] Liget, G. and Oravecz, A. (2009). CSR communication of corporate enterprises in Hungary. *Journal of Business Ethics*, 84, 137- 149.
- [14] Longo, M. Mura, M. and Bonoli, A. (2005). Corporate social responsibility and corporate performance: the case of Italian SMEs. *The International Journal of Effective Board Performance*, 5, 28-42.
- [15] Minbaeva, D. (2008). HRM practices affecting extrinsic and intrinsic motivation of knowledge receivers and their effect on intra-MNC knowledge transfer. Working paper No.12.
- [16] Mosley, D.C. Megginson, L. C. and Pietri, P.H. (2005). Supervisory Management: The Art of Inspiring, Empowering and Developing People (3rd ed.). Mason, OH: Thomson.
- [17] Mullins, L. J. (2006). Essentials of Organizational Behavior. Harlow: Financial Times PrenticeHall.
- [18] Papolomou-Doukakis, I., Krambia-Kapardis, M. and Katsioloudes, M. (2005). Corporate social responsibility: the way forwards? May be not! *European Business Review*, 17,263-279.
- [19] Porter, L.W., and Lawler, E.E. III. (1968). Managerial Attitudes and Performance. Homewood, IL: Irwin-Dorsey.
- [20] Sacconi, L. (2004). Corporate social responsibility (CSR) as a model of 'extended' corporate governance: an explanation based on the economic theories of social contract, reputation and reciprocal conformism. LUIC, Ethics, Law and Economics Paper No. 142.
- [21] Turban, D. B. and Greening, D. W. (1997). Corporate Social performance and organizational attractiveness to prospective employees. *Academy of Management Journal*, 40, 658-672.
- [22] Vida, S. and Vilte, A. (2012). The contribution of corporate social responsibility to internal employee motivation. *Baltic Journal of Management*, 7, 49-67.
- [23] Vroom, V.H. (1964). Work and Motivation. New York: Wiley
- [24] World Business Council for Sustainable Development (1999). Meeting changing expectations: corporate social responsibility. Available at: www.wbcsd.ch