PERCEIVED INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY ON EMPLOYEE RETENTION AT THE GEOTHERMAL DEVELOPMENT COMPANY (GDC) KENYA

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DECLARATION

I hereby declare that this research project is my original work and has not been submitted by any other person for the award of any other degree in any other university.

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D61/60070/2011

This research project was submitted for examination with my approval as the supervisor:

Dr. Mercy Gacheri Munjuri.

Signed_____   Date_____

DEDICATION

To my mum Catherine (RIP, 2001), my dad Gerald Murungi who has always believed in me, urged me to work hard and supported me through thick and thin to reach this far.

And above all, Mark Leo Mawira, my dearest son, who is my greatest inspiration to work harder every day.

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ABSTRACT

In today's competitive business environment, organizations are increasingly becoming interested in internal marketing tactics in order to ensure a lower turnover rate, employee engagement and satisfaction. CSR is one powerful tool that can be used in internal marketing of an organization amongst her employees. This study sought to find out the perceived influence of CSR on employee retention at the Geothermal Development Company in Kenya (GDC). The study was a descriptive cross sectional study conducted using structured questionnaires amongst 160 employees of GDC. Data analysis was carried out through a descriptive approach by use of SPSS version 22.

A response rate of 100 % was achieved and the study found out that the most employees at GDC have a very positive perception of the various statements on CSR in employee retention. The findings of the study show that 96 % of the employees are not willing to work for an employer with a negative corporate reputation. Employees are in full support of CSR, only 64 % of the respondents had previously participated in CSR activities but 100 % of the respondents were willing to participate in CSR activities in future. Most of the employees are also willing to put in more effort as a result of the CSR approach adopted by the organization; it is for this reason that the employees talk up the organization as a good employer. In addition, the study has revealed that most of the employees leave the GDC as a result of lack of support, lack of recognition, low career development, lack of stakeholders' engagement and poor CSR strategies. Therefore this study has established that CSR is a good ingredient in employee retention at the GDC.

The study recommends CSR policies and strategies need to be fully promoted in all organizations and so should be policies that are related to: support, engagement and recognition of employees and career development for all employees. The study suggests further research to be carried out on many organizations with selection of mediators and more advanced statistical analysis to provide more insight into the relationship between CSR and employees' retention. Another aspect for further research is the role of communication when working with CSR; how it should be handled for more effectiveness and how CSR efforts should be communicated in order for them to have the largest possible positive effect on employee retention.

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ABBREVIATIONS AND ACRONYMS

CSR-Corporate Social Responsibility.

GDC-Geothermal Development Company Kenya.

HR-Human Resources.

ILO- International Labour Organization.

MBA-Master of Business Administration.

UON-University of Nairobi.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporate Social Responsibility (CSR) has over the time become a vital and prominent business aspect all over the world: it is for this reason that many public and private organizations in both business enterprise and non-commercial enterprises have embraced CSR as a key strategy for their success. This growing awareness of CSR is becoming an important tool in human resource management with organizations further becoming careful and responsible for employee's well-being (Rasoulzadeh *et al*., 2013).

Lako (2011) identified various benefits of CSR to an organization including: it provides a social investment in the form of competitive advantage; it strengthens the company's financial performance; it increases accountability and positive appreciation of the community and investors, creditors, suppliers, consumers, governments and society; it increases commitment, work ethic, efficiency and the productivity of employees; and it reduces vulnerability of social unrest and resistance from the surrounding communities by fostering local appreciation; and it enhances reputation, goodwill and the value of the company in the long term. Caroll (1991) considers employees to be key stakeholders in the CSR activities. While employee retention has been defined as the extra step taken by an organization to keep the desired employees so as to achieve business objectives; it has also been agreed that employees remain the most important asset in any organization and as such recruitment, development and retention of talented employees is the core aspect of every organization's human resources policy (Frank *et al.*, 2004). This in turn necessitates employers to create good employee centered strategies to build positive work place perceptions that encourage employee retention (Boxall and Macky, 2009)

Freeman (1984) in explaining the stakeholder theory urgues that organization can't operate on their own. They need to establish good working relationships with both internal and external stakeholders for their long run success. . He further argued that corporate social responsibility is about identifying and managing a relationship with key stakeholders who include individuals and groups with similar interests in a particular organization. The theory indicates that the strength of stakeholder-organization

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relationship is directly proportional to the benefits stakeholders accrue from their interactions with the organization. It also argues that an organization's survival and success is dependent on its ability to generate sufficient wealth, value and satisfaction for its stakeholders In order to understand the stakeholders' needs and create long-term values, an organization has to identify, institute and maintain CSR practices that are acceptable by the stakeholders at all times.

Ashforth and Mael (2009) observed that when personal needs are fulfilled at work, employees are likely to identify with the organization and view the organization's successes as their own, and they incorporate its characteristics into their own self-concepts: they went ahead to define identification with the organization as a psychological concept that reflects the extent to which employees feel that their sense of self overlaps with their sense of their employer and internal to the employee are outcomes such as high level of commitment, greater morale and a dedication to excellence in work tasks.

1.1.1 Concept of Perception

There are no uniformly accepted definitions of the term perception; most of the adopted definitions are extracted from the ideas of cognitive and psychological advancement. The term perception refers to the way we understand the world around us, we gather information through our five sense organs, but perception interprets and adds meaning to these sensory signals. Perception is viewed as the process by which we organize and interpret our sensory impressions in order to give meaning to the environment. The process is oftenly subjective in nature, as it is never an exact recording of the event or the situation (Gray, Young and Waytz, 2012). Mind perception has been termed as the ascribing mental capacities to other entities and labeling these entities as good (right) or bad (wrong). Perception is the aspect of moral judgements and it is based on agency and experience. When someone is viewed as a moral agent, the observer automatically deduces the capacity for agency which implies that simply doing something good or evil can bring along corresponding attributions of intention (Knobe, 2003, Gray and Wegner, 2009). In addition, perception has also been viewed as an experience arising from various judgments including verbal reports, magnitude estimations, and actions. This process of

identifying, analyzing and interpreting sensory stimulations into judgemental information what psychologists refer to as perception environment (Creem *et al.*, 2010).

The perception of the mind is necessary for a community-based view of morality since they form the basis for cooperation, coordination, communication, building and maintaining a community social group (Baron-Cohen, 1995). Perceptions are not limited to the individual minds; they extend to facilitate binding individuals into groups which also have minds (Knobe and Prinz, 2008). Perceptions by group Minds greatly shape and influence moral behaviors like sacrifice for one's organization, country and religion (Routledge and Arndt, 2008) and also prioritizing group concerns before individual interests (Ridley, 1998). Employees' perception of an organization's CSR activities is the image or interpretation of an organization's corporate social responsibility activities and this may differ from one employee to another and from one organization to another. It is for this reason that people will build their moral judgments not on the quality of a particular action but on the view of the actor to be a good or bad person (Pizarro and Tannenbaum, 2011).

1.1.2 Corporate Social Responsibility

The concept of Corporate Social Responsibility (CSR) is ill understood, the public views CSR only as charity service that is done by the companies: however, corporate social responsibility is a representation of voluntary activities and contributions undertaken by organizations to the society through its core business activities and it entails social investment, philanthropy programmes, contributions to physical infrastructure and social capital as a part of doing business (Asian Oceanic Industry Organization, 2004). It takes various forms amongst them environmental form, social form, economic form, stakeholders form and voluntarism form (Pearce and Robinson, 2007).

Fiona (2007) describes employees as the 'DNA' of an organization and the most significant source of competitive advantage in today's business environment. She adds that, when CSR is implemented as a mainstreaming business strategy it becomes the key to unlock the employees full potential; therefore enhancing corporate reputation and building pride and shared values amongst employees will attract and retain the best employees. Branco and Rodrigues (2006) also described the intangible benefits of CSR

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that result in providing competitive advantage to organizations; they established that the contribution that CSR makes to financial performance is ultimately related to qualitative factors like employee morale and organizational CSR reputation since organizational reputation, organizational culture and employees perceptions of CSR are very difficult to imitate or substitute. Attraction of the best employee workforce is strongly affected by a firm's social responsibility approach and as such CSR remains an inevitable part of an organization since it greatly determines the sustainability and economic growth within an organization. It would be unwise to strive for organizational success while overlooking CSR especially in this decade given that CSR may impact reputation.

More organizations and corporate managers are becoming aware of CSR as a result of pressure and the demand by customers, employees, the general public, non-governmental organizations and government: In Kenya the most outstanding aspects of CSR include health and medical care provision, donations to the community, environment conservation, social infrastructure development and education scholarships (Kivuitu, Fox and Yambayamba, 2005).

1.1.3 Employee Retention

Employee Retention entails putting measures in place to encourage employees to remain in an organization for the maximum defined period: over the years organizations have used various strategies to retain their pool of workers and it is evident that organizations retain those employees who share their values (Schneider, 1987). Beadles *et al*. (2000) established a statistically significant positive relation between job retention and organizational performance. An employee's perception of a workplace will determine whether or not they commit themselves to an organization and this been described as an emotional attachment between an employee and an organization (Mahanta, 2012). Employee retention has also been described as the effort made by an employer to keep desirable workers in order to meet his or her business objectives and it is as a result of job satisfaction: lack of job satisfaction ultimately leads to the desire to leave an organization (Frank *et al*., 2004). Employee retention has also been termed as a continuous process in which an organization maintains the employees for the maximum period of time or until the completion of the project (Saari, 2004).

The top five drivers of employee retention globally, according to a study by O'Neal and Gebauer (2006) include; competitive base pay, work-life balance, challenging work, career advancement opportunities and salary increases linked to individual performance. Other drivers identified by the study were; learning and development opportunities, competitive retirement benefits, competitive health-care benefits and coaching/mentoring. In addition, Phillip and Cornell (2003) identified various drivers of employee retention amongst them: compensation, appreciation and respect, a good working environment, career development and growth and an organizations communication culture. However, these studies like the previous ones do not consider CSR as a retention factor. Arthur (2001) argues that employee retention can be enhanced by various means including compensation practices, leadership and supervision, career planning and development, creating good working conditions, team building, centralization, organization communication and commitment, counseling leavers, flexible working hours, employee participation, turnover policies and appreciations. Other issues such as lockouts, strikes and poor working conditions will not only affect employee retention but also retention and organizational retention.

1.1.4 The Geothermal Development Company

Geothermal Development Company is a Kenyan state corporation established in the year 2008 to identify and facilitate the development of geothermal resources in the country in line with the Vision 2030 blue print. The company was established through a Kenya government policy on energy sessional paper number four (4) of 2004 and the energy Act number twelve (12) of 2006 all which outlined the key players in the energy sector for efficiency in energy production (Geothermal Development Company, 2014).

The company's mandate are: to promote rapid development of geothermal resources in the country through surface exploration and steam drilling; to provide steam power to plant developers for electricity generation; to manage the geothermal reservoirs to ensure constant supply of steam for power generation; and to promote alternative uses of geothermal resources like greenhouse steam, drying of grains, pasteurizing of milk, cooling and heating rooms (Geothermal Development Company, 2014)

The company has offices in Nairobi, Menengai, Silali, Nakuru, Marigat and Olkalia as well as seven hundred and ninety (800) employees under the following departments: finance, internal audit, legal, information technology, human resources, supply chain, planning and logistics, performance management, property management, reservoir, drilling, infrastructure, geothermal resource management, environmental and safety, research and development, corporate communication and marketing and community relations which handles corporate social responsibility issues (Geothermal Development Company, 2014).

The company is run by a board of management and a team of managers who oversee various day to day activities in the departments. The company just like other organizations has both internal and external stakeholders including employees, customers, suppliers, government agencies, unions, competitors, local communities and the general public. The company has a human resources policy in place but lacks a corporate social responsibility policy to streamline its various corporate social responsibility activities in Menengai, Silali, Marigat and Olkalia (Geothermal Development Company, 2014).

1.2 Research Problem

Generally employees who are satisfied with their company's commitment to social responsibility have positive views about their employer in several other key areas including its sense of direction, competitiveness, integrity, interest in their well-being, and employee engagement (Cropanzano *et al*., 2001). Employees represent the internal sides of their organizations and are identified as the most salient stakeholders and as such they can be expected to have the biggest power in terms of stakeholder engagement (Greenwood, 2007). Competitive advantage is based on accumulation and retention of resources which are costly to put in place; maintaining a pool of talent significantly increases organizational performance; reducing staff turnover also reduces or eliminates the cost of advertising, interviewing, hiring and training new staff. It is for therefore vital to develop adequate internal organizational structures and processes that will emphasize CSR more heavily so as to retain organizations' employees (Paul, Meyskens and Robbins, 2010). Human resource practitioners and policy makers have a huge role to play

in helping an organization to achieve its CSR goals since employee involvement is a critical success factor for CSR performance. Therefore Human resource managers have the power and the opportunity to promote employee commitment and engagement in CSR strategies by fostering a culture of CSR that is fully integrated in the organization's operations including rewards and incentives for crucial CSR contributions and ideas. This will subsequently enhance recruitment and retention of talents in the organization since employees prefer to work for organizations aligned with their values (Strandberg, 2009).

Geothermal Development Company has no corporate responsibility policy and despite the huge amounts of financial resources spent on CSR it is not clear what the value of CSR is amongst the employees. Company records show a turnover of employees from time to time but it is also not clear how many of these cases are as a result of low perception of corporate social responsibility or if CSR can play a role in retaining them. The company just like other organizations has both internal and external stakeholders, it has a human resources policy in place but lacks a CSR policy to streamline its various CSR activities in Menengai, Silali, Marigat and Olkalia amongst them: building and maintaining access roads in the regions; providing electricity and water to the area residents; providing freedom of passage for grazing purposes; employment for the local population for both skilled and unskilled labour; land ownership and compensation for affected parcels; enhancing security in the operation regions; enhancing education through scholarships; afforestation; addressing the human–wildlife conflict through an annual marathon in which employees participate (Geothermal Development Company, 2014).

One of the least researched yet a vital aspect of CSR is its role in employee retention which takes various shapes including perception, motivation and impact on employees. As illustrated below much of the research work has concentrated on the effects of CSR on job attraction and performance leaving a huge gap on the effect CSR has on existing employee perceptions and future career plans in the organizations. Fewer studies have addressed the role of CSR on employees' commitment and retention in their organizations (Collier and Esteban, 2007) hence the little understanding of the relationship between employee involvement in CSR and corporate identity (Mozes et al.,

2011). This oftenly results in employees feeling that they are not fully considered and they end up compromising their own values while pursuing the values of their employers. This results in job related dissatisfaction culminating in emotional dissonance, poor performance, low attachment with organization and change of employers (Powell, 2011).

Shabnam and Sarker (2012) in a study titled "The impact of CSR and internal Marketing on Employee Job Satisfaction and Organizational Commitment: a case study from export-oriented SMEs in Bangladesh" found out that CSR practices are positively associated with job satisfaction which in result makes the workers more motivated. Such internal marketing influences employees to gain the confidence and competence to serve the organization. They also explained how corporate social responsibility and competent employee with high satisfaction work together for building internal strength of the company. However, this study does not illustrate any link between employee retention and this motivation that arises as a result of CSR activities by an organization; this study like many other overlooked the vital aspect of employee retention.

 A survey conducted in 2004 by Maignan and Ferrel under the heading "CSR and Marketing: an integrative Framework", showed that employee engagement in CSR led to pride in the company, which in turn was positively related to employee performance. Similarly, results from an online survey, conducted by Grow, Hamm and Lee (2005) showed that employee engagement in CSR was positively related to customer focus and pro-company citizenship behaviors. However, these studies did not shed any light on the impact of CSR on the retention of these employees. Greening and Turban in 2004 also carried out a study dubbed "CSR as a competitive advantage in attracting quality workforce" in which they documented that employees perceptions of an organizations CSR activities contributes to their attraction to the organization; the study like many others fails to go address the subsequent level of the impact of CSR on employee retention.

Omwenga (Management perception of CSR, UON students research Portal, 2013) investigated whether Kenya power and lightening company behaves ethically: the management team of the company perceived the company as ethical in its operation. From the study 87.5% of the managers were of the view that the company acts ethically

in the best interest of its shareholders. Gichana (CSR practices by Kenyan Companies: a case for companies listed in the Nairobi stock market, UON students research Portal, 2004) carried out a CSR survey amongst companies listed in the Nairobi Stock market while Korir (Management Perception of CSR at Kenya Revenue Authority, UON students research portal, 2006) investigated the perception of corporate social responsibility by the management team of Kenya Revenue Authority; both studies established positive perceptions of CSR. However, none of these studies addressed employees yet they are important stake holders. Locally, there is no evidence of studies carried out to identify the perception of employees on CSR as a retention strategy.

Based on these and other related findings as will be demonstrated in the literature review, there is still very little known about link between CSR and employee retention. In view of these identified gaps this research was aimed at answering the question, what is the perception of CSR by employees as a retention strategy at the Geothermal Development Company (GDC) Kenya?

1.3 Research Objective

The objective of this study was to establish the perceived influence of CSR on employee retention at the Geothermal Development Company (GDC) Kenya.

1.4 Value of the Study

This study fully recognizes that CSR is meant to integrate the stakeholders into the organization's world to ensure organizational growth and while ensuring fairness to all other stakeholders as per the stakeholders' theory (Freeman, 1984) and the social identity theory (Tajifel and Turner, 1979): as such the findings of the study will contribute to the two theories. The stakeholders' theory is silent on the role of internal stakeholders; this study will contribute to the understanding of the link between CSR and internal stake holders (employees). The social identity theory is so predictive of the reaction of employees towards CSR. The theory is also ignorant of interaction of employees with situational factors. This study addresses these gaps.

The study also brings into the academic limelight CSR and employee motivations in developing countries. It shall provoke researchers and scholars to focus more of their

attention on employees as a key stakeholder group, as well as considering the links between CSR and economic development. It also provides useful reference information on the role of CSR initiatives on employee retention in organizations to researchers carrying out related studies.

This study also contributes to the GDC's human resources policy by shedding more light on the perceptions of her employees on CSR as a retention strategy. This study helps to identify the gaps of CSR as a retention strategy at GDC and subsequently help in the alignment of CSR to the organization's vision, mission and values.

Other key issues to be changed by GDC following the study include: compliance with regulations of the company in conducting its business; ensure that employees are treated fairly with dignity considering their goals and aspirations; engage employees honestly and respectfully; implementation of fair labour practices; building internal and external strategic networks; taking a strategic views of the business environment; alignment of CSR with ethical business practice; ensure timely and clear two way communication with all the stakeholders, including, customers, and employees, the community, government agencies, regulators and landowners. The study also enhances the pool of literature available to the international instruments of corporate social responsibility used by the international labour organization (ILO) to train and promote labour standards amongst employers through corporate social responsibility.

This study provides key insights into the practice of human resources management in Kenya's energy sector with the findings being vital for decision-making purposes among business corporate managers, CSR advisors and HR practitioners. This study shall equip companies with information that will enable them to develop sound, practical, appropriate and effective corporate social responsibility strategies that are relevant to and informed by employees' retention. The study encourages the application of CSR to the HR toolkit; given that CSR is not formalized and institutionalized in most organizations since it is viewed as mere economic contribution it does not look at social impacts touching on employees.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

In this chapter, the researcher reviews theories in which the study is grounded, literature on CSR and employee retention.

2.2 Theoretical Basis of the Study

This study is largely based on the stakeholders' theory (Freeman, 1984) and partially based on the social identity theory ((Tajifel and Turner, 1979).

2.2.1 The Stake Holders Theory

The stakeholders' theory was identified by Edward Freeman 1984 in his popular book, Strategic Management: A Stakeholder Approach. He defined a stakeholder as any group or individual who can affect or is affected by the achievement of an organization's objectives: he categorized stockholders, lenders, customers, employees, suppliers and management as primary stakeholders who are very important for the survival and smooth running of an organization while he categorized the local community, the media, the court, the government, the general public and the society as secondary stakeholders. He further argued that corporate social responsibility is about identifying and managing a relationship with key stakeholders who include individuals and groups with similar interests in a particular organization. Stakeholders therefore form a link between the strategic objectives of an organization and the expectations of society (Whetten, Rands, and Godfrey, 2002).

The theory indicates that the strength of stakeholder-organization relationship is directly proportional to the benefits stakeholders accrue from their interactions with the organization. The theory further outlines three aspects of CSR. To start with, the theory indicates that stakeholders respond to CSR activities based on the degree to which they obtain personal benefits as a result of the organization engaging in CSR activities. Secondly, the theory demonstrates that the type of the stakeholder-organization relationship is determined by the type of benefits that the stakeholders receive. Finally,

the theory distinguishes between third party measures of CSR activities and the perceptions of stakeholders about the organization's activities.

The theory postulates that an organization survival and success is dependent on its ability to generate sufficient wealth, value and satisfaction for its stakeholders (Clarkson, 1988). In order to understand the stakeholders' needs and create long-term values, an organization has to identify, institute and maintain CSR practices that are acceptable by the stakeholders at all times (Ayuso, Rodriguez, and Ricart, 2006).

To this end, much of the research work on stakeholders theory an investigated the external stakeholders (consumers) leaving an information gap on the internal stake holders (employees). In addition, the theory does not address how to balance the divergent needs of all the stakeholders and it also fails address enforcement issues. This study fills this gap by focusing on employee perceptions of CSR activities as a retention strategy.

2.2.2 The Social Identity Theory

The social identity theory as proposed by Tajifel and Turner in 1979 states that there is a part of an individuals self satisfaction concept derived from perceptions of membership in a certain social group; people tend to belong to groups which they derive a source of pride and self esteem from. In order for them to increase their self esteem they promote the status of the group. Group members seek to find a negative image of an outsider consequently enhancing their self esteem. The theory has been proposed as offering a framework that helps to understand employees attitudes and predict their behaviour. Employees think of themselves in groups they belong to. This means that any positve CSR activity touching on the group will result in a positive value in terms of perception by employees. These positive perceptions can elicit employee satisfaction and commitment to an organization. Jose (2003) describes the social identity theory as "in the welfare of people lies the king's welfare and in their happiness his happiness".

The theory helps to positively visualize and understand the attitudes of employees but it does not predict their reaction towards CSR. The theory is also ignorant of interaction of employees with situational factors.

2.3 Corporate Social Responsibility

2.3.1 The Concept of CSR

Despite the growing importance of CSR little agreement has been reached on the definition of the phrase 'Corporate Social Responsibility' with the numerous efforts to come up with an accepted clear and unbiased definition of CSR not settling on one. There is little consensus to what the phrase means and there are several different names for similar practices, such as Corporate Responsibility, Corporate Citizenship, and Corporate Accountability. While some may argue over the distinction of these terms, at the core they point to the same fundamental principle: the organization is responsible for providing more benefits than just profits for shareholders. It has a role to play in treating its employees well, preserving the environment, developing sound corporate governance, supporting philanthropy, fostering human rights, respecting culture and helping to promote fair trade (Van Marrewijk, 2003). The Commission of the European Communities (2006) defined CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis; while the World Business Council for Sustainable Development (Baker 2004) defines CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, the local community and society at large.

2.3.2 Forms of CSR

Dahlsrud (2006) analysed various definitions of CSR identifying their common characteristics and this analysis yielded 5 dimensions of CSR covered by 27 authors between the years 1980 and 2003. These five dimensions of CSR include: An environmental dimension; a social dimension; a philanthropy dimension; an economic dimension; and a legal dimension. Rehman (2011) did a meta-analysis of various documents on corporate social responsibility and he came up with ten key dimensions of CSR namely: safeguarding the environmental, economic development, ethical business practices, law abiding, voluntariness, human rights, stakeholders' involvement, transparency and accountability.

The economic dimension of CSR is explained by Dahlsrud (2006) emphasizes that organizations are established to provide the economic need of goods and services to those in need of them. In such providing these goods and services the organizations must bring all the organizations stakeholders on board and addressing their interests for a good working relationship. The legal dimension stipulates that an organization is expected to comply with the existing laws and regulations of the region, the country and local government. For the organization to run any activities it must operate under these laws and regulations. The ethical or social dimension expects an organization to comply by the activities, practices and norm existing in a community, a society or a country much as they are not embedded in the national or regional legal documents. All the values and norms attached to a society but not mentioned in laws must be complied with. The environmental dimension emphasizes on the need to conserve, protect and improve the environment in which an organization is operating in. This is through environmental friendly waste disposal, participation in environmental conservation activities and campaigns. Finally, the philanthropy dimension entails the set of activities by an organization that encompasses those corporate actions that are in response to the expectations of the local community and stake holders. These philanthropy activities are aligned with human welfare, good will and they are essential for an organization to be termed as a good corporate citizen.

2.3.3 Benefits of CSR

Engagement in CSR activities has been shown to reduce organizational cost and risks since the demands of the stakeholders' present real threats to the viability of the organization (Kurucz et al., 2008). In addition, Smith (2005) notes that CSR activities like equal employment opportunity policies and practices as well as environmental responsibility activities improves the shareholder value by reducing costs and risks. It has also been concluded that by engaging in certain CSR activities firms may improve their competitive advantage by enhancing its relationships with its customers who happen to be key stakeholders (Smith, 2005). Corporate social responsibility initiatives have also been found to have a positive impact on attracting investment since many investors opt for organizations with a strong corporate image (Smith, 2005). Porter and Kramer (2002) argue that CSR activities can result in mutual benefits in that organizations providing

CSR activities like education would improve the quality of human resources available for the firm in future. Brown and Grayson (2008) found out that employees can play a vital role in the growth and commercial success of an organization. In addition, CSR can attract employees to an organization with studies showing that an organizations performance in terms of CSR may provide a competitive advantage in attracting senior managers (Turban and Greening, 1997).

2.3.4 Barriers to CSR

Lai (2006) observed that there are barriers arising from Knowledge gaps and wrong perceptions Since CSR is still very limited and there are misconceptions in the sense that CSR is often seen as a foreign ideology in many countries. He adds that there is a lack of policy frameworks and incentives needed to encourage and enable enterprises to implement CSR measures since it is not clear which different roles and responsibilities government and businesses should play in the implementation of CSR strategies. Hallbäck (2011) is the opinion that the cost-benefit ratio oftenly becomes a barrier in CSR implementation especially when companies do not have adequate financial resources for CSR activities or when there are sacrifices to be made between profit and ethical choices and actions, profits will always be given a priority since the goal of every modern organization is profit making. Most organizations prioritise urgent financial matters on a day-to-day basis, and this limits their investment in CSR initiatives. Hallbäck adds that there are also barrier of external control means which arise as a result of an organization being unable to monitor the market environment and internal control barrier which implies that there is an absence of strong leadership and management within the company to integrate CSR to the organizations strategy. In addition, Hallbäck notes that there are no checks and balances in the operation of companies when it comes to the several CSR approaches that exist.

2.4 Employee Retention

2.4.1 The Concept of Employee Retention

The concept of employee retention has grown tremendously in the 1970's and the early 1980's. Before then there was a wide perception and practice of employees remaining in the same organizations for all of their working life. Employee mobility and voluntary

change of employers sparked the change that resulted in employees looking at ways of retaining talents (Mckeown, 2002). Employees voluntarily resign from their organisations for various reasons which are classified into two: pull and push factors. The pull factors, according to Sherratt (2000) are the attraction to a new job especially in a growing economy with many job opportunities, or resignation by employees from an organisation to go into private business. In such cases, it is the availability of alternative jobs that attracts an employee to withdraw from a particular organisation. He also explains that the push factor may be dissatisfaction with the present job that motivates an employee to seek alternative employment elsewhere. In addition, it can sometimes be a mixture of both the pull and push factors. Schultz and Schultz (2006) state that a single important push factor that leads to early turnover of new employees is the unrealistic expectations and general lack of knowledge by many job applicants about the nature of the job at the time of employment. Wright (1991) lists the major factors for staff retention as support by administration, better salary and benefits.

O'Neal and Gebauer (2006) identified the major drivers of retention as; competitive base pay, work-life balance, challenging work, career advancement opportunities and salary increases linked to individual performance. Other drivers identified by the study were; learning and development opportunities, competitive retirement benefits, competitive health-care benefits and coaching/mentoring. Phillip and Cornell (2003) identified various drivers of employee retention amongst them: compensation, appreciation and respect, a good working environment, career development and growth and an organizations communication culture. However, these studies like the previous ones do not consider CSR as a retention factor. Arthur (2001) argues that employee retention can be enhanced by various means including compensation practices, leadership and supervision, career planning and development, creating good working conditions, team building, centralization, organization communication and commitment, counseling leavers, flexible working hours, employee participation, turnover policies and appreciations.

2.4.2 Employee Retention Strategies

Rao (2012) advises organizations to ensure the following basic aspects in order to maintain employees in an organization there should be: clear communication on the role and the changes to this role; the employee must have the tools, time and training necessary to do their job; listening and solving employee complaints and problems, as much as possible; fairness and impartial; providing the employees with a stress free work environment; recognition and reward of employee strengths; create room for career growth prospects; and ensure adequate work-life balance initiatives. In addition, Shivangee and Pankaj (2011) came up with suggestions for retaining employees and they summarized them as follows: organizations should hire the right people in the first place; organizations should empower the employees; show employees that they are valued; show trust, respect and faith in employees; provide employees with information and knowledge; have regular feedback on employee performance; recognize and appreciate employees achievements; create a good working environment ; offer good organizational leadership; and offer adequate compensation. Amour (2000) observes that rewarding employees goes a long way in improving retention and this reward should be immediate, appropriate, and personal.

2.4.3 Challenges of Employee Retention

Employee retention faces vital challenges globally and it has been shown that almost all the factors that directly or indirectly influence employee retention are correlated meaning that it is not a single factor that influences an employee to leave an organization but it is a combination of many reasons (Hassan et al., 2011). As such various factors have been pointed out as the key challenges in employee retention amongst them: monetary dissatisfaction; need for more challenging roles; short span loss of interest in an organization set up; unrealistic expectations from the job; need for career growth: and career mismatch (Rao, 2012). Similarly, Shivangee and Pankaj (2011) identified the challenges facing employee retention as: the ever unending desire for more money and higher pay; lack of Incentive programs to improve productivity and morale.; employee irresponsibility; absence of loyalty is dead; and the high expense in Improving employee satisfaction. Other challenges facing employee retention include environmental factors like family commitments and economic inflation. For example, an employee may leave

his current job because his family has moved to another town, or a female employee has to resign from her job to take care of her young child (Mobley, 1982).

When the economy is strong and stable, many job opportunities arise making more room for new employees a fact that encourages employees to change employers. Similarly, during hard economic seasons and periods of recession, employees usually keep their jobs since there are usually limited new job opportunities due to economic uncertainty (Torrington, Hall and Taylor 2005). The Job embeddedness model (Mitchell *et al.*, 2001) also gives an insight into the challenges in employee retention. The model stipulates that human interactions are affected by both proximal and distal connection in their life space. The first dimension in the model is the organizational fit, which is the similarity of the employee's personal values and goals to those of the organization; the greater the similarity is, the greater the fit.

2.5 CSR and Employee Retention

There is scanty research information linking employee perception of CSR activities and their attachment to the organization, the few studies carried out only establish an indirect link between these two variables. According to Cropanzano *et al*. (2001) research has proved that employees react to not only their treatment by their organizations, but also the treatment of others by the organizations. Similar sentiments have been expressed by Becker-Olsen *et al.* (2006) who argue that employees' attitudes about their organizations is dependent on how organizations reach out to others via CSR activities: as such, if employees perceive an irresponsible act by their organization they display a negative job attitude and behavior.

Dowling (2004) argued that corporate reputation is a perception of an organization by stakeholders including employees and it can be positive or negative. He adds that organizations concentrate on developing positive reputations by focusing on areas that are of interest to the stake holders: this in turn influences perception hence building of confidence and trust by the stake holders. Brammer *et al.* (2007) identified a positive link between employee perceptions of external CSR activities and organizational commitment. They defined external CSR activities as the philanthropy, community contributions, and how the firm interacts with the external world, environment and

stakeholders. Brammer *et al.* went ahead to describe this link between CSR and organizational commitment as a positive link since commitment arises as a result of enhanced personal identity as described in the social identity theory. Turker (2009) argues that there is a link between CSR and employee commitment which arises as a result of socially responsible activities by an organization. This encourages volunteerism as well as a positive perception of an organization by employees hence a sense social identity by them. Turker attributes this link between CSR and employee commitment to the social identity. In its explanation, the social identity theory implies that employees tend to associate strongly with a group they belong to (Reza 2009).

Frank (1996) through four separate studies demonstrated that employees were ready to settle for lower compensation just to work for an employer or organization that is perceived to uphold higher moral and social values. It has also been shown that socially responsible firms attract better employees (Greening and Turban, 2000 and Turban and Greening, 1996): this happens because CSR acts as an indicator to potential job applicants that if an organization is socially responsible it is most probably a responsible employer too. Therefore, a good corporate social responsibility image captures a positive attention of not only current employees but also prospective employees (Turban and Greening, 1996). If employees are given opportunities to participate in corporate social activities, it gives them a feeling of satisfaction since they are giving back to their communities, similarly, when employees perceive that organizations are giving priority to their values and norms they appreciate it and it creates a bond that results in employees being embedded in their jobs hence retention; in addition, organizations that engage communities in team building contributes to a bond amongst the employees as well as a bond between employees and the community hence closely knit ties that result in low employee turnover (Zelsman, 2000). Chong (2009) researched the importance of aligning CSR strategies with organizational identity to encourage employee commitment to an organization and promote the success of CSR policies. This study established that internal communication with all employees helps the employees identify with the organization as per the social identity theory; this identity can be used to enhance employee retention.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research procedures that were employed in the study. It identifies the research design, target populations, sample size determination and the sampling procedure, the research instrument used in data collection, data analysis tool and the data presentation methods that were employed in the study.

3.2 Research Design

A research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection measurement and analysis of data. This study was a descriptive cross sectional study using company based groups. Descriptive studies describe characteristics associated with the subject population. Descriptive statistics discover and measure cause and effect relationships among variables (Cooper and Schindler, 2000). The use of a cross-sectional study involved the collection of data at one point in time and it was appropriate in this particular study since the study's objective was to gather information from a well-known and defined population across the organization.

3.3 Study Population

A study population is defined as a complete collection of elements with similar observable characteristics and they are from a certain unit that is of research interest to the researcher (Cooper and Schindler, 2003). The study population in this case was the employees of the Geothermal Development Company. The company has a total of eight hundred (800) employees.

3.4 Sample Design

Stratified random sampling technique was used to ensure a high representation of all subjects in the three cadres. The three cadres involved were: senior management level, a total of twenty eight (28) employees, the middle level staff, a total of one hundred and seventy six (176) employees and lower level staff, a total of five hundred and ninety six (596) employees (Geothermal Development Company, Human Resource Department,

2014). A sample size of 160 was proposed based on Kombo and Tromp (2006) who recommend a sample size of between 10% and 30% where an organizations total population is known. Based on this the researcher opted for 20 % of the 800 employees in GDC which is 160 employees.

Table 3.4.1: Job Categories of the Respondents

Categories	Total population	Sample size
Senior Management	**28**	**6**
Middle level Management	**176**	**35**
Lower level Management	**596**	**119**
Total	**800**	**160**

Source: Human Resource Department, GDC 2014

3.5 Data Collection

Data was collected using a self-administered questionnaire which focused on employee perception of CSR as a retention strategy in GDC, the current employee retention strategies at GDC and the effect of CSR in employee retention at GDC. The questionnaire was made up of two sections: an introduction section covering the demographic characteristics and the main body section with the questions related to the study objective. Most of the questions were close ended and a Likert scale for rating responses was largely employed in most questions.

3.6 Data Analysis and Presentation

Raw data was extracted from the questionnaires and saved into the Microsoft Excel 2010 spreadsheet and thereafter data analysis was done using SPSS statistical Package (version 22). Data was analyzed using descriptive statistics such as frequencies and percentages. The findings were presented in form of tables for ease of interpretation.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of the respondents' demographics, Corporate Social Responsibility at GDC, the employee perception of CSR as a retention strategy at the Geothermal Development Company (GDC) and the discussions of the findings.

4.2 Response Rate

The purpose of this study was to establish the perceived influence of CSR on employee retention at the Geothermal Development Company (GDC) Kenya. Questionnaires were used to collect the data and 160 questionnaires issued, were completely filled and returned translating to 100 % response rate.

4.3 Respondent Demographics

This section discusses the age, gender, education levels and work experience of the respondents.   The respondents carry out different functions in various offices in all the organizations branches both at the headquarters in Nairobi and in field stations including Nakuru, Naivasha and Marigat.

From the findings as illustrated in the Table 4.3.1, 45% of the respondents are in the age bracket of between age groups 21 to 30 and 38% are between 31 to 40 years old. These are very productive age groups in any organization since they form the middle and lower cadres work groups.

Table 4.3.1: Age Groups of the Respondents

Years	Number of Respondents	Percentage
21-30	73	45
31-40	60	38
41-50	27	17
> 60	0	0
Total	160	100

Source: Field Data (2014)

As indicated in the Table 4.3.2, the population of the male respondents is less than that of the female respondents. From this study, females made up 53% of the respondents while males made up 47 % of the respondents. This meets the 2/3 gender rule as per the Kenyan constitutional gender requirements. Table 4.3 2 presents the findings for genders of the respondents.

Table 4.3.2: Gender of the Respondents

Gender	Number of Respondents	Percentage
Male	75	47
Female	85	53
Total	160	100

Source: Field Data (2014)

The results in Table 4.3.3 show that 44.4 % and 40 % of the respondents are undergraduate degree holders and master's degree holders respectively. This implies that most of the staff members in the organizations have embraced postgraduate education at their early career lives.

Table 4.3.3: Highest Education Qualification by the Respondents

Highest Education Qualification	Number of Respondents	Percentage
Certificate	8	5
Diploma	14	9
Higher Diploma	2	1
Undergraduate Degree	71	44.2
Master's Degree	64	40
PhD	1	0.8
Total	160	100

Source: Field Data (2014)

From Table 4.3.3, over half of the respondents (53%) have worked in the organization for over 4 years which is enough time to be fully conversant with the organization as well as

the organizations scope of activities including CSR activities. Table 4.3.4 below presents the findings on the years worked at GDC.

Table 4.3.4: Years of Work at GDC by the Respondents

Number of Years at GDC	Number of Respondents	Percentage
0-2	34	21
2-4	42	26
> 4	84	53
Total	160	100

Source: Field Data (2014)

4.4 Corporate Social Responsibility at the Geothermal Development Company

The Geothermal Development Company has over the years engaged in Corporate Social Responsibility activities amongst them: building and maintaining access roads; providing electricity and water; providing freedom of passage for grazing purposes; employment for the local population; land ownership and compensation for affected parcels; enhancing security in the operation regions; enhancing education through scholarships; afforestation; addressing the human–wildlife conflict through an annual marathon. These CSR activities benefit employees as well as other stakeholders. Over half of the respondents have ever participated in CSR activities (64 %) with the majority of them being females. Table 4.4.1 shows the history of participation in CSR activities by respondents.

Table 4.4.1: Participation in CSR Activities by Respondents

Response	Number	Percentage
Yes	96	64 %
No	64	36 %
Total	160	100 %

Source: Field Data (2014)

All of those who have ever participated in CSR activities in the past affirmed that they derive personal fulfillment from participating in the activities. Table 4.4.2 summarizes the response to this question.

Table 4.4.2: Personal fulfillment from participating in CSR Activities

Response	Number	Percentage
Yes	96	100 %
No	0	0 %
Total	96	100 %

Source: Field Data (2014)

When asked about their interest in participating in CSR activities in future all the respondents (100 %) indicated that they would be so much interested in participation.

Table 4.4.3: Interest in future CSR Activities

Response	Number	Percentage
Yes	160	100 %
No	0	0 %
Total	160	100 %

Source: Field Data (2014)

In addition, very few respondents (4 %) would work for an organization or an employer who has a bad/ negative corporate reputation. This is a good indicator of the understanding of the importance of CSR as well as well as a social identity with CSR. Table 4.4.4 shows the willingness to work for an organization that has a bad/negative corporate reputation.

Table 4.4.4: Willingness to work for an organization that is not has a bad/negative corporate reputation.

Response	Number	Percentage
Yes	6	4
No	154	96
Total	160	100

Source: Field Data (2014)

Awareness of a CSR policy at GDC was low. Majority of the respondents (63 %) reported that they do not know whether GDC has a CSR policy with only 37 % of the respondents reporting the presence of a CSR policy at the organization.

Table 4.4.5: Awareness of a CSR Policy at GDC

Response	Yes	No	Don't Know	Total
Number	59	0	101	160
Percentage	37 %	0 %	63 %	100 %

Source: Field Data (2014)

Awareness on the engagement of stakeholders in developing the CSR policy was also low with 57 % of the respondents not aware of which stakeholders were consulted in developing the policy; those aware reported that employees (6 %), local communities (29 %) and local governments/counties (8%) were consulted in developing the CSR policy.

Table 4.4.6: Stakeholders Consulted by GDC in development of the CSR Policy

Response	Employees	Local Communities	Local Governments/Counties	Don't Know	Total
Number	10	46	13	91	160
Percentage	6 %	29 %	8 %	57 %	100 %

Source: Field Data (2014)

The company has been encouraging her employees to participate in CSR activities as reported by a majority of the respondents (71 %) as indicated in Table 4.4.7.

Table 4.4.7: Encouragement to Participate in CSR Activities

Response	Yes	No	Total
Number	113	47	160
Percentage	71 %	29 %	100 %

Source: Field Data (2014)

Majority of the respondents also reported that the organization raises awareness about CSR within the organization. The various channels used to increase awareness about CSR amongst employees are presented in Table 4.4.8.

Table 4.4.8: Awareness Raising about CSR Activities

Response	Yes	No	Total
Number	115	45	160
Percentage	72 %	28 %	100 %

Source: Field Data (2014)

Of the 72 % of the responses reported to be familiar with awareness raising on CSR activities in the organization, 56 % cited internal organization communications as the channel used while 44 % cited management meetings as the route used in raising awareness on CSR activities in the organization.

Table 4.4.9: Ways Used to Raise Awareness on CSR in the Organization

Response	Internal Organization Communications	Management Meetings	Total
Number	90	70	160
Percentage	56 %	44 %	100 %

Source: Field Data (2014)

All the respondents agreed that GDC should be socially and ethically responsible towards her employees with 77 % and 23 % of the respondents rating ethical and social responsibility by GDC towards her employees as very important and important.

Table 4.4.10: Rating of Importance of Ethical and Social Responsibility

Response	Very Important	Important	Total
Number	123	37	160
Percentage	77 %	23 %	100 %

4.5 Perceived Influence of CSR on Employee Retention at the Geothermal Development Company (GDC) Kenya

Nearly half of the respondents (48.5 %) gave a neutral response on the alignment of their values to GDC's values with 28.1 % expressing a similarity between the values while 24.4 % found no similarity between the 2 set of values.

Table 4.5.1: The respondents' values are similar to those of GDC

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	0	44	77	39	0	160
Percentage	0 %	28.1 %	48.5 %	24.4 %	0 %	100 %

Source: Field Data (2014)

In addition a majority of the respondents are comfortable working at the organization (strongly agree 6.9 % and agree 61.3 %) as indicated in Table 4.5.2.

Table 4.5.2: Satisfaction working for GDC

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	10	99	51	0	0	160
Percentage	6.9 %	61.3 %	31.9 %	0 %	0 %	100 %

Source: Field Data (2014)

Over half of the respondents (56.9 %) are willing to put in more effort to help the organization be successful as a result of the organization's CSR activities; 43.1 % of the respondents gave a neutral response as indicated in Table 4.5.3.

Table 4.5.3: Because of GDC's CSR activities the respondents are willing to put in more effort to help the organization be successful

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	0	91	69	0	0	160
Percentage	0 %	56.9 %	43.1 %	0 %	0 %	100 %

Source: Field Data (2014)

Over half of the respondents (Strongly agree 6.3 % and agree 56.9 %) talk up the organization as a good employer due to the CSR activities that GDC is engaged in.

Table 4.5.4: Because of GDC's CSR activities the respondents talk up the organization as a great organization to work for

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	9	91	40	10	0	160
Percentage	6.3 %	56.9 %	30 %	6.9 %	0 %	100 %

Source: Field Data (2014)

The organizations CSR activities have a weak effect on staff loyalty which was rated at only 36 % with 42 % of the respondents giving a neutral response while 22 % of the respondents did not express any loyalty as a result of CSR activities by GDC

Table 4.5.5: Because of GDC's CSR activities the respondents are more loyal

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	0	57	68	35	0	160
Percentage	0 %	36 %	42 %	22 %	0 %	100 %

Source: Field Data (2014)

Low loyalty to the organization was confirmed by the respondents who were willing to move on and work for other organizations given that the organizations carried out similar scope of work (strongly agree 40 % and agree 27.5 %).

Table 4.5.6: The respondents could just as well be working for a different organization as long as the type of work was similar

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	62	41	37	10	0	160
Percentage	40 %	27.5 %	25.6 %	6.9 %	0 %	100

Source: Field Data (2014)

Similarly, almost half of the respondents indicated that it would take very little for them to change jobs as a result of the CSR approach by the organization (strongly agree 3.8 % and agree 45 %) as shown in Table 4.5.7.

Table 4.5.7: Because of GDC's current CSR approach, it would take very little change in the respondents' present circumstances to cause them to leave the organization

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	6	72	47	35	0	160
Percentage	3.8 %	45 %	29.4 %	21.9 %	0 %	100 %

Source: Field Data (2014)

Over one quarter of the respondents (28.1 %) were willing to work for the organization for as long as possible as a result of the CSR activities that the organization is engaged in. This is a significant number and it shows the high perception of CSR as retention factor

Table 4.5.8: Because of GDC's current CSR approach, the respondents plan to work for the organization for as long as possible

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Total
Number	0	45	76	39	0	160
Percentage	0 %	28.1 %	47.5 %	24.4 %	0 %	100 %

Source: Field Data (2014)

Over half of the respondents gave neutral responses about their satisfaction with geographical area of CSR interventions by GDC (51.9 %). Only 7.5 % strongly agreed with the geographical scope of GDC's CSR activities while 22.5 % agreed with the scope as indicated in Table 4.5.9

Table 4.5.9: Satisfaction with Geographical Area of CSR Interventions by GDC

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	13	36	86	25	0	160
Percentage	7.5 %	22.5 %	51.9 %	15 %	0 %	100 %

Source: Field Data (2014)

Over half of the respondents gave a neutral response on their satisfaction with the nature of CSR activities undertaken by GDC (56.3 %). However 8.8 % of the respondents strongly agreed while 34.9 % of the respondents agreed with the nature of CSR activities undertaken by GDC as shown in Table 4.5.10.

Table 4.5.10: Satisfaction with the Nature of CSR Activities Undertaken by GDC

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	14	56	85	0	0	160
Percentage	8.8 %	34.9 %	56.3 %	0 %	0 %	100 %

Source: Field Data (2014)

All the respondents (100 %) concurred that GDC does not produce an annual CSR report as indicated in Table 4.5.11.

Table 4.5.11: Awareness on Issuance of Annual CSR Reports by GDC

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	0	0	0	5	155	160
Percentage	0 %	0 %	0 %	3.1 %	96.9 %	100 %

Source: Field Data (2014)

From Table 4.5.12, a high number of respondents were of the opinion that CSR is a strategic tool to promote employee retention (strongly agree 48.1 % and agree 33.8 %).

Table 4.5.12: CSR is a Strategic Tool to Promote Employee Retention

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	77	54	1	18	10	160
Percentage	48.1 %	33.8 %	0.6 %	10 %	4.4 %	100 %

Source: Field Data (2014)

A significant number of respondents were of the opinion that CSR policies should be compulsory in all organizations (strongly agree 60 % and agree 28.1 %) as indicated in Table 4.5.13.

Table 4.5.13: CSR Policies Should be Compulsory in all Organizations

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Number	96	45	5	14	0	160
Percentage	60 %	28.1 %	3.1 %	8.8 %	0 %	100 %

Source: Field Data (2014)

4.6 Factors Hindering Employee Retention at GDC

Poor conditions of service seldomly contribute to employee exit from the organization as noted from Table 4.6.1 (large extent15.6 % and moderate extent 30.6 %).

Table 4.6.1: Employees Leave GDC because of low salaries and or poor conditions of service

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at All	Total
Number	0	25	49	62	24	160
Percentage	0 %	15.6 %	30.6 %	38.8 %	15 %	100 %

 Source: Field Data (2014)

Low career development is one of the major causes for employees leaving the organization as shown in Table 4.6.2 (very large extent 37.5 %, large extent 35 % and moderate extent 21.2 %).

Table 4.6.2: Employees leave GDC because of low career development

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at all	Total
Number	60	56	34	10		160
Percentage	37.5 %	35 %	21.2%	6.3	0 %	100 %

 Source: Field Data (2014)

Poor working conditions were rated as a low cause of employees exit from the organization with only 7.5 % rating it as very large extent, 3.1 % as large extent, and 28.1 % as moderate extent as shown in Table 4.6.3.

Table 4.6.3: Employees leave GDC because of poor working conditions

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at all	Total
Number	12	5	45	70	28	160
Percentage	7.5 %	3.1 %	28.1 %	43.8 %	17.5 %	100 %

 Source: Field Data (2014)

Lack of stakeholders' engagement was also rated as a very high significant factor in contributing to employees exit from the organization as shown in Table 4.6.4 (very large extent 36.9 %, large extent 33.1 % and moderate extent 25 %).

Table 4.6.4: Employees leave GDC because of lack of stakeholders' engagement

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at all	Total
Number	59	52	40	5	3	160
Percentage	36.9 %	33.1 %	25 %	3 %	2 %	100 %

Source: Field Data (2014)

In Table 4.6.5, heavy workloads were also rated as low contributors of employee exit at the organization with 36.9 % of the respondents rating it as contributing to a large extent while 25.6 % of the respondents did not find it as a contributing factor.

Table 4.6.5: Employees leave GDC because of a heavy workload

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at all	Total
Number	0	0	60	58	42	160
Percentage	0 %	0 %	37.5 %	36.9 %	25.6 %	100 %

Source: Field Data (2014)

On the other hand lack of support was rated as a very high contributor of employee exit at the organization (very large extent 21.9 %, large extent 44.4 % and moderate extent 17.5 %) as indicated in Table 4.6.6..

Table 4.6.6: Employees leave GDC because of lack of support

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at all	Total
Number	35	71	29	27	0	160
Percentage	21.9 %	44.4 %	17.5 %	16.3 %	0 %	100 %

Source: Field Data (2014)

Bullying was also found to be a very low contributor of employee exit at the organization with only 8 % of the respondents rating it as contributing to a very large extent and 3.1 % to a large extent as indicated in Table 4.6.7.

Table 4.6.7: Employees Leave GDC Because of Bullying

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at all	Total
Number	9	4	32	68	47	160
Percentage	8 %	3.1 %	20 %	42.5 %	29.4 %	100 %

Source: Field Data (2014)

Lack of recognition was found to be the most significant contributor of employee exit at the organization (very large extent 72.5 %, large extent 20.6 % and moderate extent 6.9 %) as indicated in Table 4.6.8.

Table 4.6.8: Employees leave GDC because of lack of recognition

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at all	Total
Number	117	33	10	0	0	160
Percentage	72.5 %	20.6 %	6.9 %	0 %	0 %	100 %

Source: Field Data (2014)

Staff shortage was rated as low contributor of employee exit at the organization with 52.4 % rating it as not contributing as shown in Table 4.6.9.

Table 4.6.9: Employees leave GDC because of shortage of staff

Response	Very Large Extent	Large Extent	Moderate Extent	Less Extent	Not at all	Total
Number	0	0	38	38	84	160
Percentage	0 %	0 %	23.8 %	23.8 %	52.4 %	100 %

Source: Field Data (2014)

Poor CSR strategies was highly rated as a cause of staff exit from the organization (very large extent 35.2%, large extent 9.1 % and moderate extent 23.4 %) as indicated in the Table 4.6.10.

Table 4.6.10: Employees leave GDC because of poor CSR strategies

Response	Very large extent	Large extent	Moderate extent	Less extent	Not at all	Total
Number	83	15	24	21	17	160
Percentage	35.2 %	9.1 %	23.4 %	21.5 %	10.8 %	100 %

Source: Field Data (2014)

4.7 Discussion

Several theories have been proposed to support Corporate Responsibility amongst them is the Stakeholder Theory which emphasizes that organizations ought to be socially and ethically accountable to their shareholders through balancing the interests of the various other stakeholders so as to meet the business environment demands of all stakeholders including employees. The findings of this study do support the Stakeholders theory in that most of the respondents agreed with most statements and their perception of need to be ethically and socially responsible were high. According to this study stakeholders engagement results in employee exit according to most respondents (very large extent 36.9 %, large extent 33.1 % and moderate extent 25 %).

Corporate social responsibility has been rated very high and as such it does affect employee retention significantly especially when they as stakeholders do not feel appreciated or they are not adequately engaged by the organization. This study has highly affirmed the relationship between CSR and employee retention. The results of this study are quite encouraging and well supported by previous studies for instance; Meyer *et al.* (2002); Bentley (2006) and Brammer *et al.* (2007) stated that contribution of CSR towards employee commitment is as greater as job satisfaction. Trucker (2008) found CSR are the strongest positive predictor of employee organizational commitment. The

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findings depict that organizations can highly influence their employee organizational commitment by involving themselves in social activities such as satisfying community needs which influences employee commitment within an organization and hence improve organizational performance.

There is a positive significant impact of corporate social responsibility on corporate reputation: 96 % of the respondents in this study portrayed a negative perception of organizations that are not socially responsible. As such they were not ready to work for an organization with a negative corporate image/reputation. CSR and corporate reputation have a strong correlation which demeans corporate reputation if an organization has no CSR values. Therefore, CSR is one of key determinants of corporate reputation and all organizations must consider CSR as worth their products and financial performance for satisfying external stakeholders.

Another theory that supports Corporate Social responsibility is the Social Identity theory which refers to the concept that individuals tend to associate with groups and other individuals who they share similar characteristics with. Respondents have highly indicated the need to engage them, support them and ensure their career development. 63.2 % of the respondents indicated that they talk good of GDC amongst their friends as result of CSR strategy adopted by the organization. This shows a strong sense of belonging to an organization that is socially and ethically responsible as per the Social Identity theory.

This study supports previous studies carried out which argue that organizations should value and uphold the interests of all its stakeholders by ensuring that they engage in activities such as philanthropy for the good of the society. Ominde (2006) explored the link between corporate social responsibility and corporate strategy among companies listed in the Nairobi Stock Exchange. Her study established that 89% of the organizations have CSR included in their corporate strategic plans and that 89 % of the organizations had a formal strategic plan in place with only 11% of the organizations lacking informal strategic plans. Another local study in Kenya was by Korir (2006) who researched on the Management Perception of Social Responsibility at Kenya Revenue Authority. The

study did establish that, 86 % of the managers at K.R.A were in favour of Social Responsibility and disagreed with all arguments against it with 64% of the arguments having a perception indices ranging between 30 and 90.

Similarly, Gichana (2004) carried out a survey on corporate social responsibility practices by Kenyan Companies listed in the Nairobi Securities Exchange. This study's objective was to identify the CSR practices of firms listed on the NSE and to determine the factors that explain the kind of CSR practiced by the companies. He did establish that Kenyan companies were found philanthropic and this was depicted by donations like foodstuffs, money, non-monetary resources like building materials, Support of community projects, promotional competition and Sponsorship of awareness campaigns. However, only 33.3% of the organizations had a formal CSR strategy, with 56.7% of the organizations having an informal CSR strategy while 10% had no CSR strategy.   In addition, of the 49 respondents, 37% felt that they owed the society something and CSR was a way of redistributing their profits, 10% viewed CSR as a form of advertisement, 7% viewed it as a way of meeting government legislation while 47% viewed CSR as a core ethical value.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter of the research project summarizes the study findings and discusses them in relation to the study. In addition, the chapter highlights the limitations of the study, the conclusion and the recommendations for policy and practice as well as suggestions for further research in the broad area of perceived influence of Corporate Social responsibility on employee retention.

5.2 Summary

The study was carried out to answer one broad question: "what is the perceived influence of CSR on employee retention strategy at the Geothermal Development Company (GDC) Kenya?" The findings of this study have brought to the lime light several issues in respect to the practice of Corporate Social Responsibility at GDC. From the findings, to a large extent, most of the respondents are in favour of the statements that support CSR. There has been an average embracement of CSR activities with only 64 % of the respondents had previously participated in CSR activities but 100 % of the respondents are willing to participate in CSR activities in future. The organization encourages her employees to participate in CSR activities mostly through management meetings and internal communication but these needs to be more upheld.

The management at GDC has a responsibility of promoting CSR through various forums since it promotes employee attraction and retention as depicted by the 96 % of the respondents would not work for an organization with a tinted corporate image. The organization therefore would benefit by increasing her Corporate Social Responsibility activities for the benefit of both the organization and the stakeholders at large. As earlier indicated, majority of the employees are not aware of the company's CSR policy; the policy also ought to be shared widely as part of good human resources practice. There is therefore, the need to keep communicating and where possible involve all employees in CSR activities. In the same spirit, there is need to create aside time for employees to

participate in CSR activities of their choice which will improve their perception of engagement as well as satisfy their social identity needs.

In regard to the employee perception of CSR as a retention strategy, the study has established that to a large extent, most of the employees are in support of CSR. From the findings it is also clear that employees are in support of compulsory CSR strategies and policies in all organizations. Most of the employees are also willing to put in more effort as a result of the CSR approach adopted by the organization; it is for this reason that the employees talk up the organization as a good employer. In addition, the study has revealed that most of the employees leave the Geothermal Development Company as a result of lack of support, lack of recognition, low career development, lack of stakeholders' engagement and poor CSR strategies. Therefore this study has established that CSR is a good ingredient in employee retention as well as employee attraction at the Geothermal Development Company.

5.3 Conclusion

This study was aimed at establishing the perceived influence of CSR on employee retention strategy at GDC. From the findings of the study, it has been well established that the organization conducts itself ethically through CSR activities. This is a very positive perception and to a very large extent, the employees are of the opinion that CSR activities are a key strategy in retaining them at the organization. The organization would substantially reduce employee exit and promote productivity through CSR strategies.

The findings of this study are in agreement with previous international studies (Meyer *et a.l.,* 2002; Bentley, 2006 and Brammer *et al.,* 2007) as well as local studies including Gichana (2004), Ominde (2006) and Korir (2006) who established that in general, managers at Kenya revenue authority had a positive perception towards Corporate Social Responsibility and that the arguments against Social Responsibility were perceived as unimportant; and on the other hand in her findings,

CSR is a multi-faceted concept which and has been discussed a lot for last four decades and it remains an inevitable part of the competitive business community. It is not possible to strive for organizational success while at the same time overlooking the role of CSR

more so in this era of competition. Kenya is a country in which CSR has graduated from infancy to maturity. However, a substantial number of people are not fully aware of the CSR notion and its many aspects as well as its power in the world of business.

One hundred and sixty (160) employees of GDC were used as a sample to arrive at a conclusion of the two proposed theories. Retaining key employees has been strongly affected by firm's socially responsible status. This study provides important information to decision makers involved in designing employee related policies for uplifting their moral and motivate them to remain loyal, committed with their organization and work hard for the uplifting of organization. It also provides useful reference for future researcher on this topic.

5.4 Recommendations

Following the findings of this study recommendations are necessary to inform policy development on corporate social responsibility as a key strategic approach in employee retention orientation in the organization. The findings of this study are of great importance to organizations since it affirms that CSR is highly rated by employees. It leads to satisfaction at the workplace can lead to higher levels of productivity amongst employees. This aspect is especially true in the sense that employees have to feel a connection to the practices that can have a positive output on the environment, their community or other social activities that require levels of engagement that go beyond their daily work tasks and of what is expected of them.

In addition, lack of recognition, lack of support, low career development, poor CSR strategies, low engagement of employees affect both CSR and employee retention. Working conditions, work-life balance, and managing corporate risks are essential elements for all organizations. The study opened new avenues for consideration of CSR policies and their communication in the organization.

The study recommends that organizations should incorporate CSR into their strategic decision making process in order to build good reputation and motivate employees for better performance. It is worthwhile for corporations to integrate their business activities internally (employee motivation to become more committed) and externally i.e. corporate

reputation in order to survive the economic downturn. All organizations including GDC where this study was carried out are therefore required to have a strong CSR strategy and policy which should be well communicated and marketed to all stakeholders including employees. CSR activities need to be fully promoted and so should be policies that are related to: support, engagement and recognition of employees and career development for all employees.

5.5 Limitations of the Study

This study has also been interpreted in the context of its limitations. Firstly, the data for this study was collected from just a single organization which has been existent for only 6 years. It would be prudent to carry out a similar study amongst employees from multiple organizations more so organizations that have been existent for many years. As noted most of the respondents were of ages 21 to 30 years since the organization is relatively new. Secondly, this study did not include several correlational control variables or mediator variables such as, work environment conditions, training opportunities to observe other dimensions that could lead to a better understanding of perception of CSR in employee retention as proposed in this study.

5.6 Suggestions for Further Research

From the limitations expounded in section 5.5 the selection of mediators and analysis through regression and correlations could provide more insight into the relationship between CSR and employees' retention as well as the perception of CSR as retention strategy. Such a framework to further investigate to what extent the mediators affect perception could also determine what other dependent variables have a link with perception of CSR. The study can also be carried out many organizations so that the statistical power can be raised by the variation of the respondents in different work environments.

Methodological limitations that were faced during the study can be improved by adopting the use of other high level statistical methods of data analysis that could have provided the outcome in a different way other than the use of percentages and frequencies. The research on the impact of CSR practices can also be extended to other stakeholders, as they too form an integral part of the organization's environment. Another interesting

thing to examine further is the role of communication when dealing with CSR; both in terms of how it should be handled for more effective work, and also how CSR efforts should be communicated in order for them to have the largest possible positive effect on employee retention.

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Appendix 1: Questionnaire

Section 1: Social Demographic Characteristics

1. **In which of the following age groups do you belong**?

 (a) 21-30   (b) 31-40   (c) 41-50   (d) 51-60   (e) Over 60 years

2. **What is your Gender?** (a) Male   (b) Female

3. **What is your highest Education qualification?**

(a) PhD   (b) Masters   (e) Degree   (f) Higher Diploma

 (g) Diploma   (h) Certificate   (j) High School

4. **Number of years you have worked in GDC since its inception in 2009:**   (a) 0-2
(b) 2-4   (c) Over 4 years.

Section 2: General questions on CSR

Corporate social responsibility (CSR) initiative/activities are the ways that GDC uses to give back to the community, employees and other stakeholders the company interacts with in its operation.

5. Have you participated in any CSR initiatives? (a) Yes   (b) No

   (If No move to question 7, if Yes, answer question 6)

6. Does participation in CSR activities provide you with a sense of personal fulfillment?

(a) Yes   (b) No

7. Are you interested in participating in CSR initiatives in the future?

 (a) Yes   (b) No

8. Would you work for an employer who has a bad/negative corporate reputation?

 (a) Yes   (b) No

9. Does GDC have a CSR structure/policy? (a) Yes   (b) No   (c) Don't know

10. Which stakeholders are consulted by GDC when CSR policies are being developed?

(a) Suppliers   (b) Social and Environmental NGOs   (c) Employees

(d) Customers   (e) Government/Ministry of Energy

(f) Please specify other: _____ (g) None   (h) Don't Know

11. Does GDC encourage her employees to participate in CSR activities?

 (a) Yes   (b) No

12. Does GDC raise awareness within the company in relation to its CSR activities?

(a) Yes   (b) No   **(If yes move to 13, if no move to question 14)**

13. What ways does GDC use to raise awareness within the company in relation to its CSR issues?

(a) Training/awareness programmes   (b) Management briefings

(c) Internal communications (Magazines, bulletin boards, social media, etc.)

(d) Other (please specify) _____   (e) Don't know

14. How important is it for GDC to be socially and ethically responsible towards its employees?

     (a) Very important   (b) Important   (c) Less important   (d) Not important

Section 3: CSR and Employee Retention

From Q. 15: Please respond to the following statements by putting a cross [x] as per the rating scale below:

No	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
a)	I find My Values and GDC's CSR Values are Very Similar					
b)	I am Satisfied working for GDC					
c)	Because of GDC's CSR activities I am Willing to put in More Effort to Help the Organization be Successful					
d)	Because of GDC's CSR activities I Talk up this Organization as a Great Organization to Work For					

e)	Because of GDC's CSR Activities I am More Loyal to the Organization		54			
f)	I Could Just as Well be Working for a Different Organization as Long as the Type of Work was Similar					
g)	Because of GDC's Current CSR Approach, it Would Take Very Little Change in my Present Circumstances to Cause me to Leave the Organization					
h)	Because of GDC's Current CSR Approach, I Plan to Work for the Organization for as Long as Possible					
i)	I am Comfortable With Geographical Area of CSR Interventions by GDC					
j)	I am Comfortable with the Nature of CSR Activities Undertaken by GDC					
k)	GDC Issues an Annual CSR report					
l)	CSR is a Strategic Tool to Promote Employee Retention					
m)	CSR Policies Should be Compulsory in all Organizations					

Question 16: To what extent do you agree with the following statements? **Respond by putting a cross [x] as** per **as per the rating scale below:**

No	Statement	Very large extent	Large extent	Moderate extent	Less extent	Not at all
a)	Employees Leave GDC because of Low Salaries and or Poor Conditions of Service					
b)	Employees Leave GDC Because of Low Career Development					
c)	Employees Leave GDC Because of Poor Working Conditions					
d)	Employees Leave GDC Because of Lack of Stakeholders Engagement					
e)	Employees Leave GDC Because of a Heavy Workload					
f)	Employees Leave GDC Because of Lack of Support					
g)	Employees Leave GDC Because of Bullying					
h)	Employees Leave GDC Because of Lack of Recognition					
i)	Employees Leave GDC Because of Shortage of Staff					
j)	Employees Leave GDC Because of Poor CSR Strategies					

THANK YOU FOR YOUR COOPERATION