

**DETERMINANTS OF CORPORATE SOCIAL RESPONSIBILITY:  
THE CASE OF JIMMA UNIVERSITY**

*A Thesis Submitted to the School of Graduate Studies of Jimma University in  
Partial Fulfilment of the Requirements for the Award of the Degree of Master  
of Business Administration (MBA)*

**BY:**

**SHUWAHIB JIHAD ABASANBI**



**JIMMA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**MBA PROGRAM**

**SEPTEMBER, 2021**

**JIMMA, ETHIOPIA**

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**Under the guidance of**

**Zerihun Ayanew (PhD)**

**And**

**Kedir Abraham (MBA)**



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## CERTIFICATE

This is to certify that the thesis entitled: “*Determinants of Corporate Social Responsibility: A Study in Jimma University*” submitted to Jimma University for the award of the Degree in Masters of Business Administration (MBA) and is a record of valuable research work carried out by **Mr. Shuwahib Jihad Abasambi**, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institution for the award of any degree or diploma.

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## DECLARATION

I declare that thesis titled “*Determinants of Corporate Social Responsibility: A Study in Jimma University*” is my original work, prepared under the guidance of my advisors: *Zerihun Ayanew (Ph.D.) and Kedir Abraham (MBA)*. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions to earn any degree.

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## ***Abstract***

*The starting place of Corporate Social Responsibility is Institutions of higher education. Institutions of higher education are as diverse as the countries in which they are found and they are different in their focus on educational issues and their relation to society. The main objective of this study was to examine the determinants of corporate social responsibility of Jimma University. The dependent variable of the study was corporate social responsibility whereas independent variables were employee demand, student perception, community demand, ethical education, social license, and government policy. To accomplish the objective, a cross-sectional research design and quantitative research approach were used in which 340 closed-ended questionnaires were distributed and 324 (95.3%) were collected. The data has been collected from both academic and administrative staff of Jimma University. The researcher employed stratified and random sampling methods to collect data from respondents through a questionnaire. The data were analysed by using SPSS (Version-20) and a multiple linear regression model was applied. Descriptive and inferential research designs were used for data analysis. In descriptive; frequencies, percentages, mean scores, Standard Deviations, and inferential statistics; Pearson's correlation and regression analysis were used to assess both relationships and effects between dependent and independent variables. The study concluded that employee demand, student perception, community demand, and government policy were significant determinants of CSR, while ethical education and social license were insignificant determinants of CSR. It has been recommended that Jimma university management is advised to give due emphasis on employee demand, student perception, community demand, and government policy to improve corporate social responsibility. Finally, the study provided a direction for future related studies.*

***Key words: Community demand, Determinants of CSR, Employee demand, Ethical education, Government policy, Higher learning institutions, Social license, and Student perception***

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## Table of Contents

|  |     |
|--|-----|
| CERTIFICATE.....                                       | II  |
| DECLARATION.....                                       | III |
| Abstract.....  | IV  |
| Acknowledgment.....                                    | V   |
| List of table.....                                     | X   |
| List of figures.....                                   | XI  |
| ACRONYMS/ABBREVIATIONS .....                           | XII |
| CHAPTER ONE.....                                       | 1   |
| INTRODUCTION .....                                     | 1   |
| 1.1 Background of the Study .....                      | 1   |
| 1.2 Statement of the Problem.....                      | 4   |
| 1.3 Objective of the Study .....                       | 9   |
| 1.3.1 General objective.....                           | 9   |
| 1.3.2 Specific objective .....                         | 9   |
| 1.4 Hypothesis of the Study .....                      | 9   |
| 1.5 Significance of the study.....                     | 10  |
| 1.6 Scope of the study.....                            | 10  |
| 1.7 Limitations of the study .....                     | 11  |
| 1.8 Operational Definitions and Concepts .....         | 11  |
| 1.9 Organization of the Study .....                    | 12  |
| CHAPTER TWO.....                                       | 13  |
| REVIEW OF RELATED LITERATURE.....                      | 13  |
| 2.1 Theoretical Framework.....                         | 13  |
| 2.1.1 Concept of Corporate Social Responsibility ..... | 13  |



|  |    |
|--|----|
| 2.1.2 Development of Corporate Social Responsibility ..... | 16 |
| 2.1.3 Model of Corporate Social Responsibility .....       | 18 |
| 2.1.4 Theory of Corporate Social Responsibility .....      | 19 |
| 2.2 Determinants of Corporate Social Responsibility .....  | 23 |
| 2.2.1. Employee demand .....                               | 23 |
| 2.2.2. Student perception .....                            | 23 |
| 2.2.3. Community demand .....                              | 24 |
| 2.2.4. Ethical education .....                             | 24 |
| 2.2.5. Social license .....                                | 25 |
| 2.2.6. Government policy .....                             | 25 |
| 2.3 Empirical Reviews .....                                | 26 |
| 2.4 Conceptual Framework .....                             | 34 |
| CHAPTER THREE .....  | 35 |
| RESEARCH DESIGN AND METHODOLOGY .....                      | 35 |
| 3.1 Area of the Study .....                                | 35 |
| 3.2 Research Design and Approach .....                     | 35 |
| 3.3 Target Population .....                                | 36 |
| 3.4 Source and Type of Data .....                          | 36 |
| 3.5 Method of Data Collection .....                        | 36 |
| 3.6 Sampling Techniques .....                              | 37 |
| 3.7 Sample Size Determination .....                        | 37 |
| 3.8 Method of Data Analysis .....                          | 38 |
| 3.9 Validity and Reliability .....                         | 40 |
| 3.10 Ethical Consideration .....                           | 41 |
| CHAPTER FOUR .....   | 42 |

|  |    |
|--|----|
| DATA PRESENTATION, ANALYSIS, AND INTERPRETATIONS.....            | 42 |
| 4.1 Demographic Description.....                                 | 42 |
| 4.1.1 Staff type/ work unit distribution.....                    | 42 |
| 4.1.2 Gender distribution.....                                   | 43 |
| 4.1.3 Age Distribution.....                                      | 44 |
| 4.1.4 Experience distribution.....                               | 45 |
| 4.1.5 Education level.....                                       | 46 |
| 4.2 Descriptive Statistics Analysis.....                         | 47 |
| 4.2.1 Corporate Social Responsibility.....                       | 47 |
| 4.2.2 Employee demand.....                                       | 48 |
| 4.2.3 Student Perception.....                                    | 49 |
| 4.2.4 Community Demand.....                                      | 50 |
| 4.2.5 Ethical Education.....                                     | 50 |
| 4.2.6 Social license.....  | 51 |
| 4.2.7 Government policy.....                                     | 51 |
| 4.3 Correlation Analysis.....                                    | 53 |
| 4.4 Assumption Test.....   | 55 |
| 4.4.1 Normality Test.....  | 55 |
| 4.4.2 Linearity Test.....  | 56 |
| 4.4.3 Multicollinearity Tests.....                               | 57 |
| 4.4.4 Homoscedasticity Test.....                                 | 58 |
| 4.5 Multiple Regression Analysis.....                            | 60 |
| 4.5.1 Determining how well the model fits.....                   | 60 |
| 4.5.2 Statistical significance of the model.....                 | 61 |
| 4.5.3 Statistical significance of the independent variables..... | 62 |

|   |    |
|---|----|
| 4.5.4 Estimated model coefficients .....            | 63 |
| 4.6 Summary of Major Findings and Discussions ..... | 64 |
| CHAPTER FIVE .....                                  | 66 |
| CONCLUSIONS AND RECOMMENDATIONS .....               | 66 |
| 5.1 Conclusions .....                               | 66 |
| 5.2 Recommendations .....                           | 67 |
| 5.3 Future Research Direction .....                 | 68 |
| Reference .....                                     | 69 |
| APPENDIX – QUESTIONNAIRE .....                      | 78 |

## List of table

|  |    |
|--|----|
| Table 3.1 Target population of the study.....                | 36 |
| Table 3.2 Sample proportion of target population.....        | 38 |
| Table 3.3 Cronbach Alpha test .....                          | 41 |
|  |    |
| Table 4.1 Corporate social responsibility analysis           | 48 |
| Table 4.2 Employee demand analysis                           | 49 |
| Table 4.3 Student perception analysis                        | 49 |
| Table 4.4 Community demand analysis                          | 50 |
| Table 4.5 Ethical education analysis                         | 51 |
| Table 4.6 Social license analysis                            | 51 |
| Table 4.7 Government policy analysis                         | 52 |
| Table 4.8 Grand mean and standard deviation of the variables | 52 |
| Table 4.9 Correlation analysis                               | 54 |
| Table 4.10 Multicollinearity coefficient test of the study   | 58 |
| Table 4.11 Model Summary <sup>b</sup>                        | 60 |
| Table 4.12 ANOVA <sup>a</sup>                                | 61 |
| Table 4.13 Summary of hypothesis                             | 62 |
| Table 4.14 Model Coefficients <sup>a</sup>                   | 63 |

## **List of figures**

|   |    |
|---|----|
| Figure 2.1 Carroll's Model of CSR.....                    | 19 |
| Figure 2.2 Conceptual framework of the study .....        | 34 |
| <br>  |    |
| Figure 4.1 Staff type distribution                        | 43 |
| Figure 4.2 Sex distribution                               | 44 |
| Figure 4.3 Age Distribution                               | 45 |
| Figure 4.4 Experience distribution                        | 46 |
| Figure 4.5 Education level                                | 47 |
| Figure 4.6 Normality test of the study                    | 56 |
| Figure 4.7 Linearity test of the study                    | 57 |
| Figure 4.8 Homoscedasticity scatterplot test of the study | 59 |

## **ACRONYMS/ABBREVIATIONS**

CSR: corporate social responsibility

USR: university social responsibility

LP: employee demand

SP: student perception

CD: community demand

EE: ethical education

SL: social license

GP: government policy

JU: Jimma University

SD: standard deviation

M: mean

# CHAPTER ONE

## INTRODUCTION

This chapter deals with the background of the study, statement of the problem, research questions, objectives of the study, hypothesis of the study, significance of the study, scope of the study, limitations of the study, definition of terms and concepts, and organization of the study.

### 1.1 Background of the Study

To start with the definition of CSR, there is no universally accepted single definition for the term CSR. However, different scholars and organizations defined the term in different ways and languages with relatively similar understanding. For example, Baron (2001) argued that Corporate social responsibility is a new phenomenon and slightly defined idea.

Among the scholars who defined CSR, The most popular definition of CSR is that of Carrol (1979) who maintains that the social responsibility of an organization comprehends the economic, legal, ethical, and discretionary prospects that the community has of companies at a specified point in time. Kotler & Lee (2005) claims that corporate social responsibility is a commitment to improve community well-being through discretionary business practices and contributes to corporate resources. Other scholars defined corporate social responsibility as the charitable activities an organization or company implements to achieve goals, with accountability to its shareholders (Chandler & Wither, 2014; Coombs & Holladay, 2012, as cited in Elifneh, 2015).

According to Carroll (1999), the most popular methods to CSR often known as the CSR pyramid identified and discussed dimensions of CSR as Economic Responsibility, Legal responsibility, Ethical Responsibility, and Philanthropic Responsibility. The Economic responsibility is about satisfying the very objective of business organizations to earn as much profit as possible by exchanging goods and services in return; Legal responsibility-the laws and standards set to govern the market in the business processes and should not be violated; Ethical responsibility states that companies must strive to fulfil the needs of the society beyond the legal rules and requirements imposed by the laws of a country and Philanthropic Responsibility shows the commitment of firms to underwrite to the common well-being of the society.

Regarding the application of corporate social responsibility; every organization, governmental or non-governmental, non-profit or profit, service sector, or others, expected to exercise the business in a way that maximizes positive effects and to minimize negative effects of that business activity to the stakeholders in addition to the society (Harangozó & Zilahy, 2015)

In the case of the non-profit sector; Waters & Ott (2014) Investigated that non-profit communicators restrain the corporate social responsibility behaviours in which they are engaged. The study found that non-profit organizations are engaging in CSR behaviours, but they are largely reluctant to label them as such because they are uncomfortable with the term “corporate social responsibility.” This is due to their status as a non-profit and because they see the term as corporate strategy, not relevant to the public sector. They preferred terms such as “community well-being” or “community good” to refer to their social and environmental responsibility. Therefore, Corporations have to practice CSR that provide accommodations the concerned and significant shareholder specifically employee, customers and community (Mulugeta & Muhammednur, 2020)

In current periods, there has been a growing concern in accepting the idea of corporate social responsibility in developing countries. Conversely, several studies fail to study the background issues that influence CSR, favouring to depend on concepts and theories established from studies conducted in the west. The study found that concerning the practice of CSR very little is known in developing countries. Ethiopia does not seem to have well-developed CSR institutions or a CSR sector to promote and monitor responsibility in the Ethiopian business environment. However, NGOs and MNCs have played a significant character in the institutionalization of CSR practice in Ethiopia (Ayalew, 2018)

Another study conducted by Ayalew (2018) investigates that corporate governance characteristics, institutional characteristics, firm characteristics, socio-economic and socio-cultural context are recognized as determinants and specifically use western methods that could be worthwhile or use hybrid approach is typed out as a paramount exercise for actual CSR commitment. In addition, CSR practice is a dynamic concept useful for every business in this fashionable world (Mulugeta & Muhammednur, 2020).



In higher learning institutions several arguments on the subject of corporate social responsibility (CSR) took place starting from the late 20th century. For itself, the concept of CSR is becoming more predominant in the curricula of many higher learning institutions for example in economics and business courses. To promote the importance of CSR, the first step is for universities to implement CSR in their curriculum and more importantly, integrate CSR as one of the core values of each university's business school (Elobeid et al., 2016).

The Higher Education Proclamation No. 650/2009 sets the administrative program and objectives for higher learning institutions. Those objectives which were specifically related to community service includes: Promote and enhance research focusing on knowledge and technology transfer consistent with the country's priority needs; Design and provide community and consultancy services that shall cater to the developmental needs of the country; Ensure institutional independence with accountability and participation of key stakeholders in the governance of institutions (MoE, 1999).

In Ethiopia, most higher learning institutions were already involved in activities associated with community service: continuing education, training courses for non-university audiences, technology transfer, and technical expertise provided to development projects, legal aid to weakest groups, etc. Some universities, most notably Addis Ababa University and Jimma university have established university-industry partnership offices to encourage collaboration with business, agriculture, and industry (Amare & Nour, 2015)

Higher learning institutions are as diverse as the countries in which they are found therefore different in their focus on educational issues and their relation to society. However, their traditional roles are teaching, research, and service. CSR is consequently seen as a novel and evolving function of Higher learning institutions for them to be competitive with others while being responsive to the environment and the needs of local communities (Muuka & Choongo, 2009).

The field of social responsibility in higher education is broad and encompasses many themes such as the role of the higher education institution in society, higher education institution partnerships, or general discussions about morality, ethics, and the responsibility of higher education institutions to contribute to human and social development (Parsons, 2016)

The main aim of this study is to investigate the determinants of corporate social responsibility of Jimma University. This study is required because higher learning institutions are a collection of diversified stakeholders and students. Higher learning institutions are expected to provide theoretical knowledge for the students as well as practical bases for the society since they are part of the surrounding community.

## **1.2 Statement of the Problem**

Meanwhile, Ethiopia is one of the developing countries, the idea of corporate social responsibility is not well developed, and also the governance system takes the form of ordinary control and decision making rather than a well-developed ethical code of conduct (Menbere, 2016)

Now a day, companies are facing a conflict of interest between maximizing shareholder and stakeholder value, when the relationship between society and business is reflected. On the other hand, some claim that Corporate Social Responsibility (CSR) helps to meet objectives that produce long-term profits, while others claim that CSR is a step towards a decent society because companies are doing what is ethically correct (Brammer et al., 2012). In the next paragraph, various previous findings concerning the practice of CSR as well as its determinants were discussed.

Initially, the notion of CSR is novel in Ethiopia and its running has started by international companies and NGOs formally and a few in nationwide companies informally. The current corporate social responsibility commitment and its level of stakeholders' awareness concerning the companies' CSR practice in Ethiopia are low, thus, requires an improvement from both companies and the government (Ayalew, 2018)

Regarding the non-profit sector, corporate social responsibility is the least studied also in non-profit organizations when compared to a for-profit organization. A public university is categorized under non for profit organization that serves the people. The impact of corporate social responsibility as a business strategy in for-profit institutions has been increasingly studied by scholars and results frequently indicate benefits to the organizations such as sales, increased reputation, and reduced reputation damage during crises. Thus, little is recognized about the impact of corporate social responsibility on organizations from the non-profit sector (Waters & Ott, 2014)

The exercise of social responsibility does not limit only to corporations, companies, or NGOs, universities are also responsible for all the impacts that cause their operations towards their publics, the society at large, and the environment (Gómez et al., 2018). Universities, especially private ones need strong corporate strategies to be effective in the highly competitive education industry. With regard to this, Corporate Social Responsibility (CSR) becomes one of the greatly favoured strategies by higher learning institutions for achieving a good reputation and a competitive advantage (Dahan & Senol, 2012)

The word corporate social responsibility is applicable for business corporations and when this concept is applied to universities, it will be termed as university social responsibility (USR) or community service and this University Social Responsibility (USR) can be found across the world Universities under various titles such as social responsibility, third mission, social dimension, civic engagement, university-business cooperation, liaison with the socio-economic environment, and many more (Dima & Resch 2016)

Specifically, the concept and practice of CSR in the environment of higher learning institutions are not well studied. Another study conducted by Elifneh (2015) revealed that the topic of CSR in the environment of higher education institutions is one of the least studied topics in Ethiopia in terms of what social responsibility deliberations a higher education institution is expected to release and what it is doing. In addition, Elifneh (2015) the study revealed that there is still the need for more struggles to improve the social responsibilities of the university. CSR pledges including responsibilities to local communities, sustainable use of natural resources, environmental protection, are areas of concern that the higher learning institutions still need to address. Through supporting sustainable development practices in the management at higher education institutions, universities can show their commitment to social responsibility practices. It should be entrenched as part of the university's philosophy as an approach of being, operating, and practicing. Social responsibility should be entrenched into the core values and functions of universities' practices at each level (Yu & Liang, 2020).

A study conducted by Muijenheidi (2004) stated that the starting place of Corporate Social Responsibility is University. Our universe is changing faster than before, populations are growing so harshly, industries are also tripling as a result global warming, air pollution, waste are endangering many lives. To cope up with those problems and save our universe, various individuals and industries should fulfil their responsibility that is the reason HEI is the starting palace for CSR. Starting from the late 20th century many arguments on the issue of corporate social responsibility (CSR) have taken place. Of its own accord, the notion of CSR is becoming more predominant in the programs of many higher education institutions (e.g., business and economics courses). The result of the study indicates that raising awareness and dialogue about this important phenomenon can help increase accountability, transparency, and integrity. To promote the importance of CSR, the first step is for universities to implement CSR in their curriculum and more importantly, integrate CSR as one of the core values of each university's business school (Elobeid et al., 2016). This encouraged the researcher to conduct this study.

Regarding the determinants of corporate social responsibility, Nick et al (2010, cited by Mulugeta & Muhammednur, 2020) indicated, indicated that More than ever before, the community is placing social, ethical, and environmental expectations on organizations large and small. Many organizations are now engaging in corporate social responsibility to catch up with these prospects. Employees at all levels are suffering from a lack of meaning at work. Hence, mass employee activism is the other important determinant of CSR. CSR and ethics education is also the other determinant of CSR. In reaction to the developing concern in corporate social responsibility, various organizations are sending workers to workshops focused on ethical decision-making, sustainability, and other dimensions of CSR. MBA programs worldwide are incorporating CSR into their curriculum. The internet and social media are also affecting CSR activity. Once, the internet enhanced the public's access to information - including information about social issues and environmental performance of companies. On Twitter, Facebook, thousands of review sites, and tens of thousands of forums, discussions, complaints, people's compliments, and blames are readily shared with the world. Regulation on environmental and social reporting also impacts the organizations to be socially responsible. In justly current development, some jurisdictions and laws are now pursuing legislation or securities regulation that would force companies to report on social and environmental performance, similar to mandatory financial reporting to shareholders.

Tormo-Carbó et al., (2016) claim that Concern is growing universally for introducing devoted courses on business ethics and Corporate Social Responsibility (CSR) in higher education curricula. The current unsustainable growth, economic crisis, and financial scandals invite reflection on the role of universities in professional training, particularly those who have to manage businesses. Corporate Social Responsibility (CSR) is an enduring ethical point toward the market, the organization, and society. For higher education institutions (HEI), CSR is a very suitable topic, organizations must finance in their strategies and build a responsible approach, not only in their management activities but also in their education programs (Teixeira et al., 2018). The idea of Corporate Social Responsibility (CSR) is gaining support in the worldwide business atmosphere. Certain organizations are adopting a model, the Social License to Operate (SLO), as part of their CSR strategy (Samy et al., 2015). It is claimed that the magnitude to which these CSR strategies are engaged is a function of both in the ability of community stakeholders and stakeholder saliency to provide what has been mentioned as a “social license to operate (Williams et al., 2008). Panwar et al. (2010) stated that, from the perspective of the future of corporate social responsibility, students’ perceptions are essential research proposals. Numerous studies have been conducted to inspect this occurrence, yet sector-specific studies are rather limited.

The Government and management of the University are exhilarated to associate with the communities and societies, finding their needs and wants and guaranteeing the provision of the services positively (Okpara & Kabongo, 2013). To support the practice of CSR with human power, higher educational institutions should include CSR as the main discipline. The civilization of tomorrow starts today, and to make up this civilization, universities need to have the tolerance to help them attain the stated goals. It is critical for learning institutions to develop means in which to deal with the contemporary situation demands, not only in terms of returns to the community in the form of community arrangement involvement through student projects but also in the sense of replacing their actions and expanding their sources to develop institutions that benefit with and are partially involved in shaping a new society that is more ethical and is involved with its community and environments (Ahmad, 2012).

Jimma University is known for its cherished community-based education philosophy. Jimma University has been trying to fulfil its social responsibility through different mechanisms such as a community-based training program (CBTP) and development team training (DTTP) (Melesse et al., 2015). In this study, the corporate social responsibility of Jimma University is investigated by employee demand, student perception, community demand, ethical education, social license, and government policy.

Generally, previous studies on the determinant of corporate social responsibility had the following gaps: First, the studies focus on the descriptive and qualitative aspects of corporate social responsibility. Second little attention is given to public non-for-profit organizations especially higher learning institutions. Third, the studies did not focus on the determinants of CSR specifically at higher learning institutions. Fourth studies did not consider the determinants of CSR per six predictor dimensions in this study. Lastly, concepts of CSR are dynamic as a result it needs a continuous revision of the papers. Therefore, the researcher was aimed at fulfilling the above-mentioned gaps by applying inferential research design, quantitative approach, and different dimensions of CSR.

This study is needed because; higher learning institutions are operated in society and are they collection of different diversified peoples, student, employee, and local community as well from a various ethnic and religious background. Higher learning institutions are expected to be the starting place for CSR practice through the provision of ethical education, excellent employee as well as student treatment, and community involvement (Hénard et al., 2012)

The community as well as other stakeholders expect something better from the higher learning instructions. Thus, higher learning must discharge their social responsibility to keep their reputation, recognition, and good name as well as their future existence. In addition, higher learning instructions should perform CSR practices to be more competitive with other universities (Dahan & Senol, 2012; Heslin & Ochoa, 2008)

Since little is studied on CSR as a world as well as Africa and Ethiopia particularly in higher learning institutions; this study aims to investigate determinants of corporate social and provide conceptual as well as theoretical bases for the CSR concept in higher learning institutions.

## **1.3 Objective of the Study**

### **1.3.1 General objective**

The general objective of the study was to investigate the determinants of corporate social responsibility of Jimma University.

### **1.3.2 Specific objective**

The specific objectives the study tries to achieve were the following:

1. To find out the effect of employee demand on the corporate social responsibility
2. To investigate the effect of student perception on the corporate social responsibility
3. To assess the effect of community demand on the corporate social responsibility
4. To examine the effect of ethical education on the corporate social responsibility
5. To test the effect of social license on the corporate social responsibility
6. To reveal the effect of government policy on the corporate social responsibility

## **1.4 Hypothesis of the Study**

The following hypotheses are developed from different works of literature. As the above-mentioned, each of the six predicting variables is represented. The hypotheses are written in the null forms.

- 1) Employee demand has no statistically significant effect on corporate social responsibility
- 2) Student perception has no statistically significant effect on corporate social responsibility
- 3) Community demand has no statistically significant effect on corporate social responsibility
- 4) Ethical education has no statistically significant effect on corporate social responsibility
- 5) Social license has no statistically significant effect on corporate social responsibility
- 6) Government policy has no statistically significant on effect corporate social responsibility

## **1.5 Significance of the study**

The results of this study are supposed to be significant in various respects. First, it has a piece of contribution to the current knowledge in the area of CSR for many Ethiopian higher learning institutions, particularly for Jimma University. Second, this study will contribute a lot to the Jimma University concerning the determinants of CSR which will help to create a positive relationship between the university and various stakeholders. Third, this study may raise awareness and attitude for managers of the university, students, employees, and community in general for higher learning institutions.

Fourth, this study also benefits the researcher for conducting extensive and ongoing research through providing reliable information about CSR and to develop research experience and culture as well as broaden knowledge of CSR. The research provides a secondary source for other researches in the future on the subject matter. Moreover, it will also serve as a reference to conduct further study on the topic. Fifth, student researcher has also gained the benefits of being familiar with research skills in the venture and be privileged MBA degree after effective accomplishment of this study. Finally, the study could encourage other researchers to conduct similar researches on the subjects under investigation.

## **1.6 Scope of the study**

The scope of the study was mainly limited to investigating the determinants of CSR practices of Ethiopian higher learning institutions special emphasis on Jimma University. Every organization, for-profit or not-for-profit, governmental or nongovernmental, service sectors, or others, need intensive effort in the area of corporate social responsibility to create a sound organizational and social environment.

For the sake of quality and specialization as well as to cope with the available time and resource constraints, this study focused only on the determinants of corporate social responsibility practices of Jimma University although CSR is equally important in all other universities, particularly other universities currently operating in Ethiopia. In the case of determinants of CSR, six predictors were selected despite other variables are available.



The respondents of the study were Jimma University both academic and administrative staff from six colleges and two institutions. Academic staffs cover graduate assistant lecturers, assistant professors, and associate professors and professors. The administrative staffs cover directors, managing directors, and team leaders.

### **1.7 Limitations of the study**

Adequate and reliable information is important to undertake any kind of study. However, this study has faced the following limitations: First, the target participants in this study were in Jimma University and generalization of this research topic was difficult to make to other universities in the country because of this limited sample size, conclusions and generalizations could be made; Second, the research limited to six determinants of corporate social responsibility (variables) and there would be other determinants which can affect corporate social responsibility; Third, the research used only questionnaire and researcher would have used other method of data collection to get a comprehensive view of the research. Fourth, the research only used Jimma university staff as a target population and the researchers would have used other populations such as the local community, students, Medias and government bodies. Fifth, the research used only a cross-sectional study design and would have used other study designs to identify the determinants of corporate social responsibility. Future research may look into this issue and could narrow the gap

### **1.8 Operational Definitions and Concepts**

**Corporate social responsibility;** CSR can be defined as a voluntary plus compulsory movement of an organization or an institution towards labor treatment, consumer protection, community welfare, environmental protection, human rights, transparency and anti-corruption, health and quality of life to enhance economic, social, political, ethical and environmental standards of the society entire (Carroll, 1999)

**Employee demand;** refers to employees' opinions regarding pay, participation in decision making, the attractiveness of working environment, institutional support for professional development, job enrichment, job security, working conditions, empowerment, and opportunities to voluntary services are major issues of analysis (Elifneh, 2015)

**Student perception;** This theme is focused on understanding what the university claims it is proud of in terms of social responsibility considerations towards its students. What support does the university offer to its students that go beyond providing basic education such as in areas of scholarship, placement, special needs, empowering students, and making them better citizens (Elifneh, 2015)

**Community demand;** Community demand includes different social, economic, and political activities regarding the problems of the society. This demand might be in education, health, sport, infrastructure, or other similar activities (Bassey & Akpan, 2007)

**Ethical education;** is business ethics and corporate social responsibility. The concept of CSR is becoming more predominant in the programs of most higher learning. Implementation of CSR in curriculum and more importantly, integrating CSR as one of the core values of each university's business school (Elobeid et al., 2016)

**Social license;** Social license includes recognition from various angles such as buyers, media, government, international organizations, and self-certification (Wilburn & Wilburn, 2011)

**Government policy;** governments deploy instruments of intervention to promote CSR practices in organizations. These are informational, economic, and legal forms (Steurer, 2010)

## **1.9 Organization of the Study**

This research has five chapters. Chapter one constitutes the introduction part, which includes the background of the study, statement of the problem, research questions, the objective of the study, the hypothesis of the study, the significance of the study, the scope of the study, limitation of the study, definition of key terms and organization of the study. Chapter two contains a review of related works of literature including theoretical, empirical works of literature, and conceptual framework. Chapter three presents research design and methodology which includes sample design, target population, sample size, sampling techniques, type and source of data, data collection instruments and procedures, method of data analysis, and ethical considerations. Chapter four contains research findings, analysis, and interpretations. Finally, Chapter Five presents a summary of major findings, conclusions, and recommendations.

# CHAPTER TWO

## REVIEW OF RELATED LITERATURE

This chapter presents a review of both theoretical and empirical pieces of literature related to corporate social responsibility. Past studies are important as they guide the researcher on other studies done on the same topic. From this review, a conceptual framework using the dependent and the independent variables in the survey was developed, which lays a framework for the study.

### 2.1 Theoretical Framework

#### 2.1.1 Concept of Corporate Social Responsibility

Since there is no single universally accepted definition of CSR many scholars defined in different ways with different language but with a relatively similar idea. CSR can be defined as a voluntary as well as obligatory activity of a business or an institution towards labour treatment, consumer protection, community welfare, environmental protection, human rights, transparency and anti-corruption, health and quality of life to enhance economic, social, political, ethical and environmental standards of the society as a whole (Carroll, 1999).

Paul (2007) explained corporate social responsibility (CSR) is also known by several other names. These include corporate responsibility, corporate ethics, corporate citizenship or stewardship, corporate accountability, responsible entrepreneurship, are to name just a limited. As CSR matters become progressively incorporated into modern business performs, there are inclinations towards mentioning it as “responsible competitiveness” or “corporate sustainability.”

Carrol (1999) explains corporate activities as a pyramid of responsibilities with economic responsibilities at the bottom, followed by legal, then ethical, and with philanthropic responsibilities at the top. Carrol (1999) argues that CSR is about taking responsibility for the pyramid's top parts, as well as the economics and legal responsibilities of the firm and significantly points out that CSR includes philanthropic contributions, however, is not limited to it and also developed this reasoning and explains that these responsibilities are less important than the other three categories.

This is because firms are not seen as irresponsible if they do not fulfil these responsibilities. To fulfil all responsibilities firms should be profitable, while operating within the boundaries of the law, be ethical, and be a good corporate citizen (Lantos, 2001)

Corporate social responsibility (CSR) has been argued since the 1950s. The contemporary CSR (also called corporate responsibility, responsible business, corporate social opportunity, and corporate citizenship) covers the relationship between the corporations and the society within which they interact (Werther, & Chandler, 2010). However, slight theoretical and empirical consideration has been devoted to understanding the reasons that why or why not organizations act in socially responsible ways (Galbreath 2010; Rowley & Berman, 2000)

Most of the theoretical and empirically concerned with a study on this matter has shed light on relationships between CSR and corporate financial performance (Cambel 2007; Rowley 2000). The most emphasis there has been being on determining the impact of CSR on financial performance rather than on determining the drivers of corporate social responsibility as well as corporate performance (Galbreath 2010). Corporate social responsibility consists of the economic, legal, ethical, and discretionary responsibilities of firms towards their stakeholders (Maignan & Ferrell 2000).

According to Dahlsrud (2008), a study of numerous explanations and indicated that CSR is the activities through which companies attempt to develop all their actions concerned with the five organizational dimensions: stakeholders, economic, voluntariness, social, and environmental. They demarcated corporate social responsibility as activities of companies carried out to meet the economic, legal, ethical, and discretionary responsibilities that are imposed on them by their stakeholders. Economic responsibility refers to producing profits and meeting consumer needs, and the legal responsibility of firms is to fulfill their economic operations and mission within a legal framework. Concerning ethical responsibilities, firms should obey moral rules defining appropriate behaviors in society. Lastly, discretionary responsibilities are those corporate actions that are not compulsory but are expected by stakeholders as an indication of good citizenship (Galbreath, 2010)

The operational definition of CSR focuses on the stakeholder management framework rather than society in general because this defines that companies are accountable to their stakeholders (Maignan & Ferrell, 2000). Stakeholders are those whose welfares are related to the companies, and they can be shareholders, investors, suppliers, employees, and customers. Governments are also stakeholders as they provide arrangements and their laws must be followed. Communities and even the natural environment is also stakeholder.

Though, in both business and academic world there is no certainty as to the definition of CSR. The main problem is rather that there are too many such definitions, Marrewijk (2017) stated that often biased toward specific interests and thus prevent the development and implementations of the concept. Not only has the issue become commonplace in the business press and among business and political leaders but a body of academic literature has also emerged around it (Walsh et al., 2003)

Still, little theoretical consideration has been devoted to understanding why or why not companies act in socially responsible ways (Cambell, 2007). Certainly, much of the literature on corporate social responsibility was more descriptive or regulative than positivist in tone (Maignan & Ralston, 2002). Theorized corporate social responsibility as inspiring ideologies (directed by values, stakeholders, performance); processes (programs and activities to implement the CSR principles and/ or handle specific stakeholder issues, including philanthropic, sponsorships, volunteer, code of ethics, quality, health, and safety, and managing environmental impacts); and stakeholder issues (community, customer, employee, shareholders, suppliers).

Corporate social responsibility (CSR) can be categorized as a charming ground of study with «suggestions for university, business and people» which are value devotion (Okoye, 2009). Regardless of the concern to the theme and comprehensive theoretical dialogue, there is still a considerable absence of agreement regarding a correct or universal definition of CSR. Even hasty inspections of external resources on CSR lean towards to propose that there is a propensity to the progression of business conduct and changes of the model (Yevdokimova et al., 2019)

The present literature also reminds us of the diversity of CSR in different countries, which should also be taken into consideration e.g. the Canadian (Montreal school of CSR), the Continental European, and the Anglo-Saxon approaches to CSR have their specifics (Saether, et al, 2008 cited by Yevdokimova et al., 2019).

These differences are known as a belief and clichés, some of the examples are, for Chinese consumers, a socially responsible company makes safe, high-quality products; for Germans, it provides secure employment; in South Africa, it makes a positive contribution to social needs such as health care and education. And even within Europe, the discussion about CSR is very heterogeneous (Marques et al., 2014)

The most common method of CSR is corporate philanthropy. This includes monetary donations and aid given to non-profit organizations and communities. These aids could be made in areas such as the arts, education, housing, health, social welfare, and the environment, among others, excluding political contributions and commercial event sponsorship. (Marquis & Tilcsik, 2016)

Theoretically, CSR is not a traditional management instrument, thus it can be observed as a moral duty rather than a business tactic which is strengthening the need for clear guidance and a deeper understanding of social responsibility (Zwetsloot, 2003). A different suggestion is possible when CSR is broken down into manageable pieces and processes. CSR must be defined to contain several minimum requirements and to entail a system of corporate accountability through regulatory intervention and enforcement of responsibilities (Hack et al., 2003).

According to the Commission of European Union (2001), the definition of CSR is a concept by which organizations incorporate environmental and social subjects in their business dealings and in their collaboration with their stakeholders on a voluntary foundation.

### **2.1.2 Development of Corporate Social Responsibility**

The concept of CSR has had a long and varied history in the literature. Even though orientations to CSR occurred several times before the 1950s, that decade accompanied what might be called the “modern era” concerning CSR definitions. Howard Bowen’s (1953) book *Social Responsibilities of the Businessman*, stands out during this period. It was proposed that Bowen deserves the appellation of the Father of Corporate Social Responsibility. In the 1960s, the literature on CSR developed considerably. Most of this definitional literature was promulgated by academics, and the names that seemed to dominate that period included Davis, Frederick, McGuire, and Walton. (Okpara & Kabongo, 2013)

Descriptions of CSR initiated to flourish in the 1970s. The meanings of CSR became more specific; also during this time, alternative emphases, such as corporate social responsiveness and CSP, became commonplace. The most notable contributions to the definitional construct during the 1970s included the works of Johnson, the CED, Davis, Steiner, Eells and Walton, Sethi, Preston and Post, and Carroll. In the 1980s, we witnessed fewer original definitions of CSR, more attempts to measure and conduct research on CSR, and alternative thematic frameworks. In terms of definitional contributions, the contributions of Jones, Drucker, Wartick, and Cochran, and Epstein stood out (Gond & Moon, 2011)

Finally, in the 1990s, the CSR concept transitioned significantly to alternative themes such as stakeholder theory, business ethics theory, CSP, and corporate citizenship. During that period, it should be noted that writers did not reject the CSR concept, but there were no new definitions added to the body of literature. Wood (1991) extended and set forth a CSP model that took CSR matters. During that time, there was a continuation of a trend begun earlier to operationalize the CSR concept and to articulate other concepts that were consistent with CSR theory but that took alternative emphases or themes as their centerpiece. In virtually all cases, these new directions and themes were consistent with and built on the CSR definitions and constructs discussed in this article (Rosli et al., 2017)

Furthermore, presently the word CSR remains vigorous. As we exclude the 1990s and focus forward to the new period, it is predictable that devotion will be given increasingly to measurement initiatives as well as theoretical advances. For these ideas to develop more, empirical research is undoubtedly required so that practice may be submissive with theory. The CSR concept will remain a vital part of business language and practice because it is a vital support to many of the other theories and is repeatedly reliable with what the public thinks of the business community today. As theory is developed and research is conducted, scholars may review and familiarize current definitions of CSR, or new definitions may come into the literature; however, at present, it is hard to imagine that these new concepts could develop apart and distinct from the groundwork that has been established over the past half-century. In this context, it appears that the CSR concept has a bright future because, at its core, it addresses and captures the most important concerns of the public concerning business and society relationships (Carroll 2021)

### 2.1.3 Model of Corporate Social Responsibility

One of the most common and highly cited models detailing approaches to CSR is Carroll's four-part models. Carroll (1999) regards CSR in a four-stage conceptualization framework that includes economic responsibilities, legal responsibilities, ethical responsibilities, and discretionary responsibilities. These four categories are shown as a pyramid, in which the economic responsibilities is the foundation for all other types of CSR

The economic responsibilities for corporations are fundamental for the growth and general welfare of society and this should be exercised with an awareness of changing social and ethical values. Economic activities include job creation, technology development, and the production of goods and services for business purposes (Jamali, 2007)

For the Legal responsibilities, the Corporation is legally responsible to abide by the law and act within local and international regulations. Although the legal responsibilities protect ethical norms and values such as fair operation and human rights, it is reactive and weak when the ethical standards change. Hence, according to Carroll (1999), these two categories are compulsory responsibilities for corporations.

The other one is Ethical responsibilities, which are expected of corporations but not legally binding. Here, the corporation must recognize the ethical-moral norms in terms of what is accepted and rejected by society (Cragg, 2012). Carroll (1999) claims that both ethical and legal responsibilities are dynamic processes and that the ethical aspects of the business will eventually turn to legal responsibilities when there is a strong consensus in society.

Discretionary responsibilities are the apex of the CSR pyramid. These responsibilities are accepted by the corporation voluntarily and may refer to sponsoring human welfare and goodwill as has been discussed earlier and discretionary responsibilities are the top. In his 1999 article, Carroll changes discretionary to philanthropy. These models appear below (see **Figure 2.1**).

This study used Carroll's four dimensions of CSR model as dependent variable those are economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility because the four-part Carroll's model the most widely accepted and cited model and concerning the practice as well as the activity of the CSR.



Figure 2.1 Carroll's Model of CSR



## 2.1.4 Theory of Corporate Social Responsibility

### 2.1.4.1 Stakeholder theory

Stakeholder theory has gained attention in the management literature after the landmark book “Strategic Management: A Stakeholder Approach” was introduced by Freeman in 1984. According to Freeman (1984), a stakeholder approach to management offers inventive ways for executives to manage their companies effectively. The word stakeholder was initially cast as those groups without whose support the organization would cease to exist (Freeman, 1984).

Stakeholder theory is oriented towards stakeholders or people who can affect or are affected by firm policies and practices (Roberts, 1992). According to Philips, Freeman & Wicks (2003, cited in Bruns et al. 2017), the central idea of stakeholder theory is that firms must pay attention to the interests and well-being of those who can assist or hinder the achievement of firms’ objectives.

Researchers offered support for stakeholder theory and showed that large firms and firms in sensitive industries are subjected to greater stakeholder pressure and therefore associated with higher levels of CSR. In addition, stakeholder theorists indicated financial performance influences the capability of

firms to engage in CSR activities as in situations of low financial performance, economic demands will have priority over social demands (Bruns et al., 2017)

#### **2.1.4.2 Legitimacy theory**

The Legitimacy theory states that CSR is a response to many environmental pressures on organizations which include economic, political, and social pressures. Therefore, for organizations to survive and develop, it is important to be socially responsible including if the distribution of economic, social, or political benefits to the groups from whom they obtain power (Lawrence, 2011). Organizations may embrace CSR to obtain power and legitimacy as well as developing organizations' reputations (Carroll & Shabana, 2010). In the tertiary education sector context, universities are expected to behave in a manner that meets the social expectations and demands of communities and stakeholders (Nejati et al., 2011).

#### **2.1.4.3 Institutional theory**

The institutional theory explains that firms are influenced by institutional settings in which they operate (Frynas, & Yamahaki, 2016). All in all, firms operate within the defined institutions of their respective societies. Institutional differences create a context where particular CSR activities may lead one stakeholder group to confer legitimacy to the firm but meanwhile may lead another stakeholder group to withdraw its legitimacy (Mellahi et al., 2016). The institutional theory highlights the contested nature of CSR.

#### **2.1.4.4 Resource dependence theory**

According to Bondy (2008), RDT is underpinned by the idea that firms can be characterized as open systems, dependent on contingencies in the external environment. The survival and growth of firms hinge on accessing the required resources from external parties (Mellahi et al., 2016). It is argued that institutional pressures may affect firm policies and practices (e.g. Campbell, 2007), but firms may enact different responses to such institutional pressures according to the critical resources they wish to control (Frynas & Yamahaki, 2016). Thus, the need for critical external resources controlled by external parties can affect firm policies and practices. Kor & Sundaramurthy (2009) indicated a link between RDT and CSR. They discussed the relationship between social performance and the resource-provision role of outside directors. Accordingly, outside directors are resource-rich directors which move in broader social networks and provide resources that impact firm strategies and legitimacy. In terms of social performance, resource-rich directors are more likely to be

knowledgeable about social issues and are better placed to ensure that firms pursue positive social performance.

Therefore, the survival of firms depends on ensuring the flow of critical external resources (e.g. knowledge, personal ties, legitimacy) from external parties. RDT theorists argued that the need for critical external resources can result in particular CSR performance. Researchers offered support for RDT theory and showed that firms with a high proportion of outside (inside) and women directors are associated with higher (lower) levels of CSR.

#### **2.1.4.5 Resource-based theory (RBT)**

Similar to the aforementioned RDT, resource-based theory (RBT) contains the term *resource*. However, unlike the RDT which addresses the ability of firms to exploit critical external resources, RBT addresses the heterogeneity of firms concerning their ability to exploit internal resources in the quest for competitive advantage (Frynas & Yamahaki, 2016)

According to Mellahi et al (2016), the core assumption of RBT is that performance differentials of firms are influenced by firm-specific resources and capabilities and that these specific resources and capabilities can lead to competitive advantages. Based on RBT, Barney (1991) introduced a framework to understand the relationship between firm resources and sustained competitive advantage. He stated that a firm's competitive advantage is rooted in the application of valuable resources which are difficult to obtain and hard to imitate and/or substitute.

Therefore, the RBT recognizes the importance of internal resources. RBT theorists argued that CSR is influenced by firm-specific internal resources and capabilities. Researchers offered support for RBT and showed that firms with high levels of innovation and other internal resources (e.g. financial resources) are associated with higher levels of CSR. (Bruns et al., 2017)

#### **2.1.4.6 Agency theory**

Agency theory examines the relationship between principals and agents (Frynas & Yamahaki, 2016) According to Mellahi et al. (2016), the core assumption of agency theory is that agents have distinct incentives and objectives from their principals.

Accordingly, it is concerned with identifying situations in which principals and agents are likely to have conflicting goals and described mechanisms that limit the agent's self-serving behaviour (Calvo & Calvo, 2018). Barnea & Rubin (2010) in their study examined the principal-agent relationship regarding CSR.

The researchers focused on the relationship between ownership and CSR and asserted that different types of owners have different interests in CSR. Two types of ownership are analyzed: (1) inside ownership (managers and large shareholders who are connected with the firm), and (2) outside ownership (institutions and others who are not connected with the firm). Results revealed that inside ownership is negatively and significantly related to social performance. Barnea & Rubin (2010) assumed that higher social performance is associated with higher levels of CSR expenditure.

Therefore, agents have distinct incentives and objectives from their principals. Researchers offered support for agency theory and showed that firms with a high proportion of outside (inside) directors are associated with higher (lower) levels of CSR and that firms with highly concentrated ownership are associated with significantly lower levels of CSR (Bruns et al., 2017)

#### **2.1.4.7 Motivation theory of CSR**

Vogel (2005) stated that there are many reasons why some companies choose to behave more responsibly or virtuously in the absence of legal requirements. Some are strategic, others are defensive, and still, others may be altruistic or public-spirited.

Graafland & Mazereeuw (2012) identified three motives for CSR, the first one is financial motive as an extrinsic driver and the second one is ethical and the third is altruistic; the latter two are considered as intrinsic motives. Consequently, based on the theories here, the motivation for CSR could be intrinsic- such as based on ethical duties or extrinsic, focusing on external drivers such as regulatory requirements or profit motive.

#### **2.1.4.8 Stages theory of CSR**

According to Zadek (2004), there are five steps that organizations go through as levels to CSR maturity: the defensive stage, compliance stage, managerial stage, strategic stage, and civil stage. The defensive stage is characterized by a situation that companies be given unanticipated criticism and the companies are inclined to consider legal options or a PR strategy to handle the problem.

At the managerial stage, companies admit to the reality that the problem lingers, and something really needs to be done; thus the companies assume responsibility along with a commitment for a lasting solution. In the civil stage, that is the last stage, companies go beyond taking responsibility and start to promote a cause to prevail upon other companies in the industry to get involved to better serve the society responsibly together (Elifneh, 2015)

## **2.2 Determinants of Corporate Social Responsibility**

This study was conducted based on the following six predictor variables. Those variables were employee demand, student perception, community demand, ethical education, social license and government policy. Those variables were discussed below.

### **2.2.1. Employee demand**

Some of corporate social responsibility (CSR) demands come from internal stakeholders, such as moral and relational needs of employees (Aguilera et al., 2006). In today business notion of corporate social responsibility imply that companies willingly incorporate social concerns in their operations with their stakeholders. Employees as a primary part of stakeholder the notion of corporate social responsibility is one of ethical issues surrounding corporate decision making and behaviour, therefore if a firm should carry out certain activities or from doing so because they are beneficial or hurtful to society is an essential question. Social issues toward the employees merit ethical concern of their own and should lead managers to consider the social impacts of corporate activities in decision making. Based on the survey of 3637 employees in Estonia, Latvia and Lithuania, measures of internal and external social responsibility are found to be positively associated with job satisfaction. Findings of the study indicate that employees' assessments on various aspects of their job are noticeably higher in firms that are perceived as more engaged in CSR activities both towards their internal and external stakeholders (Tamm et al., 2010)

The findings of Aselage & Eisenberger (2003) have already indicated that a significant associations between the degree to which an organization fulfils its societal obligations and the extent to which employees are satisfied with their job. Working for an organization whose employees positively view corporate responsibility efforts has a significant, favourable impact on how they rate their pride in the organization, their overall satisfaction, their willingness to recommend it as a place to work and their intention to stay. They also tend to have more positive attitudes in other areas that correlate with better performance, such as customer service and leadership from management.

### **2.2.2. Student perception**

This theme is focused on understanding what the university claims it is proud of in terms of social responsibility considerations towards its students. What support does the university offer to its students that go beyond providing basic education such as in areas of scholarship, placement, special needs, empowering students, and making them better citizens. With this respect, findings indicate that the university provides counselling service to students to help them solve problems that trouble

them. The university provides support to its students if the issue relates to gender; the gender related support usually takes the form of scholarships to female students (Elifneh, 2015)

The university offers gender special support, support for disabled students, and grants to Masters Students in terms of research fund and scholarship. It tries to empower students through counselling, club membership such as Environment club, and students are also encouraged to form associations. Addressing the issue of the level of awareness regarding special needs of students and what efforts have been done to reach students with special needs, findings indicate that the awareness is rising, the university has special needs and inclusive education program that teaches and advocates inclusion and there is lobbying to consider the needs of students with special needs particularly in the construction of buildings to accommodate the needs of students with disabilities. Even though the practice is in its early stage, the awareness is rising. With respect to efforts to make students become better citizens, the university offers relevant courses such as ethics and civics courses in many of its programs, and there is also a culture of hosting seminars, panel discussions and debates on issues of national concerns (Elifneh, 2015)

### **2.2.3. Community demand**

Many companies are engaging in various activities which enhance the welfare of the community. As a result, companies should actively contribute to the communities, in which they operate, as well as the international community, and facilitating mutually beneficial relationships. Because community enforcement, threat profitability as well as survival of business organizations. More than ever before, the public-at-large is placing social, ethical and environmental expectations on organizations large and small. Many companies are now engaging in corporate social responsibility simply to catch up with these expectations. Community welfare includes different social, economic and political activities regarding to the problems of the society. These activities might be in education, health, sport, infrastructure or other similar activities. Organizational or institutional participation in these activities can be considered as a CSR practice (Bassey & Akpan, 2007)

### **2.2.4. Ethical education**

Ethical education is business ethics and corporate social responsibility. The concept of CSR is becoming more predominant in the programs of most higher learning. Implementation of CSR in curriculum and more importantly, integrating CSR as one of the core values of each university's business school (Elobeid et al., 2016)

### **2.2.5. Social license**

Social license includes recognition from various angles such as buyers, media, government, international organizations and self-certification. In order for buyers to verify the social and environmental record of their suppliers, many are turning to certification programs that provide independent verification. ISO 14001 was one of the first and most popular of these programs, but many more have been launched since. Social media has impact on CSR activities especially in the transformation of information among stakeholders to create awareness. It is not the only thing giving individuals a louder voice; the traditional media is complicit too. Many prominent news outlets (Aljazeera, BBC and CNN perhaps being the most famous example) have turned to the public-at-large to provide news reports and opinion. Regulation on social and environmental reporting is the other factor which influences CSR activities (Wilburn & Wilburn, 2011)

In a fairly recent development, some jurisdictions are now pursuing legislation or securities regulation that would force companies to report on social and environmental performance, similar to mandatory financial reporting to shareholders. These laws will have a similar effect as the CSR reporting norms already established for large companies, but more pronounced and more widespread (Williams et al., 2008)

### **2.2.6. Government policy**

Business practices that were explicitly referred to as CSR emerged in the US in the 1950s. Back then, legislators intentionally left policy gaps to be filled by non-governmental forms of social provision and promoted CSR practices, for example by introducing tax incentives for employers to provide employment and health insurance (Carroll, 1999; Chapple & Moon, 2005). Parallel to the history of CSR in the US, Chapple & Moon (2005) also relates the emergence of CSR in the UK to the fact that the Thatcher governments downsized the role of the state, both as a regulator and provider of social goods and services.

In recent years, we have seen the appearance of multi-stakeholder dialogue proposals. Among others, these have included the UN Global Compact, the Global Reporting Initiative, and the European Multi-Stakeholder Forum on CSR, which propose dialogue among the different agents involved as a working methodology aimed at making headway in multilateral consensus proposals. Third, other elements suggest that CSR is not a new and isolated topic among the new challenges facing governments in a globalized context (Crane et al., 2004). This enables us to understand why governments have adopted measures to promote CSR in their relationship with the new social governance challenges (Albareda et al., 2007)

In the last few decades (Crane et al., 2004) governments have joined other relevant stakeholders as drivers of CSR. However, whether the soft, hard or both ways of CSR public policies should be adopted remain a point of contest. More specifically, governments deploy instruments of intervention to promote CSR practices in business enterprises.

These are informational, economic and legal forms (Steurer, 2010). With the rational of moral persuasion, the informational role involves creating CSR awareness to businesses via different modalities such as campaigns and trainings.

Economic instruments work with financial incentives and market forces to nurture responsible behaviour which include awards, tax abatements, subsidies etc. Third option is enforcing legal instruments (sticks) in state institutions towards businesses however in soft manner such as directives. Partnerships are another ways to foster CSR engagements too where firms and state entities work jointly on responsible practices. Stakeholder forums or negotiated agreements and public private partnerships are of pivotal CSR policy instruments (Fox, 2004). Besides all those possible ways, hybrid application of instruments can also be used.

## **2.3 Empirical Reviews**

The empirical part of a literature review is based on an analysis of several research findings on the subject matter. The reviewed findings are discussed as follows.

There are considerable works of literature and empirical evidence that show the concept and practice of CSR in Africa is categorically different from that of developed countries. Ethiopia does not look like an exception in this regard. Like any other African country, the concept and practice of CSR are new in Ethiopia. There are limits in literature and empirical evidence regarding socially responsible practices. Research into this area is quite scarce. There are extremely limited academic publications that exhibit the status of CSR in Ethiopia.

Yusuf (2013) conducted a research thesis on the assessment of corporate social responsibility practices and determinants. The study was comparatively conducted in Addis Ababa Tannery and Awash Tannery including 88 and 35 workers in Awash and Addis Ababa tanneries were selected from the total employees of 654 and 275 in each tannery. Data were collected through questionnaires and structured & unstructured interviews. He identified CSR practices based on ISO 26000 seven fundamental subjects of CSR which are supported by lots of research findings of CSR. In the study conclusion, CSR (dependent variable) was found to have a strong positive relationship with employee demand, consumer demands, community enforcement, sustainability, and profitability.



A study conducted by Mebratie (2017), In the study, investigated the factors that affect practices of corporate social responsibility in Jimma University by taking dependent and independent variables; and these variables were CSR strategy of the university, Community service budgets and budget use, employee demand, community enforcement, and finally social license. A cross-sectional research design with a mixed research approach was employed together with Correlation and regression to conduct the research. Questionnaires, interviews, and document analysis had been used as data gathering tools. Cluster, proportional, and convenience sampling to collect information by using a questionnaire; and also purposive or judgmental sampling method was used to sample respondents to gather information through interview method. The researcher had concluded that the university practices CSR well and the determinants which were analyzed in this research have a linear relation with the CSR practices of Jimma University. The study recommended that Jimma University need to enhance the participation of employees in the CSR strategy formulation process to fully address their needs and expectations.

A study conducted by Tsegaw (2018) in the title “Factors Affecting the Practices of Corporate Social Responsibility in the Health Sector: Empirical Evidence from Local Hospitals in Ethiopia” revealed that Corporate social responsibility has been recognized as a weapon to survive in a globally competitive environment. But CSR has been little studied in the health sector. The goal of the thesis was to investigate and analyse factors affecting the practices of CSR in St. Paul’s, MCM, and Hamelin fistula hospitals to form a baseline for further research. The study used two sampling stages. The first one is to sample out the hospitals and secondly the number of respondents within the selected hospitals. The purposive sampling method was used to select 3 hospitals and all the management team members of the selected hospitals as a sample. The data for the study had been collected through a self-administered standard questionnaire. Descriptive statistics, correlation, and regression analysis were used to analyse the data with the aid of SPSS version 20. The results show that organizational culture, government policy, and pressure group positively and significantly influence the level of CSR adoption. Employees' demand, Competition, and customers demand to have a positive relationship but not significant in explaining the level of CSR. The study recommended that hospitals should see social performance as an enlightened self-interest and should therefore handle it with great concern.

An empirical study conducted by Bruns et al. (2017) under the topic The determinants of corporate social responsibility: empirical evidence from the Netherlands, outlined and explained several factors that could drive CSR. The study categorized these factors under three categories and summarized them as institutional or industry characteristics, firm characteristics, or corporate governance characteristics. The study indicates that corporate social responsibility (CSR) is a topic that has

gained much attention lately. This attention, however, is mainly focused on the consequences and benefits that are associated with CSR activities. The study contributes to the extensive academic literature by finding determinants of CSR. It will do so by using the five most explanatory theories of the last decade. Using the multi-theoretical framework, the study empirically tested if leverage, profitability, board diversity, ownership concentration, and R&D are potential determinants of CSR. The study is structured in such way that each determinant comes from one of the five explanatory theories. Using a sample of 68 Dutch listed firms the determinants are tested using Ordinary Least Squares (OLS) regression analysis. Results of the study indicate that ownership concentration is a significant determinant of CSR. However, leverage, profitability, board diversity and R&D are found not to be significant determinants of CSR.

A study conducted by Mulugeta & Muhammednur (2020) investigated determinants of corporate social responsibilities (CSR) of mineral water bottling companies in the Dire Dawa Administration. Eight water bottlers in the city and four stakeholder organizations were included in the study. The result of the study indicated that community pressure (CP), employee demand (LP), customer demand (CD), and social license to operate (SL) are significant determinants of CSR, while sustainability practice (SU) is not a significant determinant of CSR practice. The study recommended companies should practice CSR that accommodate the interested and influential stakeholder namely community, employee and customers.

As a study conducted by Ayalew (2018) indicates, In recent times, there has been an increasing interest in understanding the concept of corporate social responsibility in developing countries. However, many of the studies fail to investigate the contextual factors that influence CSR Practices, preferring to rely on theories and hypotheses developed from studies undertaken in the west. Very little is known about the practice of CSR in developing countries. The result of the study indicates that; firm characteristics, corporate governance characteristics, institutional characteristics, socio-economic and socio-cultural context are identified as determinants, and selectively use western approaches that can be useful or use hybrid approach is keyed out as best practice for effective CSR engagement. However, lack of community participation in CSR activities, non-availability of well-organized NGOs, narrow perception towards CSR initiatives due to the early stage of its evolution, non-availability of clear CSR guidelines, lack of consensus on implementing CSR issues, lack of enough attention in terms of the societal context in the CSR literature, lack of direct involvement in terms of providing instruction and exerting pressure from the parent companies of the MNCs on the local CSR initiatives which coupled with challenges impeding CSR practices or engagements. The study concluded that establish a CSR centre to foster CSR in the country and promote academic research in this field, encouraging the private sector participation together with NGOs within the

framework of responsible business practice, strengthen and develop CSR institutions in Ethiopia to create more awareness of the potential of CSR and integration of local values with the international standardization are recommended as suggestions to bring better implementation of CSR practice in the country.

Another study was conducted about the understanding of corporate social responsibility (CSR) practices by Addis Ababa University, the largest and the oldest university in Ethiopia. The issue of CSR in the context of higher learning institutions is one of the least studied subjects in Ethiopia in terms of what social responsibility considerations a higher learning institution is expected to discharge and what it is doing. The study noted that there is still the need for more efforts to improve the social responsibilities of the university. CSR commitments including environmental protection, sustainable use of natural resources, obligations to local communities are areas of concern that the university still needs to address. The study also found out that the subject matter itself is in the early stage of its evolution at the organizational level. However, there are some indicators that the idea of corporate social responsibility is fairly accepted and the university acknowledges its value as well as its importance despite the lack of a complete implementation of corporate social responsibility programs that can successfully reach out to its stakeholders. The study concludes that even though the university acknowledges its value as well as its importance, it is difficult to infer that there exists a well-developed CSR knowledge/system in Addis Ababa University (Elifneh, 2015)

A study also conducted concerning the assessment of the Ethiopian floriculture industry from a CSR and governance perspective raised serious concerns regarding the practice of CSR. The study noted that poor working conditions, exposure to hazardous pesticides, sexual harassment and exploitation, low bargaining power of workers, and safe working condition are identified as serious concerns in the floriculture industry. The study also shows that the inexistence of the stock market leading to an undeveloped corporate governance system is a major challenge of ensuring an effective and efficient labor practice in the sector. The study further indicated that the government is the major player in assuring ethical business practice in the industry by developing policy tools and the respective national laws to ensure the application of policies in regulating ethical business practice. The study concludes that even though the government enacts the necessary regulation, it cannot enforce the same (Samson, Eshetu, & Shiibre, 2011)

A study conducted by Kassaye (2016) on CSR practices and understandings of multinational companies (MNC), national companies, government organizations, and NGOs regard to Ethiopian perspectives, CSR as the idea is new and started as a retort by multinationals and NGOs to remedy the effects of their extraction activities on the local communities. Consequently, the result has been viewed as two-fold. Firstly, there is the recent development of formal CSR practices mainly driven by MNCs and NGOs. Secondly, almost all national companies and government organizations have not developed a concept of CSR. However, some Ethiopian companies have a tradition of partnership and dialogue with their communities and stakeholders in the form of informal CSR practices. The study further indicated no CSR practices are being integrated into management systems and daily business operations within many companies and organizations. But there is an enhancement of philanthropic initiatives in Ethiopia to a great amount has been institutionalized. Therefore, several traditional institutions can be taken as major external factors governing social responsibility practices in Ethiopia. These institutions are serving as instruments to organize socio-economic collaboration and mutual assistance among villagers.

A study conducted by Williams et al. (2008) stated that Corporate social responsibility (CSR) is a term progressively engaged to represent ethical manners concerning numerous shareholder, supplier, consumer, employee, and competitor stakeholder groups. It is often designed and stated through community engagement strategies in which firms reach out to these groups to address societal concerns as well as corporate objectives. Little research analyses how CSR relationships are initiated and evolve in tourism destinations. The article outlines the key theoretical foundations of CSR and illustrates how these concepts may be translated into stakeholder engagement strategies in mountain resort destinations. It is argued that the extent to which these CSR strategies are employed is a function of both in situ stakeholder saliency and the ability of community stakeholders to provide what has been referred to as a “social license to operate.

Wilburn & Wilburn (2011) indicated that the idea of corporate social responsibility (CSR) is gaining support in the worldwide business atmosphere. Certain organizations are adopting a model, the Social License to Operate (SLO), as part of their CSR strategy. The paper provides background on the ideas of Corporate Social Responsibility and Social License to operate with examples supporting the business case for them. It proposes a process based on stakeholder theory for identifying and classifying stakeholders that divides stakeholders into two groups: vested and non-vested. Vested stakeholder groups have a vote in the awarding of a social license to operate, while non-vested stakeholder groups have only a voice. By using a process based on the alignment of the norms and values of the company, and the stakeholder groups, social licenses to operate can be negotiated that can allow a company to succeed in different countries and cultures.

A study conducted by Samy et al. (2015) indicated that There has been an increase in the number of countries adopting a national policy for CSR practice, particularly in Western society. Despite the growing awareness about the role of government in CSR promotion, governments in Sub-Saharan Africa are yet to evolve policies that could help promote CSR in the region. As drivers of CSR, governments hold resources, like access to regulated parts of society that make the inclusion of CSR opportunities relevant to strategic and operational management. From the existing literature, the role of government in defining and shaping the field of CSR is gaining wider acceptability. The findings of the study established that the status of CSR implementation in Sub-Saharan Africa is influenced by the absence of national CSR policy, CSR being mainstreamed in government constitution and CSR being a company initiative action to comply with the international code of business conduct. The results of this study could have policy implications for both executive and MPs of national governments for CSR regulatory policies.

Nidasio, (2012) claims that in recent years the concept of Corporate Social Responsibility (CSR) has gained momentum in Europe, and EU Governments are defining reporting and management frameworks to implement CSR on a larger scale. European Institutions, on their side, are working on the union of CSR tools. The paper classifies the CSR reporting and management frameworks adopted according to two levels of analysis: top-down vs. bottom-up, Government-centred vs. multi-stakeholder oriented. Furthermore, it attempts to evaluate to what extent the analyzed reporting instruments integrate social and environmental concerns into business operations - CSR as sustainable management – rather than promoting CSR as social activities or simply viewing it as an emerging issue in management. The findings on CSR frameworks and corporate policies argue for a bottom-up and multi-stakeholder approach to sustain corporate sustainability management.

Vallentin, (2015) argues that government has played a pivotal role in making CSR happen and that this reflects strong traditions of regulation, corporatism, and active state involvement. However, there is no unitary ‘‘Danish model of CSR’’ being promoted by the government. Although Danish society is often associated with a model of consensus, they claim that Danish government policy on CSR is characterized by a lack of common direction and that we need to approach it on such terms. To provide a critical account of ‘the Danish model’ they apply a governmentality perspective that allows them to stress political difference. And also argue that Danish government policy consists of three distinct regimes of practice and shows how they subject CSR to different modes of rationalization and action. The study concludes that the problem with public policy being split into three is not different as such, but the failure of each regime to recognize the value of the others. As a result, government tends to add to the confusion and opaqueness of CSR.

Tormo-Carbó et al., (2016) claim that Concern is growing universally for introducing devoted courses on business ethics and Corporate Social Responsibility (CSR) in higher education curricula. In the study, awareness of business ethics is investigated from a sample of 307 undergraduate and postgraduate management students at a Polish university. The investigation aims at assessing management students' awareness of business ethics issues, focusing on the potential differences in such perceptions depending on previous business ethics/CSR courses taken. The study findings stimulate further questions (e.g., considering business ethics/CSR course design and methodology issues) and challenges for future research.

According to Jorge & Peña (2014) The present economic crisis, unsustainable growth, and financial disgraces request consideration on the role of universities in professional training, specifically those who have to manage businesses. The study investigates the main factors that might regulate the extent to which Spanish organizational management educators use corporate social responsibility (CSR) or business ethics separate subjects to provide students with other views on business. A web content analysis and non-parametric mean comparison statistics of the curricula of undergraduate degrees in all universities in Spain were conducted. The study concluded that the increase of CSR and ethical education in Spain is the Bologna process and its revision to the European Higher Education Area. Also, private universities in Spain are more likely to require an ethics course than public universities. Other factors, such as size, political alignment, or related to CSR chairs are not statistically explanatory of CSR and ethical education.

According to Teixeira et al. (2018), Corporate Social Responsibility (CSR) is a long-lasting ethical situation toward the market, the organization, and society. For higher education institutions (HEI), CSR is a very timely topic, they must invest in their strategies and build a responsible approach into, not only their management activities but also in their education programs. The purpose of the study was to examine the type of perceptions students have regarding CSR and, to examine if socio-demographic variables (such as gender, age, professional experience, and academic degree), influence the students' perceptions of CSR. The findings of the study reveal that the students' perceptions present different dimensions that can be grouped in i) pro CSR, ii) resistant CSR and iii) secondary CSR, and the socio-demographic variables do not contemporary statistically significant differences in the perceptions of the different students under study.

A study conducted by Zizka (2017) reviews how hospitality students recognize ethics, corporate social responsibility, and sustainability concerning their present educational program and future profession. Previous literature has shown an evolution in higher education institutions to implement ethics, corporate social responsibility, and sustainability topics into their curriculum. This quantitative study measured 202 first-year students' levels of interest, perceived importance, and potential implementation of ethics, corporate social responsibility, and sustainability in a hospitality management program. Based on student responses, there is a high probability that courses on ethics, corporate social responsibility, and sustainability will be taught during their academic program to better prepare them for their future determinations and the future of the globe.

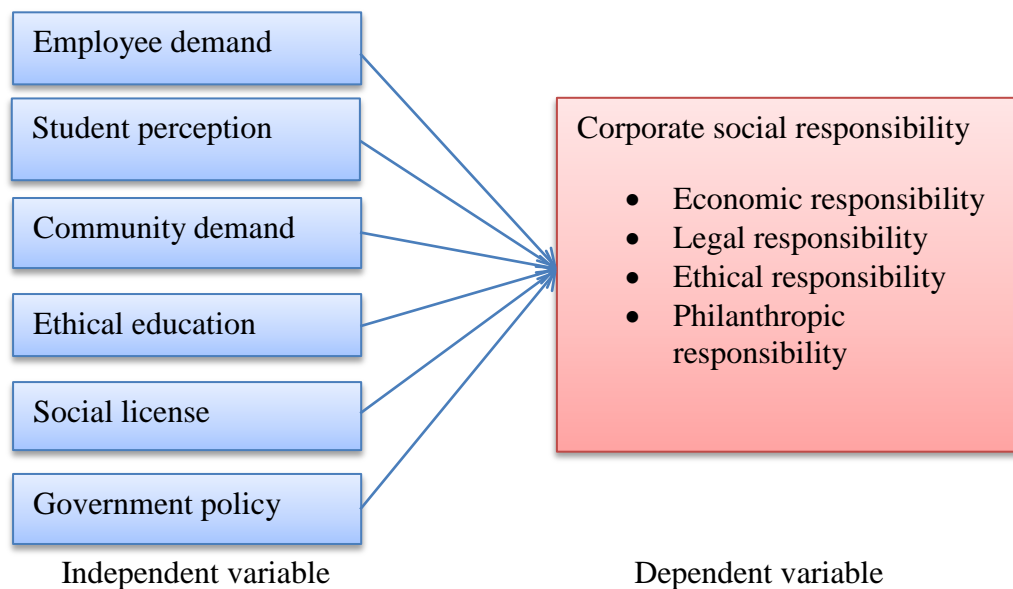
Panwar et al. (2010) stated that, from the perspective of the prospect of corporate social responsibility, students' perceptions are an important research proposal. Numerous studies have been shown to study this phenomenon, yet sector-specific studies are somewhat limited. The purpose of the study was to investigate students' perceptions concerning social responsibility in the circumstance of the US forest products industry. The study findings indicate that business and forest environmental science students were least satisfied with industry satisfying its economic responsibilities.

## 2.4 Conceptual Framework

A conceptual framework is a common approach for researchers to describe the relationship between independent variable and dependent variable as well as to formalize the data collection strategy, and to analyse the data from the study. The conceptual framework helps researchers to identify what are the important variables, the significant relationship, and finally, the data to be collected and analysed (Miles et al., 2014).

The conceptual framework of this study was prepared based on the objectives of the study. In this study, the six determinants of corporate social responsibility (employee demand, student perception, community demand, ethical education, social license, and government policy) which are independent variables, and corporate social responsibility as the dependent variable is considered.

**Figure 2.2 conceptual framework of the study**



Source: Developed by the author from works of literature

The review of the literature has been analysed to see the relationship and effects between determinants of corporate social responsibility (independent variable) and corporate social responsibility (dependent variable).



# CHAPTER THREE

## RESEARCH DESIGN AND METHODOLOGY

According to Kothari (2004), Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. Research Methodology defines the approach to collecting and analyzing the data in research conduct (Sekaran, 2003).

This chapter deals with the area of the study, target population, research design and approach, sources, types, and method of data collection, sampling technique and sample size determination, method of data analysis, and model specifications to conduct the study are discussed.

### 3.1 Area of the Study

Jimma University is one of the leading public higher learning institutions in Ethiopia, which is located in the southwest direction at a distance of 355 km from Addis Ababa city. Jimma University has performed organizational structural improvement that would allow it offers efficient and effective services as a result of BPR implementation. It is also famous for its community-based education philosophy. Accordingly, there are six colleges and two Institutes and these all are the focus of the study.

### 3.2 Research Design and Approach

The researcher used both descriptive and inferential research designs to conduct the study. The purpose of the application of descriptive research design in this study is to describe and assess determinants of CSR at Jimma University. Moreover, the inferential research design was used to determine the relationship between independent and dependent variables (Kothari, 2004)

The researcher used a quantitative research approach to conduct the study. A quantitative approach was used to test the research hypothesis and to examine the relationship between dependent and independent variables by using regression models (Kothari, 2004)

### 3.3 Target Population

To conduct this study, the researcher had gathered sufficient information from various communities of Jimma University such as all academic staffs and administrative staffs' wings holding a position such as managing director, director, and team leaders in Jimma University.

**Table 3.1 Target population of the study**

| <b>College / institutions</b>              | <b>Academic staff</b> | <b>Administrative staff</b> | <b>Total</b> |
|--|-----------------------|-----------------------------|--------------|
| <b>Health institutions</b>                 | 762                   | 23                          | 785          |
| <b>Technology institutions</b>             | 484                   | 21                          | 505          |
| <b>Natural science</b>                     | 228                   | 5                           | 233          |
| <b>Social science</b>                      | 240                   | 4                           | 244          |
| <b>Agriculture and veterinary medicine</b> | 214                   | 7                           | 221          |
| <b>Business and economics</b>              | 148                   | 4                           | 152          |
| <b>Education and behavioural</b>           | 62                    | 3                           | 65           |
| <b>Law and governance</b>                  | 61                    | 4                           | 65           |
| <b>Total</b>                               | <b>2199</b>           | <b>71</b>                   | <b>2270</b>  |

Source: JU human resource development director, 2021

### 3.4 Source and Type of Data

Sources of data for the study were both primary and secondary. The study begins with secondary data analysis through a detailed review of related literature. In this regard, the researcher tried to refer to different books, published and unpublished documents, journals, articles, and research papers to get information on the theoretical and empirical framework of the study. The primary data was collected directly from respondents using questionnaires.

### 3.5 Method of Data Collection

The researcher collected the necessary data to conduct the study from different respondents through a questionnaire. For this study, a five-point scale or Likert type of self-administered questionnaire was used. The questionnaire is a five-point scale ranging from 1= strongly disagree to 5= strongly Agree. Respondents were asked to indicate their opinion about the practice and determinants of CSR at Jimma University. It will contain three major parts. Part one is about the general background of the respondents.

Part two is about the CSR of Jimma University and part three is about the determinants of CSR. The questionnaire was administered and distributed to the respondents under the direct supervision of the researcher.

For the measurement of CSR, the scale developed by Maignan and Ferrell (2000) with slight modification was used. This scale uses four dimensions of CSR that consist of economic, legal, ethical, and discretionary responsibilities. The CSR was computed by averages of the sum of scores across these four dimensions. All items were measured on a 5-point Likert scale.

### 3.6 Sampling Techniques

Sampling design is a system of taking a small ratio of observation from a large population to get information of that large population from the sample observation by using some statistical design. In this study, stratified random sampling was used to determine the sample size of the target population the study population was heterogeneous. Consequently, stratified random sampling offers better exposure to the population since the researchers have control over the subgroups to confirm every respondent was represented in the sampling. Stratified random sampling gives a smaller error in estimation and greater precision than the simple random sampling method. If there is greater variation between the strata, there will be a higher improvement in precision (Sekaran, 2003)

The researcher employed stratified random sampling to obtain a sample population that best represents the entire population. The researcher identified two work unit staff in the university those are academic and administrative staff. The first respondent was classified by their work unit and then classified by their respective colleges or institutions. The individual respondents were reached through a random sampling method.

### 3.7 Sample Size Determination

To determine the appropriate sample size from the total population, The researcher applied a simplified formula provided by Yamane (1967), to determine the required sample size of the population at 95% confidence level, degree of variability = 0.5, and level of precision = 5%.

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

$$n = \frac{2270}{1+2270(0.05)^2} \quad \underline{\underline{n = 340}}$$

**Where;**

n = the sample size

N= the population size

e = the level of precision or sampling error (0.05)

The corresponding sample size for each stratum is calculated using the following formula and the result is summarized in **Table 3.2**;

$$\text{stratum sample size} = \frac{\text{sample size}}{\text{population size}} \times \text{stratum size}$$

**Table 3.2 sample proportion of target population**

| <b>College / institutions</b>                  | <b>Academic staff</b> | <b>Administrative staff</b> | <b>Total</b> |
|--|-----------------------|-----------------------------|--------------|
| <b>Health institutions</b>                     | 114                   | 3                           | 117          |
| <b>Technology institutions</b>                 | 73                    | 2                           | 75           |
| <b>Social science</b>                          | 34                    | 1                           | 35           |
| <b>Natural science</b>                         | 36                    | 1                           | 37           |
| <b>Agriculture and veterinary<br/>medicine</b> | 32                    | 1                           | 33           |
| <b>Business and economics</b>                  | 22                    | 1                           | 23           |
| <b>Education and behavioral</b>                | 9                     | 1                           | 10           |
| <b>Law and governance</b>                      | 9                     | 1                           | 10           |
| <b>Total</b>                                   | <b>329</b>            | <b>11</b>                   | <b>340</b>   |

Source: own survey (2021)

### **3.8 Method of Data Analysis**

The collected data were first checked for its consistency, completeness, missing, and other errors before the entry process. The data coding makes ready the completed and correct questionnaire for analyzing process. A data entry template was organized and data entered into the appropriately designed program for analysis. Therefore, data has been analyzed by descriptive and inferential statistics using Statistical Package for Social Science (SPSS-version 20). Descriptive statistical indexes like percentage, mean and standard deviation are used for analysis. Similarly, inferential statistics such as correlation and multiple linear regressions were also used to identify the strength of the relationship and the degree of prediction between determinants of corporate social responsibility and corporate social responsibility.

The analyses of Likert items and Likert scale data require unique data analysis procedures. Once a researcher understands the difference between Likert items and Likert scale data, the decision on appropriate statistical procedures was clear (Boone & Boone, 2012). The challenges of selecting an appropriate statistical method depend upon the designing of Likert instruments (Joshi et al., 2015). If we sincerely combine the items to generate a composite score (Likert scale) of a set of items for different participants then the assigned scale will be an interval scale otherwise it becomes ordinal. Since the dependent variable of this study is ordinal in an item and continuous in aggregate the researcher employed multiple linear regression models as an appropriate model for the study.

The Mathematical Model of multiple regressions below was used to determine the quantitative association between the variables:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_nX_n + \varepsilon \dots\dots\dots (1)$$

$$CSR = \beta_0 + \beta_1LP + \beta_2SP + \beta_3CD + \beta_4EE + \beta_5SL + \beta_6GP + \varepsilon \dots\dots\dots (2)$$

**Where;**

*CSR* = corporate social responsibility

*LP* = employee demand

*SP* = student perception

*CD* = community demand

*EE* = ethical education

*SL* = social license

*GP* = government policy

$\beta_0$  = constant

$\beta_n$  = coefficient

$\varepsilon$  = error term

Before applying multiple linear regression models, different assumption tests were considered to ensure the appropriate use of data analysis. Those assumption tests include the normality, linearity, multicollinearity tests, and Homoscedasticity test. Lastly, based on those tests normality, linearity, homoscedasticity, and multicollinearity tests that the study employed the multiple linear regressions.

### **3.9 Validity and Reliability**

Validity refers to the scope to which a measure satisfactorily represents the fundamental construct that it is supposed to measure. Reliability is the extent to which the measure of a construct is consistent or dependable (Bhattacharjee, 2012). It can also be defined as the extent to which a questionnaire, test, or any measurement procedure produces the same results on repeated trials. The validity of this study was ascertained through different methods or techniques. Through the accurate representation of the population by the sample, the external validity of the study could be achieved. Qualities of the study were realized using data collection instruments, such as questionnaires and interviews, concurrently. Extract of primary data was another method to attain the internal validity of the study.

The internal validity of the study also was attained through a clear operational definition of the independent variables of the study. The content validity of the questionnaire items was validated to confirm with the literature review in a qualitative way and with the thesis advisors and with colleagues. The quality of the findings of the study would be accomplished when the reliability of the study was achieved corresponding to its validity. This was realized through brief, clear, and concise preparation of questions in the questionnaire. Reverse questions were also employed in the questionnaire so that the accuracy of the respondents would be enhanced. Peer interrogation was also another method to enhance the accuracy of the questionnaire as well as the results of this study.

For measurement of CSR, the scale developed by Maignan & Ferrell (2000) with slight modification was used. This scale uses four dimensions of CSR that consist of economic, legal, ethical, and discretionary responsibilities. The CSR was computed by averages of the sum of scores across these four dimensions. All items were measured on a 5-point Likert scale.

The instrument for the study was assessed for its reliability through the Cronbach's Alpha coefficient. According to Malhotra (2002) cited by Wong & Teoh (2015), the closer the Cronbach's Alpha is to 1 the better, and any score that is below 0.60 is considered poor. Nunnally (1998) cited by Wong & Teoh (2015) recommends that a Cronbach's Alpha value of more than 0.70 be considered reliable, and outcomes from the study showed that this criterion for reliability was achieved.

Finally, the Cronbachs Alpha test was done and the values are greater than 0.7 as we can see the table 3.3 below. Hence, the validity, reliability, and practicality of this study have been ascertained. The result of the Cronbach Alpha test was given in the table below.

**Table 3.3 Cronbach Alpha test**

| <b>Variables</b>                       | <b>Number of items</b> | <b>Cronbach Alpha</b> |
|--|------------------------|-----------------------|
| <b>Corporate social responsibility</b> | 14                     | .88                   |
| <b>Employee demand</b>                 | 5                      | .78                   |
| <b>Student perception</b>              | 5                      | .80                   |
| <b>Community demand</b>                | 5                      | .70                   |
| <b>Ethical education</b>               | 5                      | .70                   |
| <b>Social license</b>                  | 5                      | .75                   |
| <b>Government policy</b>               | 5                      | .86                   |
| <b>Overall</b>                         | 44                     | .94                   |

Source: own survey (2021)

### **3.10 Ethical Consideration**

In this study the researcher consciously considered ethical issues in seeking permission, maintaining confidentiality, and protecting the anonymity of respondents that encountered during the study. Besides this, the researcher informed the purpose of the study to the respondents and ensured voluntary participation, as it is only for academic purposes with full confidentiality. To avoid any harm to the research participants, the researcher has been careful to abide by the general research ethics. This is because questionnaire participants may fear (suspect) to be harmed with what they express to the researcher.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS, AND INTERPRETATIONS**

This chapter contains the demographic results, descriptive statistics, correlation between variables, assumption tests, and multiple regression analysis. It displays the analysis and interprets the study which examines determinants of corporate social responsibility (employee demand, student perception, community demand, ethical education, social license, and government policy) on corporate social responsibility. The demographic description contains work unit, gender, age distribution, educational background, experience of respondents.

A total of 324 questionnaires were analyzed out of the 340 questionnaires distributed to the respondents. Other questionnaires were identified by the researcher as unreturned, unreliable, and invalid. This made the response rate 95.3%.

#### **4.1 Demographic Description**

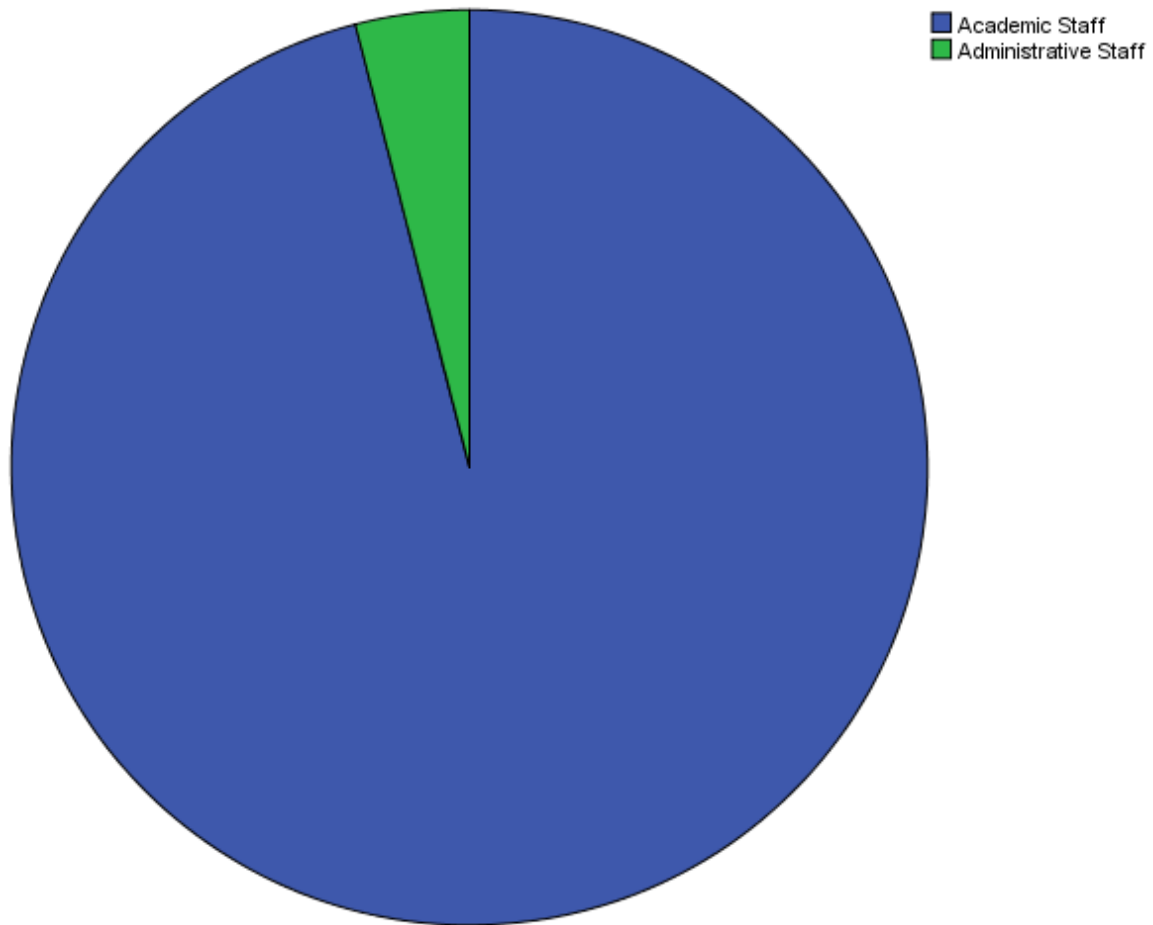
This part of the analysis discusses the general demographic characteristics of the sample respondents. It provides information about the respondents' gender, age, educational background, and work experience, and work unit. These questions were incorporated in the survey due to their potential value to probe similarities or differences in the responses to various sections of the questionnaire. The information obtained from the questions contained in the demographic characteristics section is presented and discussed below.

##### **4.1.1 Staff type/ work unit distribution**

As it is seen from figure 4.1 below, from the total respondents (311) 96% of employees were academic staff, and (13) 4% employees were the administrative staff. This implies from total respondents most of the respondents were from academic staff.



**Figure 4.1 Staff type distribution**

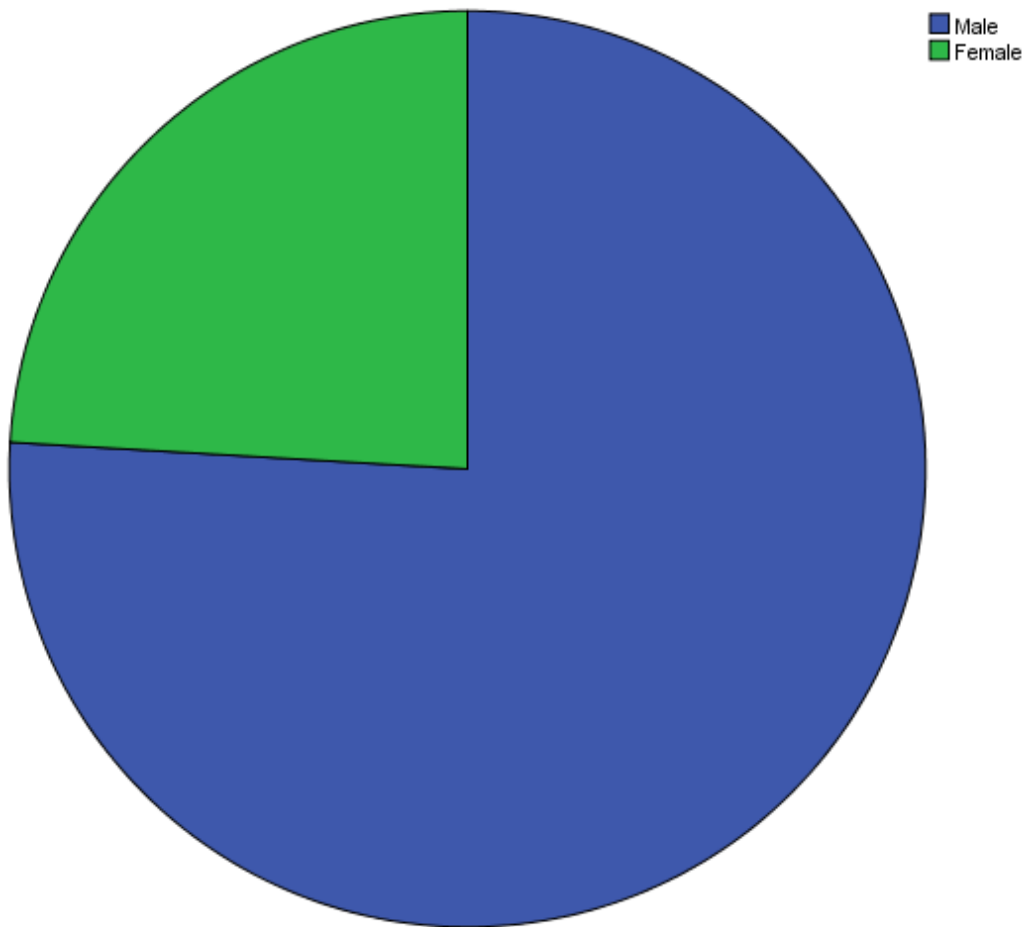


Source; own survey (2021)

#### **4.1.2 Gender distribution**

As explained in figure 4.2 below, from total respondents (246) 75.9% of respondents were male, and (78) 24.1% respondents were female. From this data, it can easily be observed that most of sampled respondents were males.

**Figure 4.2 sex distribution**

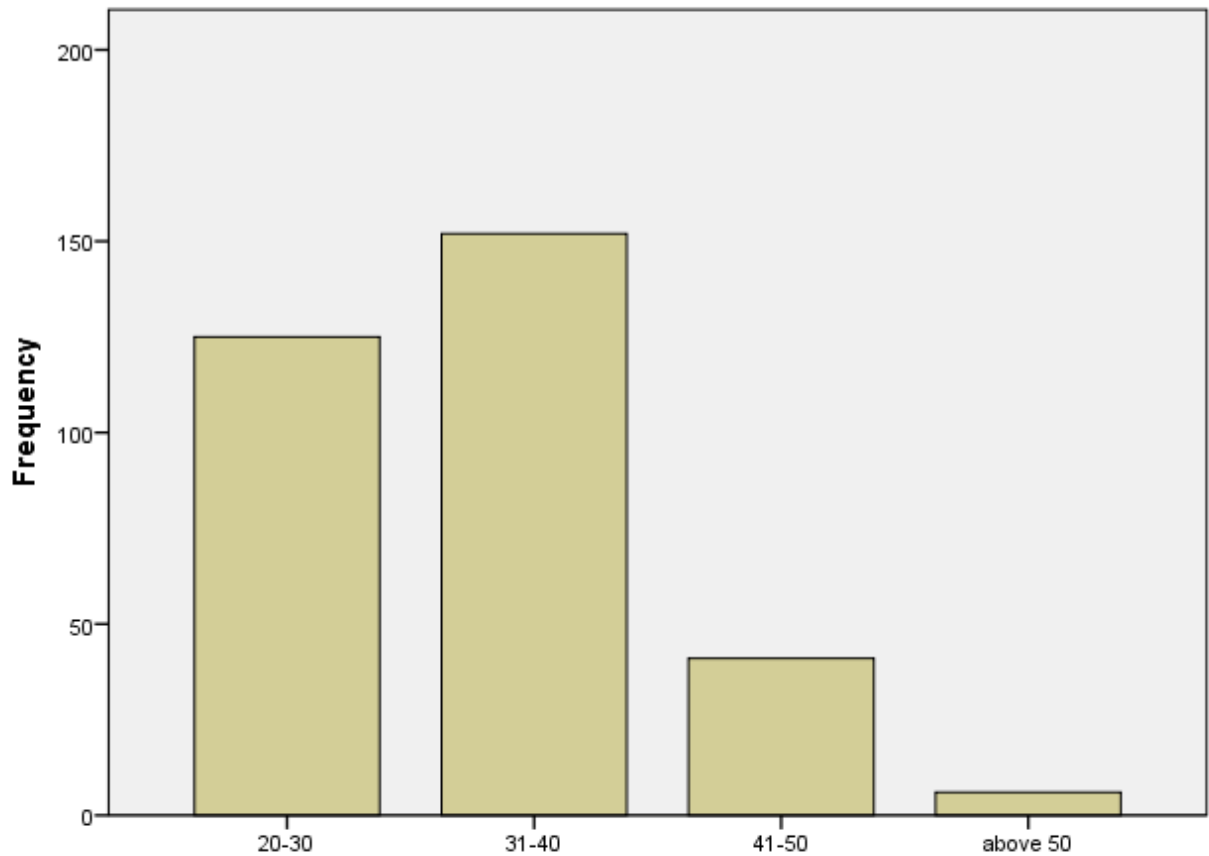


Source; own survey (2021)

### **4.1.3 Age Distribution**

Regarding the age of the respondents, as indicated in figure 4.3 below, out of the total respondents, the majority of them constituting 152 (46.9%) respondents were between the age of 31 – 40 years, followed by 125 (38.6%) respondents belong in the age group of between 20 - 30 years. 41 (12.7%) of them were found to be between 41 - 50 years, and the remaining 6 (1.9%) of the respondents were aged above 50 years. This implies that most of the respondents were middle-aged followed by young; the smaller proportion of respondents were above 50 years.

**Figure 4.3 Age Distribution**

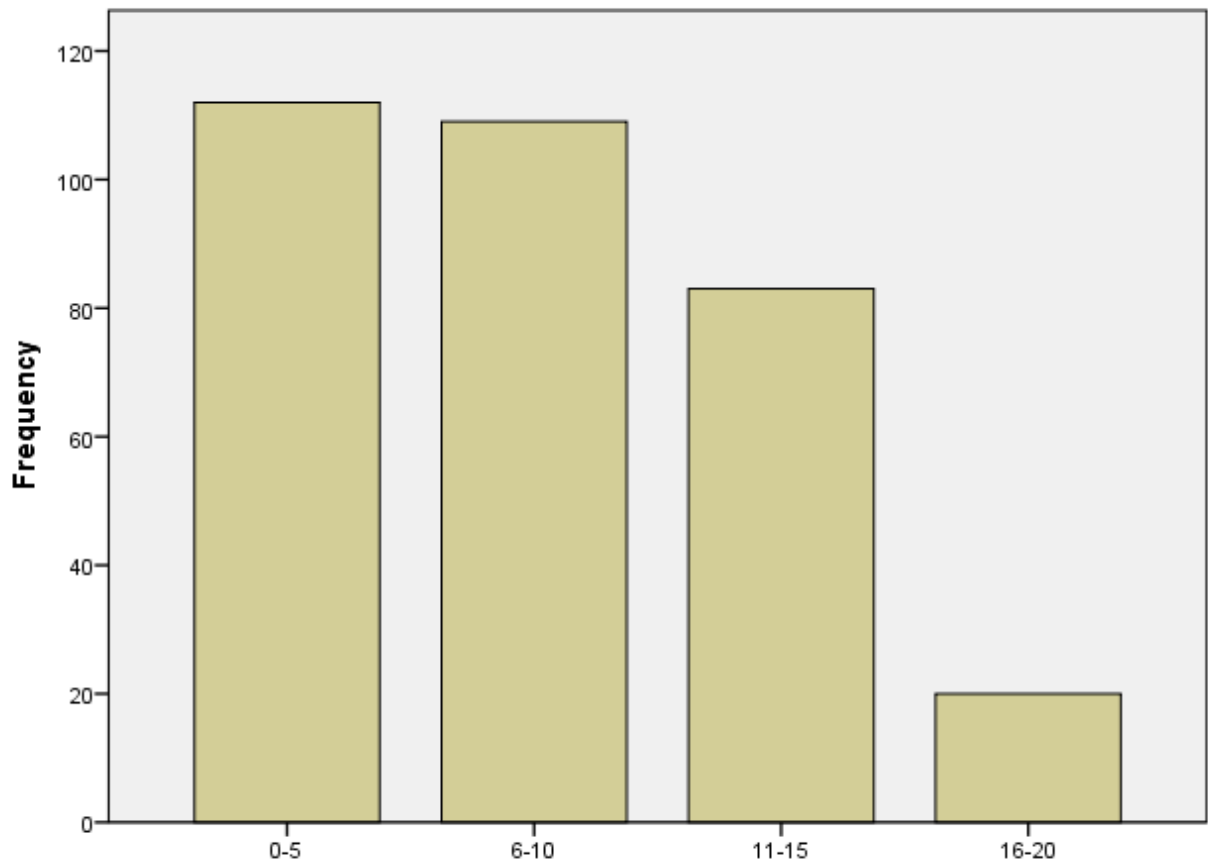


Source: own survey (2021)

#### **4.1.4 Experience distribution**

As depicted in figure 4.4 below, from the total composition of experience of the respondents, (112) 34.6% respondents have 0-5 years of experience, (109) 33.6% of respondents have 6-10 years of experience, (83) 25.6% respondents have 11-15 years of experience, and (20) 6.2% respondents have 16-20 years of experience. This implies the majority of the respondents categorized between 0-5 years of experience followed by 6 - 10 years of experience. Unfortunately, this indicates the majority of sampled respondents were young and had little experience.

**Figure 4.4 Experience distribution**

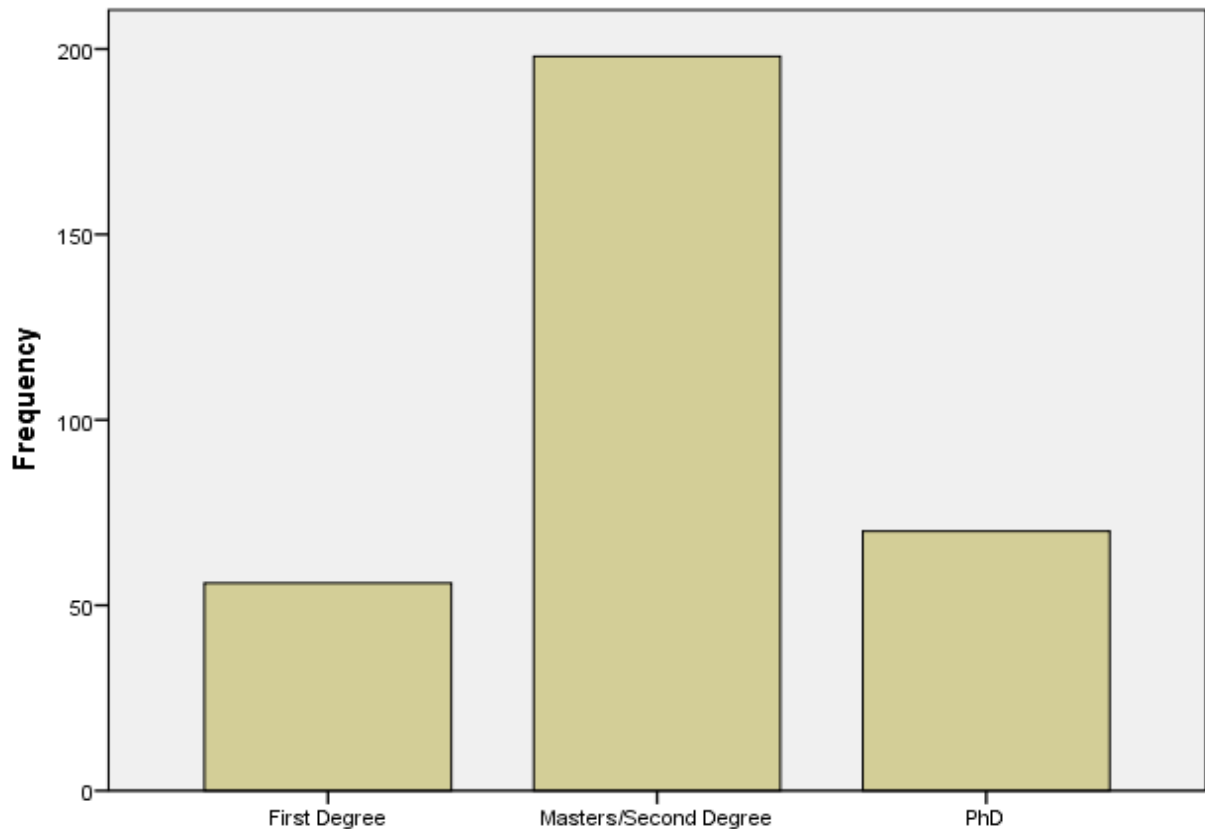


Source; own survey (2021)

#### **4.1.5 Education level**

As indicated in figure 4.5 below, from total respondents (56) 17.3% respondents were first-degree holders, (198) 61.1% respondents were second/master's degree holders, and (70) 21.6% respondents were Ph.D. holders. This indicates the majority of respondents were master's degree holders followed by Ph.D. holders and first-degree holders. Hence, they had a sound understanding of the objective of the study.

**Figure 4.5 Education level**



Source; own survey (2021)

## 4.2 Descriptive Statistics Analysis

Regarding the descriptive interpretations for variables or dimensions used on Likert scale; the measurement was used on the basis of the survey; 5 = strongly agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = strongly disagree.

### 4.2.1 Corporate Social Responsibility

Regarding corporate social responsibility, table 4.2 below shows the overall score, the respondents were asked to rate the CSR of Jimma university. The question, Top management establishes long-term strategies for JU, is rated the highest with (M= 3.7346, SD = 1.00951) followed by JU recognized as a trustworthy company with (M= 3.4877, SD = .94582). However, Flexible JU policies enable employees to better coordinate work and personal life, rated the lowest with (M= 2.9568, SD = .1.10641) followed by Internal policies prevent discrimination in employees' compensation and promotion with (M= 3.0864, SD = 1.23617).

This implies that CSR of Jimma University is mainly influenced by the establishment of the long-term strategy for CSR and followed by trustworthiness to various stakeholders for corporate social responsibility.

**Table 4.1 corporate social responsibility analysis**

| Corporate social responsibility  | N   | Mean   | Std. Deviation |
|--|-----|--------|----------------|
| JU encourages employees to join civic organizations that support our community   | 324 | 3.2809 | 1.08955        |
| JU encourages partnerships with local businesses and schools.  | 324 | 3.3765 | 1.04402        |
| Flexible JU policies enable employees to better coordinate work and personal life.   | 324 | 2.9568 | 1.10641        |
| JU gives adequate contributions to charities.  | 324 | 3.4105 | 1.05924        |
| JU is recognized as a trustworthy company.   | 324 | 3.4877 | .94582         |
| Fairness towards co-workers and business partners is an integral part of the JU employee evaluation process.                 | 324 | 3.1080 | 1.07493        |
| A confidential procedure is in place for employees to report any misconduct at work (such as stealing or sexual harassment). | 324 | 3.1914 | 1.09054        |
| JU Managers are informed about relevant environmental laws.  | 324 | 3.1080 | .95603         |
| JU seeks to comply with all laws regarding hiring and employee benefits  | 324 | 3.1420 | 1.21072        |
| JU has programs that encourage diversity in our workforce (in terms of age, gender, or race).                                | 324 | 3.2994 | 1.14026        |
| Internal policies prevent discrimination in employees' compensation and promotion.   | 324 | 3.0864 | 1.23617        |
| JU continually improve the quality of services   | 324 | 3.3457 | 1.11461        |
| JU closely monitor employees' productivity   | 324 | 3.1821 | 1.11596        |
| Top management establishes long-term strategies for JU   | 324 | 3.7346 | 1.00951        |

Source: own survey (2021)

#### 4.2.2 Employee demand

Regarding employee demand, table 4.3 below shows the overall score of respondents, the question, JU employees expect the firm to implement CSR activities rated the highest with (M= 3.3796, SD = .92154) followed by JU employees voluntarily engage in CSR activities with (M= 3.4877, SD = .94582). However, JU has suitable arrangements for health and safety that provide sufficient protection for its employees, rated the lowest with (M= 2.8086, SD = 1.20645) followed by JU offers a good work-life balance for its workers, for example, by considering flexible working hours with (M= 3.1265, SD = 1.15087). This implies that employees of Jimma University expect the firm to implement CSR and voluntarily engage in CSR activities.

**Table 4.2 employee demand analysis**

|  | N   | Mean   | Std. Deviation |
|--|-----|--------|----------------|
| JU employees voluntarily engage in CSR activities  | 324 | 3.2130 | 1.04141        |
| JU employees expect the firm to implement CSR activities.  | 324 | 3.3796 | .92154         |
| JU offers a good work-life balance for its workers, for example, by considering flexible working hours.  | 324 | 3.1265 | 1.15087        |
| JU has suitable arrangements for health and safety that provide sufficient protection for its employees. | 324 | 2.8086 | 1.20645        |
| JU encourages freedom of association of workers  | 324 | 3.1852 | 1.08877        |

Source: own survey (2021)

### 4.2.3 Student Perception

Regarding student perception, table 4.4 below shows the overall score of respondents, the question, JU lets its student access information about its service rated the highest with (M= 3.6543, SD = .89596) followed by JU strives to deliver high value, quality service that meets and/or exceed the expectations of their student with (M= 3.4105, SD = .97397). However, JU has a procedure in place to respond to every student complaint, rated the lowest with (M= 3.0556, SD = 1.09176) followed by JU gives more attention to its students with special needs with (3.1019, SD = 1.04042). This implies that JU lets its student to access information about its service and strives to deliver high value, quality service that meets and/or exceed the expectations of their student.

**Table 4.3 student perception analysis**

|   | N   | Mean   | Std. Deviation |
|---|-----|--------|----------------|
| JU has a process to ensure effective feedback and consultation with the student                               | 324 | 3.2500 | 1.03012        |
| JU lets its student access information about its service  | 324 | 3.6543 | .89596         |
| JU strives to deliver high value, quality service that meets and/or exceed the expectations of their student. | 324 | 3.4105 | .97397         |
| JU has a procedure in place to respond to every student complaint   | 324 | 3.0556 | 1.09176        |
| JU gives more attention to its students with special needs  | 324 | 3.1019 | 1.04042        |

Source: own survey (2021)

#### 4.2.4 Community Demand

Regarding community demand, table 4.5 below shows the overall score of respondents, the question, JU helps local sports and cultural activities rated the highest with (M= 3.7253, SD = .93860) followed by JU offers services for the local community (e.g. financial aid and training) with (M= 3.5556, SD = 1.14031). However, JU Top managers monitor the potential negative impacts of our activities on our community, rated the lowest with (M= 3.0432, SD = 1.11754) followed by JU has an open dialogue with the local community on adverse issues (e.g. accumulation of waste outside the factory).with (3.1080, SD = 1.12558). This implies that JU helps local sports and cultural activities and offers services for the local community (e.g. financial aid and training).

**Table 4.4 community demand analysis**

|  | N   | Mean   | Std. Deviation |
|--|-----|--------|----------------|
| JU offers services for the local community (e.g. financial aid and training).  | 324 | 3.5556 | 1.14031        |
| JU Top managers monitor the potential negative impacts of our activities on our community                            | 324 | 3.0432 | 1.11754        |
| JU has an open dialogue with the local community on adverse issues (e.g. accumulation of waste outside the factory). | 324 | 3.1080 | 1.12558        |
| JU helps local sports and cultural activities.   | 324 | 3.7253 | .93860         |
| JU devised a policy to protect the environment   | 324 | 3.4198 | .92925         |

Source: own survey (2021)

#### 4.2.5 Ethical Education

Regarding ethical education, table 4.6 below shows the overall score of respondents, the question, JU provides ethical education to its students rated the highest with (M= 3.6512, SD = .87905) followed by JU incorporated CSR in its curricula with (M= 3.4259, SD = .95927). However, JU students have adequate awareness regarding the concept of CSR, rated the lowest with (M= 2.9938, SD = 1.01991) followed by JU provides training to students regarding integrity, honesty, and honesty with (3.0062, SD = .95727). This implies that JU provides ethical education to its students and incorporated CSR in its curricula.



**Table 4.5 ethical education analysis**

|  | N   | Mean   | Std. Deviation |
|--|-----|--------|----------------|
| JU provides ethical education to its students                    | 324 | 3.6512 | .87905         |
| JU incorporated CSR in its curricula                             | 324 | 3.4259 | .95927         |
| JU students have adequate awareness regarding the concept of CSR | 324 | 2.9938 | 1.01991        |
| JU provides training to students regarding integrity and honesty | 324 | 3.0062 | .95727         |
| JU ensures the discipline of its students                        | 324 | 3.2469 | .96734         |

Source: own survey (2021)

#### 4.2.6 Social license

Regarding the social license, table 4.7 below shows the overall score of respondents, the question, JU tend to be more willing to negotiate with NGOs rated the highest with (M= 3.5864, SD = .78013) followed by JU is widely represented in social media with (M= 3.5864, SD = .92536). However, Stakeholders pay attention to companies' commitment to ethical issues and human rights respect, rated the lowest with (M= 3.2840, SD = .88306) followed by JU activities are closely monitored by the media with (3.3704, SD = .98212). This implies that JU tends to be more willing to negotiate with NGOs and is widely represented in social media.

**Table 4.6 social license analysis**

|   | N   | Mean   | Std. Deviation |
|---|-----|--------|----------------|
| JU strongly represented in the media  | 324 | 3.5000 | .85659         |
| JU activities are closely monitored by the media  | 324 | 3.3704 | .98212         |
| JU tend to be more willing to negotiate with NGOs   | 324 | 3.5864 | .78013         |
| JU is widely represented in social media  | 324 | 3.5864 | .92536         |
| Stakeholders pay attention to companies commitment to ethical issues and human rights respect | 324 | 3.2840 | .88306         |

Source: own survey (2021)

#### 4.2.7 Government policy

Regarding government policy, table 4.8 below shows the overall score of respondents, the question, Government encourages JU to perform CSR rated the highest with (M= 3.4043, SD .86921) followed by Government provides JU minimum ground to carry out CSR with (M= 3.3858, SD = .83048). However, Government initiates JU to institutionalize CSR, rated the lowest with (M= 3.1821, SD = .90792) followed by Government checks JU CSR initiatives are carried out to an appropriate standard with (3.1944, SD = .91555). This implies that Government encourages JU to perform CSR and Government provides JU with the minimum ground to carry out CSR.

**Table 4.7 government policy analysis**

|  | N   | Mean   | Std. Deviation |
|--|-----|--------|----------------|
| Government initiates JU to institutionalize CSR                                  | 324 | 3.1821 | .90792         |
| Government checks JU CSR initiatives are carried out to an appropriate standard. | 324 | 3.1944 | .91555         |
| The government tries to initiate CSR activities of the organization              | 324 | 3.3796 | .90116         |
| The government encourages JU to perform CSR                                      | 324 | 3.4043 | .86921         |
| The government provides JU minimum ground to carry out CSR                       | 324 | 3.3858 | .83048         |

Source: own survey (2021)

As indicated in Table 4.8 below, the grand mean score and standard deviation result indicates that the grand mean score is between  $M = 3.1426$  and  $M = 3.4654$ . Standard deviation is between  $SD = .63062$  and  $SD = .79552$ . The comparison between the mean score results below revealed that social license scored the highest mean which is ( $M= 3.4654$ ) followed community demand ( $M = 3.3704$ ) and employee demand scored the lowest mean which is ( $M=3.1426$ ). The comparison between the standard deviation results below revealed that employee demand scored the highest standard deviation which is ( $SD = .79552$ ) followed student perception ( $SD = .75268$ ) and employee demand scored the lowest mean which is ( $M=3.1426$ ). This implies that the corporate social responsibility of Jimma University is more influenced by employee demand and community demand.

**Table 4.8 Grand mean and standard deviation of the variables**

| Variables                       | N   | Minimum | Maximum | Mean   | Std. Deviation |
|---------------------------------|-----|---------|---------|--------|----------------|
| corporate social responsibility | 324 | 1.21    | 4.93    | 3.2650 | .68252         |
| employee demand                 | 324 | 1.00    | 5.00    | 3.1426 | .79552         |
| student perception              | 324 | 1.40    | 4.80    | 3.2944 | .75268         |
| community demand                | 324 | 1.80    | 5.00    | 3.3704 | .70793         |
| ethical education               | 324 | 2.00    | 5.00    | 3.2648 | .64477         |
| social license                  | 324 | 1.60    | 5.00    | 3.4654 | .63062         |
| government policy               | 324 | 1.40    | 5.00    | 3.3093 | .71067         |

Source: own survey (2021)

### 4.3 Correlation Analysis

A correlation analysis was performed to determine if there were any relationships between the independent variables (employee demand, student perception, community demand, ethical education, social license, and government policy) and the dependent variable (corporate social responsibility). To analyze the relationship between variables descriptive techniques are used. As described by Amin (2005) descriptive statistics provides us with the techniques of numerically and graphically presenting information that gives an overall picture of the data collected. To analyze data Pearson's correlation analysis was used and the correlation is significant at 0.05 values.

To interpret the results of the correlation there are standards. According to (Underwood & Lewin, 2006) the criterion for evaluating the magnitude of a correlation was as follows: If the correlation coefficient ( $r$ ) 0.01 - 0.29 the strength of the relationship is weak when correlation coefficient ( $r$ ) 0.30 - 0.49 the relationship is medium/moderate and when the correlation coefficient ( $r$ ) 0.50 - 1.0, the strength of the relationship is strong.

The negative sign indicates that as the score of one variable increases, the score of the other variable decreases. A correlation coefficient of 1 or -1 indicates the strong relationship and the Pearson correlation coefficient ( $r$ ) of zero or if it is very close to zero, it shows that there is no relationship/very weak relationship between variables.

Table 4.9 below revealed that relationships between the CSR of Jimma University and employee demand, student perception, community demand, ethical education, social license, and government policy) were positive and significant.

**Table 4.1 correlation analysis**

|                                 |   | corporate social responsibility | employee demand              | student perception           | community demand             | ethical education            | social license               | government policy |
|---------------------------------|---|---------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------|
| corporate social responsibility | Pearson Correlation<br>Sig. (2-tailed)<br>N | 1<br>324                        |                              |                              |                              |                              |                              |                   |
| employee demand                 | Pearson Correlation<br>Sig. (2-tailed)<br>N | <b>.630**</b><br>.000<br>324    | 1<br>324                     |                              |                              |                              |                              |                   |
| student perception              | Pearson Correlation<br>Sig. (2-tailed)<br>N | <b>.545**</b><br>.000<br>324    | <b>.535**</b><br>.000<br>324 | 1<br>324                     |                              |                              |                              |                   |
| community demand                | Pearson Correlation<br>Sig. (2-tailed)<br>N | <b>.594**</b><br>.000<br>324    | <b>.506**</b><br>.000<br>324 | <b>.536**</b><br>.000<br>324 | 1<br>324                     |                              |                              |                   |
| ethical education               | Pearson Correlation<br>Sig. (2-tailed)<br>N | <b>.463**</b><br>.000<br>324    | <b>.481**</b><br>.000<br>324 | <b>.395**</b><br>.000<br>324 | <b>.559**</b><br>.000<br>324 | 1<br>324                     |                              |                   |
| social license                  | Pearson Correlation<br>Sig. (2-tailed)<br>N | <b>.346**</b><br>.000<br>324    | <b>.317**</b><br>.000<br>324 | <b>.185**</b><br>.001<br>324 | <b>.317**</b><br>.000<br>324 | <b>.518**</b><br>.000<br>324 | 1<br>324                     |                   |
| government policy               | Pearson Correlation<br>Sig. (2-tailed)<br>N | <b>.425**</b><br>.000<br>324    | <b>.355**</b><br>.000<br>324 | <b>.296**</b><br>.000<br>324 | <b>.456**</b><br>.000<br>324 | <b>.468**</b><br>.000<br>324 | <b>.471**</b><br>.000<br>324 | 1<br>324          |

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

Source: own survey (2021)

As it can be seen from Table 4.9 above, there is a positive and significant relationship between employee demand and corporate social responsibility ( $r= 0.630$ ,  $N = 324$ ,  $p<0.01$ ). There is a positive and significant relationship between student perception and corporate social responsibility ( $r= 0.545$ ,  $N = 324$ ,  $p<0.01$ ). There is a positive and significant relationship between community demand and corporate social responsibility ( $r= 0.594$ ,  $N = 324$ ,  $p<0.01$ ).

There is a positive and significant relationship between ethical education and corporate social responsibility ( $r= 0.463$ ,  $N = 324$ ,  $p<0.01$ ). There is a positive and significant relationship between social license and corporate social responsibility ( $r= 0.346$ ,  $N = 324$ ,  $p<0.01$ ). There is a positive and significant relationship between government policy and corporate social responsibility ( $r= 0.425$ ,  $N = 324$ ,  $p<0.01$ ). The findings indicate that a significantly strong positive largest correlation was found to exist between CSR and employee demand ( $r =0.630$ ). The findings indicate that a significant moderate positive lowest correlation was found to exist between CSR and social license ( $r =0.346$ ).

Therefore, this implies that the correlation between corporate social responsibility and employee demand, student perception, and community demand were a strong positive relationship with  $r = 0.630$ ,  $0.545$ ,  $0.594$  respectively. On the other hand, the relationship between corporate social responsibility and ethical education, social license, and government policy were medium/moderate relationship with  $r = 0.463$ ,  $0.346$ , and  $0.425$  respectively.

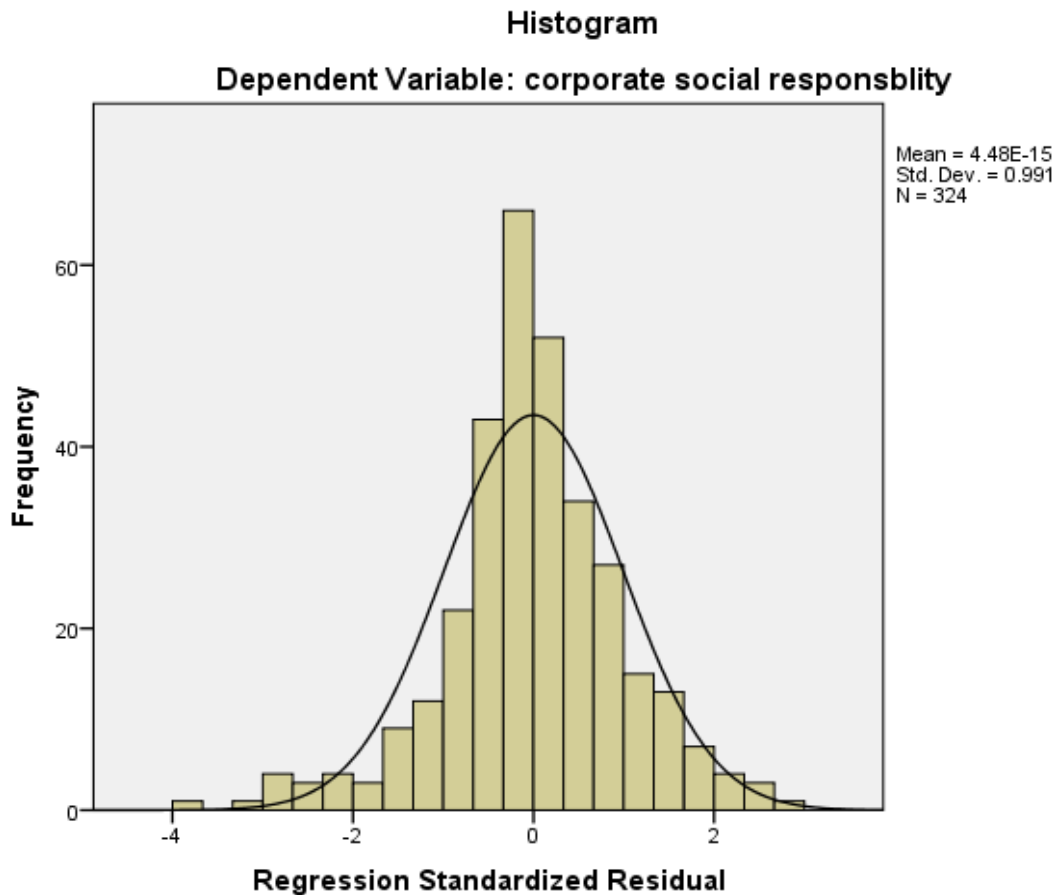
#### **4.4 Assumption Test**

When running a Multiple Regression, there are numerous assumptions that you need to check your data to meet, for your analysis to be reliable and valid. Before applying the multiple linear regression analysis to test the determinants of corporate social responsibility, the researcher conducted an assumption test to ensure the appropriateness of data analysis as follows:

##### **4.4.1 Normality Test**

The researcher used the histogram method of testing the normality of the data. A histogram is bell-shaped which leads to infer that the residuals (disturbance or errors) are normally distributed. The residuals should be normally distributed about the predicted dependent variable score. As shown in figure 4.6 below, the dependent variable is normally distributed for each value of the independent variables.

**Figure 4.6 normality test of the study**



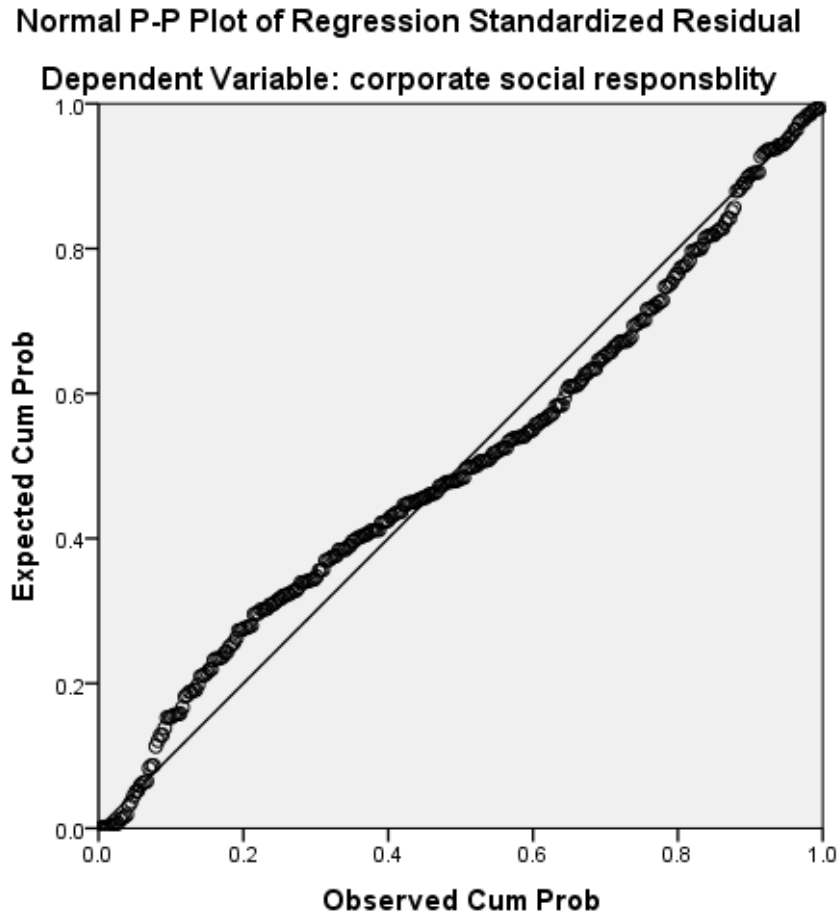
Source: own survey (2021)

#### **4.4.2 Linearity Test**

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the independent variables; employee demand, student perception, community demand, ethical education, social license, and government policy, and dependent variable corporate social responsibility is linear; plots of the regression residuals through SPSS software were used.

In the case of linearity, the residuals should have a straight line relationship with predicted dependent variable scores. As shown in figure 4.7 below, the change in the dependent variable is more of related to the change in the Independent Variables. Therefore, there is no linearity problem on the data for this study and residual follow at a straight line.

Figure 4.7 linearity test of the study



Source: own survey (2021)

#### 4.4.3 Multicollinearity Tests

This is essentially the assumption that your predictors are not too highly correlated with one another. Multicollinearity can be checked by correlation matrix and Variance Inflation Factors (VIF). A correlation matrix is used to ensure the correlation between independent variables (explanatory variables) and dependent variables to identify the problem of multicollinearity.

As Hair et al, (2007) argued that correlation coefficient below 0.90 may not cause a serious multicollinearity problem. The result in table 4.14 below shows that there is a correlation among the independent variables and the coefficient of correlation ( $r$ ) ranged from .357 to .529 values. From those coefficients of correlations ( $r$ ), the highest correlation is 0.529 and it is less than the stated standard by Hair et al. So, it can be concluded that there is no multicollinearity problem among the independent variables in the model based on the correlation matrix result. On the other hands, the collinearity statistics show Variance Inflation Factors (VIFs) ranged from 1.522 to 1.919 and tolerance values ranged 0.284 to 0.792 as described in table 4.10 below;

**Table 4.2 multicollinearity coefficient test of the study**

| Model              | Collinearity Statistics |       |
|--------------------|-------------------------|-------|
|                    | Tolerance               | VIF   |
| employee demand    | .599                    | 1.670 |
| student perception | .615                    | 1.627 |
| community demand   | .525                    | 1.903 |
| ethical education  | .521                    | 1.919 |
| social license     | .657                    | 1.522 |
| government policy  | .656                    | 1.524 |

a. Dependent Variable: corporate social responsibility

Source: own survey (2021)

As stated by Field, (2005) the Variance Inflation Factors (VIF) of the linear regression indicated the degree that the variances in the regression estimates are increased due to multicollinearity and VIF values higher than 10.0 shows as there is a multicollinearity problem. On the other hand, as stated by (Pallant & Tennant, 2007). Tolerance is a statistical tool that indicates the variability of the specified independent variable from other independent variables in the model and it has no multicollinearity problem if the tolerance is greater than 0.10 values. The results of Tolerance and VIF suggests that multicollinearity is not suspected amongst the independent variables because the values of Variance Inflation Factors (VIF) are below 10.0 while the tolerance values are above 0.10

#### **4.4.4 Homoscedasticity Test**

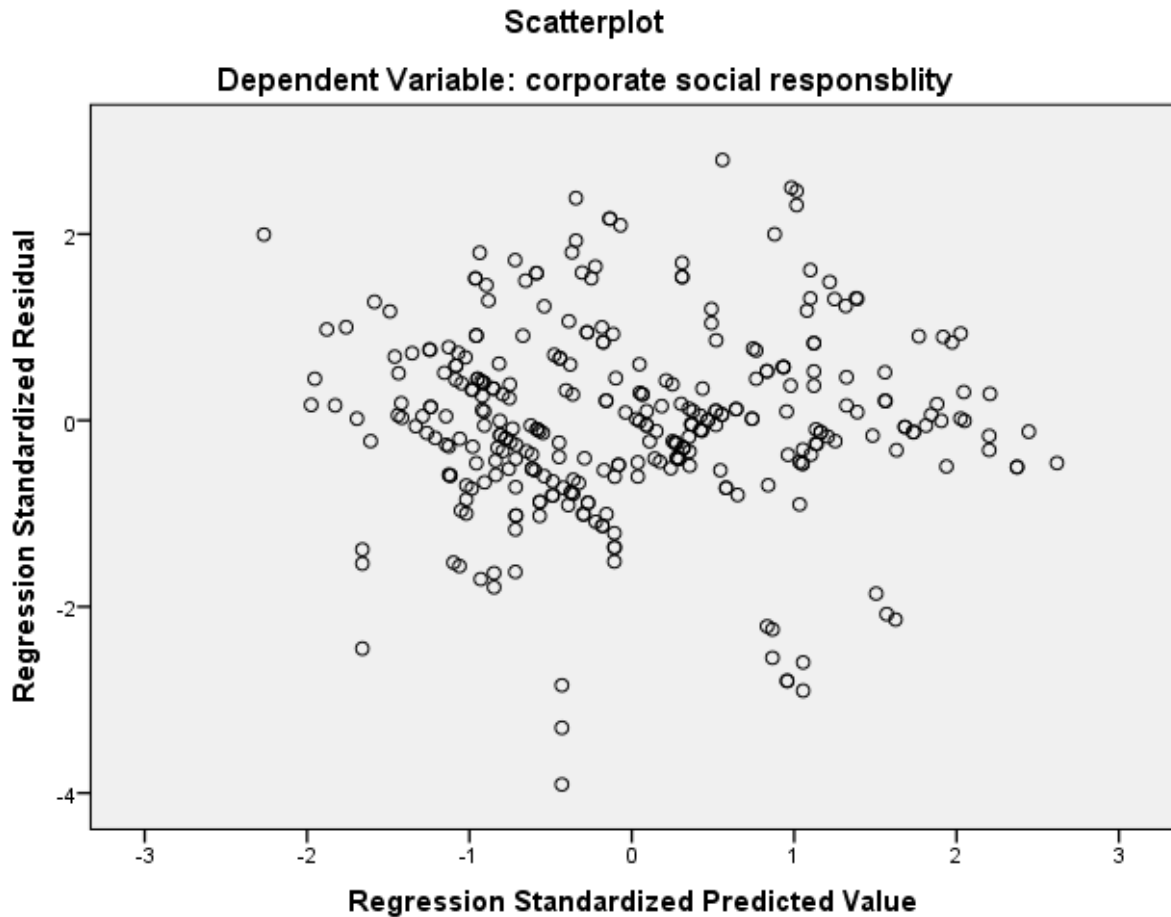
Homoscedasticity is the assumption that the variation in the residuals (or amount of error in the model) is similar at each point across the model. In other words, the spread of the residuals should be fairly constant at each point of the predictor variables (or across the linear model).

The assumption of Homoscedasticity refers to the equal variance of residuals across all levels of the independent variables (Osborne et al., 2003). Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value. Specifically, statistical software scatter plots of residuals with independent variables are the method for examining this assumption (Keith, 2006). Ideally, residuals are randomly scattered around zero (the horizontal line) providing even distribution.



If the residuals do not have a constant variance, it is said to be heteroscedastic. As it can be seen from the scatter plot shown below, the error term seems normally distributed.

**Figure 4.8 Homoscedasticity scatterplot test of the study**



Source: own survey (2021)

Therefore, from an examination of the information presented in all the four tests (linearity, normality, multicollinearity tests, and homoscedasticity test), the researcher concludes that there is no significant data problem that would lead to say the assumptions of multiple regressions have been violated, multiple linear regression was applied.

## 4.5 Multiple Regression Analysis

Upon the completion of the correlation analysis and different assumption tests (linearity, normality, multicollinearity, and homoscedasticity), regression analysis was run to find any association between the independent variables (determinants of corporate social responsibility; employee demand, student perception, community demand, ethical education, social license, and government policy) and the dependent variable (corporate social responsibility). According to Hair et al, (2007), multiple regression analysis is a form of general linear modelling and is an appropriate statistical technique when examining the relationship between a single dependent variable and several independent variables (predictors).

### 4.5.1 Determining how well the model fits

The first table of interest is the *model summary* (Table 4.11). This table provides the *R*, *R*<sup>2</sup>, adjusted *R*<sup>2</sup>, and the standard error of the estimate, which can be used to determine how well a regression model fits the data:

The standard error of a model fit is a measure of the precision of the model. It is the standard deviation of the residuals. It shows how the wrong one could be if s/he used the regression model to make predictions or to estimate the dependent variable or variable of interest. As *R*<sup>2</sup> increases the standard error will decrease. In this case, the standard error of a model fit is (.46982) is acceptable.

Table 4.11 below shows, the *R*-value obtained by regression was .731 and the Adjusted *R* square value was .526 which means that 52.6% of variations in corporate social responsibility have been explained by the determinants of corporate social responsibility jointly and 47.4% was due to other factors.

**Table 4.3 Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .731 <sup>a</sup> | .535     | .526              | .46982                     |

a. Predictors: (Constant), government policy, student perception, social license, employee demand, community demand, ethical education

b. Dependent Variable: corporate social responsibility

Source: own survey (2021)

### 4.5.2 Statistical significance of the model

The F-ratio in the ANOVA (Table 4.12) tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable,  $F(6, 317) = 60.776$ ,  $p(0.000) < .05$  (i.e., the regression model is a good fit for the data).

The Analysis of Variance (ANOVA) results of the regression between predictor variables and corporate social responsibility shows that, the probability value of 0.000 ( $p < 0.05$ ) indicates the relationship was highly significant in predicting how employee demand, student perception, community demand, ethical education, social license, and government policy explain corporate social responsibility as shown in table 4.12 below.

**Table 4.4 ANOVA<sup>a</sup>**

| Model      | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|------------|----------------|-----|-------------|--------|-------------------|
| Regression | 80.491         | 6   | 13.415      | 60.776 | .000 <sup>b</sup> |
| Residual   | 69.972         | 317 | .221        |        |                   |
| Total      | 150.463        | 323 |             |        |                   |

a. Dependent Variable: corporate social responsibility

b. Predictors: (Constant), government policy, student perception, social license, employee demand, community demand, ethical education

Source: own survey (2021)

On the other hand, the P-value can explain the variation in the dependent variable. That is when the P-value is less than 0.05 the independent variables do a good job explaining the variation in the dependent variable. Whereas, when the P-value is greater than 0.05 then, the independent variables do not explain the variation in the dependent variable.

For that reason, since P-value is 0.000 ( $p < 0.05$ ), the independent variable (determinants of corporate social responsibility) does a good job explaining the variation in the dependent variable (corporate social responsibility).

### 4.5.3 Statistical significance of the independent variables

Statistical significance of each of the independent variables tests whether the unstandardized (or standardized) coefficients are equal to 0 (zero) in the population (i.e. for each of the coefficients,  $H_0: \beta = 0$  versus  $H_a: \beta \neq 0$  is conducted). If  $p < .05$ , the coefficients are statistically significantly different to 0 (zero).

As it can be seen from the table 4.13 below, employee demand  $p (.000) < 0.05$ , student perception  $p (.000) < 0.05$ , community demand  $p (.000) < 0.05$  and government policy  $p (.041) < 0.05$  were significant determinants of corporate social responsibility. However, ethical education  $p (.950) > 0.05$  and social license  $p (.100) > 0.05$  were insignificant determinant of corporate social responsibility.

**Table 4.5 Summary of hypothesis test**

| SN | Hypothesis   | Decision |
|----|--|----------|
| 1  | <b>H<sub>0</sub>:</b> Employee demand has no statistically significant effect on corporate social responsibility         | Accept   |
|    | <b>H<sub>a</sub>:</b> Employee demand has statistically significant effect on corporate social responsibility            | Reject   |
| 2  | <b>H<sub>0</sub>:</b> Student perception has no statistically significant effect on corporate social responsibility      | Accept   |
|    | <b>H<sub>a</sub>:</b> Student perception has statistically significant effect on corporate social responsibility         | Reject   |
| 3  | <b>H<sub>0</sub>:</b> Community demand has no statistically significant effect on corporate social responsibility        | Accept   |
|    | <b>H<sub>a</sub>:</b> Community demand has statistically significant effect on corporate social responsibility           | Reject   |
| 4  | <b>H<sub>0</sub>:</b> Ethical education has no statistically significant effect on corporate social responsibility       | Reject   |
|    | <b>H<sub>a</sub>:</b> Ethical education has statistically significant effect on corporate social responsibility          | Accept   |
| 5  | <b>H<sub>0</sub>:</b> Social license has no statistically significant effect on corporate social responsibility practice | Reject   |
|    | <b>H<sub>a</sub>:</b> Social license has statistically significant effect on corporate social responsibility practice    | Accept   |
| 6  | <b>H<sub>0</sub>:</b> Government policy has no statistically significant effect on corporate social responsibility       | Accept   |
|    | <b>H<sub>a</sub>:</b> Government policy has statistically significant effect on corporate social responsibility          | Reject   |

Source: own survey (2021)

#### 4.5.4 Estimated model coefficients

The Beta Coefficient (B) result shows the strength of the effect of each independent variable to the dependent variable (corporate social responsibility) as shown in table 4.14 below.

**Table 4.6 Model Coefficients<sup>a</sup>**

| Model              | Unstandardized Coefficients |            | Standardized Coefficients | T     | Sig. |
|--------------------|-----------------------------|------------|---------------------------|-------|------|
|                    | B                           | Std. Error | Beta                      |       |      |
| (Constant)         | .373                        | .180       |                           | 2.071 | .039 |
| employee demand    | .298                        | .042       | .347                      | 7.010 | .000 |
| student perception | .165                        | .044       | .183                      | 3.736 | .000 |
| community demand   | .244                        | .051       | .253                      | 4.789 | .000 |
| ethical education  | -.004                       | .056       | -.003                     | -.063 | .950 |
| social license     | .084                        | .051       | .078                      | 1.649 | .100 |
| government policy  | .093                        | .045       | .097                      | 2.049 | .041 |

a. Dependent Variable: corporate social responsibility

Source: own survey (2021)

The Mathematical Model of multiple regressions below can be used to determine the quantitative association between the variables;

$$CSR = \beta_0 + \beta_1LP + \beta_2SP + \beta_3CD + \beta_4EE + \beta_5SL + \beta_6GP + \varepsilon$$

$$CSR = .373 + .298x_1 + .165x_2 + .244x_3 - .004x_4 + .084x_5 + .093x_6$$

Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. The regression coefficient provides the expected change in the dependent variable for a one-unit increase in the independent variable. Referring to the coefficients (Table 4.14) above the unstandardized coefficient for employee demand predicts corporate social responsibility by 29.8% while keeping other factors constant. Student perception predicts corporate social responsibility by 16.5% while keeping other factors constant. Community demand predicts corporate social responsibility by 24.4 % while keeping other factors constant. Government policy predicts corporate social responsibility by 9.3% while keeping other

factors constant. Therefore, based on the unstandardized coefficient results, employee demand can predict more corporate social responsibility than other determinants followed by community demand, student perception, and government policy respectively.

The result of standardized coefficients revealed that, a unit intervention by employee demand can enhance corporate social responsibility by 34.7% being other things remain constant. A unit intervention by student perception can enhance corporate social responsibility by 18.3% being other things remain constant. A unit intervention by community demand can enhance corporate social responsibility by 25.3 % being other things remain constant. A unit intervention by government policy can enhance corporate social responsibility by 9.7 % being other things remain constant. Therefore, corporate social responsibility is more enhanced by employee demand, community demand, student perception and government policy respectively.

#### **4.6 Summary of Major Findings and Discussions**

Under this section, from the overall analysis of the study results, the following major findings were summarized, hypotheses of the study were tested, research questions were answered and discussions of results were made in line with other studies. The demographics of the population were presented in the form of frequency and percentage the result presented in form of pie charts and bar graphs. Descriptive statistics are applied in the form of mean and standard deviation. The findings of the study also presented concerning the effect of employee demand, community demand, student perception, ethical education, social license, and government policy on corporate social responsibility. Additional inferential statistics such as correlation and multiple regressions were provided to have a clear perception to measure relationship and the degree of differences in the relationship between the independent variables (employee demand, community demand, student perception, ethical education, social license, and government policy) and the dependent variable (corporate social responsibility).

The study revealed that employee demand has a positive effect on corporate social responsibility and it has statistically significant to predict the dependent variable and this leads us to reject the hypothesis stated in chapter one. As previously described in the empirical literature employee demand had a positive effect on corporate social responsibility and this result of this study coincides with the result of most researchers. For example, (Mulugeta & Muhammednur, 2020; Yusuf, 2013). Adeyemo et al. (2013) found that business organizations adopt CSR mostly because of organizational culture, government policy, competition, employees demand, and customer demand.

Student perception has a positive effect on corporate social responsibility and it has statistically significant to predict the dependent variable and this leads us to reject the hypothesis. Similarly, the previous studies in the empirical concept show student perception have a positive effect and statistically significant with corporate social responsibility and they coincide with the result of this study. For example, the study done by (Elifneh, 2015; Panwar et al., 2010; Teixeira et al., 2018; Zizka, 2017) supports these findings.

Community demand has a positive effect on corporate social responsibility and it has statistically significant to predict the dependent variable and this leads to rejecting the hypothesis. This also supported by (Mulugeta & Muhammednur, 2020; Yusuf, 2013)

Ethical education has a positive effect on corporate social responsibility and it has statistically insignificant to predict the dependent variable and this leads to accepting the hypothesis. This study is supported by (Tormo-Carbó et al., 2016). This might be due to a methodological issue.

The social license has a positive effect on corporate social responsibility and it has statistically insignificant to predict the dependent variable and this leads to accepting the hypothesis. This also coincides with (Wilburn & Wilburn, 2011; Williams et al., 2008; Yusuf, 2013). This might be because of strategy or the environment the organization operates.

Government policy has a positive effect on corporate social responsibility and it has statistically significant to predict the dependent variable and this leads to rejecting the hypothesis. The finding of this study is also supported by (Nelson, 2008; Nidasio, 2012; Samy et al., 2015; Tsegaw, 2018; Vallentin, 2015). This result also consistent with Helmig et al. (2016) assumption, they found that in small and medium enterprise government's role on CSR adoption were insignificant but they put in their recommendation that this indicator might be of greater importance in another environment. Hence, the second predictor, the government role is higher in Ethiopia, especially in a hospital setup. This result also supported by Osemene (2012) who found that corporate social responsibility demands come mostly from legal requirements, pressure groups, customers, competitors, and service quality.

# CHAPTER FIVE

## CONCLUSIONS AND RECOMMENDATIONS

This chapter contains the conclusions and recommendations which are assumed to be useful to enhance the corporate social responsibility of Jimma University and for other concerned organizations.

### 5.1 Conclusions

Based on the major findings of the study, the following conclusions were drawn:

The study was aimed at investigating determinants of corporate social responsibility. As a theoretical contribution, this study hypothesized the effects of employee demand, student perception, community demand, ethical education, social license, and government policy on corporate social responsibility. The study contributes by finding tentative support of the proposed causal chain in which different factors lead to stronger corporate social responsibility. The empirical findings also suggest some key conclusions. In particular, this study tested the hypothesis and answered the research questions of this study.

To reach appropriate conclusions, a Pearson correlation test and a multiple linear regression analysis were conducted to understand any significant associations between CSR and its determinants. The Pearson correlation test indicated that there were positive associations between CSR and its determinants. The test indicated that the associations between corporate social responsibility and employee demand, student perception, and community demand were strong positive relationships. On the other hand, the association between corporate social responsibility and ethical education, social license, and government policy were medium/moderate relationship. The regression model showed that the causal effect of the determinants of corporate social responsibility on corporate social responsibility was rather strong. The test indicated that employee demand, student perception, community demand, and government policy were significant determinants of corporate social responsibility. However, ethical education and social license were insignificant determinants of corporate social responsibility. In additions to the above findings, it is advisable for the university management to pay more attentions for both employees demands and community demands as they are the one which predicts a sound maintenance of corporate social responsibility.



To conclude, a lot of improvements and encouragements are expected from higher learning institutions particularly, for Jimma University to discharge their CSR properly; this is because as proven in empirical finding, even if, the conception of CSR is novel and its awareness is scarce in the higher education institutions, particularly in Ethiopia.

## **5.2 Recommendations**

Based on the major findings and conclusions of the study, the following recommendations are suggested:

It is advisable for Jimma university management to give more due emphasis on employee demand to improve corporate social responsibility. In addition, the researcher recommends, Jimma University to focus more on employee demand through; voluntarily engaging employees in CSR activities, implementing various CSR activities, offering a decent work-life balance for its workers, for example, by considering flexible working hours, providing suitable arrangements for health and safety that provide sufficient protection for its employees, and encouraging freedom of association of workers.

The researcher would like to recommend the management of Jimma University to develop, shape, and improve the perception of students properly. So, it is advisable for the management of Jimma University to improve student perception by ensuring effective feedback and consultation with the student, letting the student access information about its service, delivering high value, quality service that meets and/or exceed the expectations of their student, responding to every student complaint, and giving more attention to its students with special needs.

Community demand has a strong positive relationship with corporate social responsibility. Consequently, the study recommends the management to emphasize more on community demand through offering services for the local community (e.g. financial aid and training), monitoring the potential negative impacts of activities on the community, open dialogue with the local community on adverse issues (e.g. accumulation of waste outside the factory), helping local sports and cultural activities, providing job opportunities for local unemployed and devising policy to protect the environment.

Government policy has a positive and significant effect on corporate social responsibility. It is recommended for Jimma University to give more attention and implement the government policy. Therefore, the concerned bodies should institutionalize CSR, checks CSR initiatives are carried out to an appropriate standard, initiate CSR activities of the organization, encourages JU to perform CSR, and provides JU minimum ground to carry out CSR.

Generally, the researcher recommends Jimma University to design overall strategies and implementations to carry out corporate social responsibility by providing due emphasis to employee demand and community demand. It is also advisable for other concerned bodies such as students, the community, government bodies to take part in CSR activities and enforcing mandatory CSR programs to be included within the objective of the business, and provide encouragement for those organizations properly involved in CSR activities.

### **5.3 Future Research Direction**

This study investigated determinants of corporate social responsibility of Jimma University and the researcher suggested the following headings for future researches:

The researcher recommends for future researchers in the target area and sample size with a broader scope of other Ethiopian institutions of higher education; In addition, the future researcher should focus on other universities including government as well as private universities.

The high level of corporate social responsibility was due to determinants of corporate social responsibility, but there are still other factors that would determine corporate social responsibility. Future research could focus on other factors that might also determine corporate social responsibility such as organizational commitment, service provision, pressure groups, sustainability and profitability, and others.

The researcher also suggests investigating the determinants of corporate social responsibility by using other methodologies and data collection instruments like an interview, reviewing different years' performance progress what this study has not addressed; and also taking various target populations such as the local community, students, government officials, the media others.

Finally, the study suggests that further research is better to choose a longitudinal research design to examine the cause and effect association between determinants of corporate social responsibility and corporate social responsibility. A longitudinal study would permit assessment of the direction of the relationships between CSR and the determinants, both of which have been stated in the study and that did not.

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## **APPENDIX – QUESTIONNAIRE**

**JIMMA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**MBA PROGRAM**

### **QUESTIONNAIRES TO BE FILLED BY JIMMA UNIVERSITY STAFFS**

Dear esteemed respondents,

I am a post-graduate (master's) student in **Jimma University College of Business and Economics in the MBA program**. Now, I am conducting a study on the "**Determinants of corporate social responsibility: A study on Jimma University**". The purpose of this questionnaire is to collect information on determinants of corporate social responsibility in the case of Jimma University. It is purely for academic purposes and the information gathered will not be used for any other purpose other than for its proposed use and will be treated with the highest confidentiality. So, your genuine, honest and timely response is vital for the accomplishment of this study on time. Therefore, I kindly ask you to give your response to each question kindly and honestly.

If you have any questions, suggestions, and comments at any time, you can contact me at **0936729150** or **shueybjihad123@gmail.com**

Thanks in advance for your cooperation!

**Regards,**

**Shuwahib Jihad Abba Sanbi**

**PART ONE - BACKGROUND INFORMATION (6 items)**

- 1. Name of Faculty/college \_\_\_\_\_
- 2. Staff type: 1) academic staff  2) Administrative Staff
- 3. Sex: 1) Male  2) Female
- 4. Age: 20-30 years  31-40 years  41-50years  above 50 years
- 5. Experience: 0-5 years  6-10 years  11-15 years   
16-20 years  above 21years
- 6. Level of education: Bachelor Degree  Masters  PhD and above

**PART TWO – CORPORATE SOCIAL RESPONSIBILITY (14 items)**

Based on your experience and perception show your agreement with the following statements relating to the corporate social responsibility of Jimma University. Please, kindly tick (X) the appropriate response in the box to the statements.

**(1) Strongly Disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly Agree**

| No.   | Statement  | Scale |     |     |     |     |
|-------|--|-------|-----|-----|-----|-----|
|       |  | (1)   | (2) | (3) | (4) | (5) |
| CSR 1 | JU encourages employees to join civic organizations that support our community   |       |     |     |     |     |
| CSR 2 | JU encourages partnerships with local businesses and schools.  |       |     |     |     |     |
| CSR 3 | Flexible JU policies enable employees to better coordinate work and personal life.   |       |     |     |     |     |
| CSR 4 | JU gives adequate contributions to charities.  |       |     |     |     |     |
| CSR 5 | JU is recognized as a trustworthy company.   |       |     |     |     |     |
| CSR 6 | Fairness towards co-workers and business partners is an integral part of the JU employee evaluation process.                 |       |     |     |     |     |
| CSR 7 | A confidential procedure is in place for employees to report any misconduct at work (such as stealing or sexual harassment). |       |     |     |     |     |

|        |   |  |  |  |  |  |
|--------|---|--|--|--|--|--|
| CSR 8  | JU Managers are informed about relevant environmental laws.                                   |  |  |  |  |  |
| CSR 9  | JU seeks to comply with all laws regarding hiring and employee benefits                       |  |  |  |  |  |
| CSR 10 | JU has programs that encourage diversity in our workforce (in terms of age, gender, or race). |  |  |  |  |  |
| CSR 11 | Internal policies prevent discrimination in employees' compensation and promotion.            |  |  |  |  |  |
| CSR 12 | JU continually improve the quality of services  |  |  |  |  |  |
| CSR 13 | JU closely monitor employees' productivity  |  |  |  |  |  |
| CSR 14 | Top management establishes long-term strategies for JU  |  |  |  |  |  |

**PART THREE – DETERMINANTS OF CORPORATE SOCIAL RESPONSIBILITY (30 items)**

Based on your experience and perception show your agreement with the following statements relating to determinants of corporate social responsibility of Jimma University. Please, kindly tick (X) the appropriate response in the box to the statements.

**(1) Strongly Disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly Agree**

| No.  | Statement  | Scales |     |     |     |     |
|------|--|--------|-----|-----|-----|-----|
|      |  | (1)    | (2) | (3) | (4) | (5) |
| EP 1 | JU employees voluntarily engage in CSR activities  |        |     |     |     |     |
| EP 2 | JU employees expect the firm to implement CSR activities.  |        |     |     |     |     |
| EP 3 | JU offers a good work-life balance for its workers, for example, by considering flexible working hours.  |        |     |     |     |     |
| EP 4 | JU has suitable arrangements for health and safety that provide sufficient protection for its employees. |        |     |     |     |     |
| EP 5 | JU encourages freedom of association of workers  |        |     |     |     |     |
| SD 1 | JU has a process to ensure effective feedback and  |        |     |     |     |     |

|      |  |  |  |  |  |  |
|------|--|--|--|--|--|--|
|      | consultation with the student  |  |  |  |  |  |
| SD 2 | JU lets its student access information about its service   |  |  |  |  |  |
| SD 3 | JU strives to deliver high value, quality service that meets and/or exceed the expectations of their student.        |  |  |  |  |  |
| SD 4 | JU has a procedure in place to respond to every student complaint  |  |  |  |  |  |
| SD 5 | JU gives more attention to its students with special needs   |  |  |  |  |  |
| CD 1 | JU offers services for the local community (e.g. financial aid and training).  |  |  |  |  |  |
| CD 2 | JU Top managers monitor the potential negative impacts of our activities on our community                            |  |  |  |  |  |
| CD 3 | JU has an open dialogue with the local community on adverse issues (e.g. accumulation of waste outside the factory). |  |  |  |  |  |
| CD 4 | JU helps local sports and cultural activities.   |  |  |  |  |  |
| CD 5 | JU devised a policy to protect the environment   |  |  |  |  |  |
| ED 1 | JU provides ethical education to its students  |  |  |  |  |  |
| ED 2 | JU incorporated CSR in its curricula   |  |  |  |  |  |
| ED 3 | JU students have adequate awareness regarding the concept of CSR   |  |  |  |  |  |
| ED 4 | JU provides training to students regarding integrity and honesty   |  |  |  |  |  |
| ED 5 | JU ensures the discipline of its students  |  |  |  |  |  |
| SL 1 | JU strongly represented in the media   |  |  |  |  |  |
| SL 2 | JU activities are closely monitored by the media   |  |  |  |  |  |
| SL 3 | NGOs tend to be more willing to negotiate with JU  |  |  |  |  |  |
| SL 4 | JU is widely represented in social media   |  |  |  |  |  |
| SL 5 | Stakeholders pay attention to companies commitment to ethical issues and human rights respect                        |  |  |  |  |  |
| GR 1 | Government initiates JU to institutionalize CSR  |  |  |  |  |  |

|      |  |  |  |  |  |  |
|------|--|--|--|--|--|--|
| GR 2 | Government checks JU CSR initiatives are carried out to an appropriate standard. |  |  |  |  |  |
| GR 3 | The government tries to initiate CSR activities of the organization.             |  |  |  |  |  |
| GR 4 | The government encourages JU to perform CSR                                      |  |  |  |  |  |
| GR 5 | The government provides JU minimum ground to carry out CSR                       |  |  |  |  |  |

**This is the end of my questionnaires. Thank you again for your response!**