CORPORATE SOCIAL RESPONSIBILITY AND ORGANIZATIONAL GROWTH: A CASE OF EQUITY BANK

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DECLARATION

Student Declaration

This project is my original work and has never been presented for a Degree in any other University or institution of higher learning.

Signature ……………………………… Date………………………………..

JUDITH BOSIBORI OBURE

C51/67595/2013

Supervisors' Declaration

This project has been submitted for examination with my approval as the University Supervisor.

Signature ……………………………… Date ………………………………..

DR. RICHARD BOSIRE

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My deepest appreciation and thanks go to all my lecturers at the University of Nairobi for their guidance and constructive criticisms that helped me stay focused from the beginning of the course to the end. Key among these is my supervisor Dr. Richard M. Bosire, who offered me guidance and patience in seeing this project successfully completed. My utmost gratefulness also goes to my classmates whose friendship and support in various aspects have helped me accomplish this degree.

DEDICATION

I dedicate this work to my family, particularly my husband Elijah Okumu and my son Nathan Gimona.

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LIST OF ACRONYMS

CSR	:	Corporate Social responsibility
EGF	:	Equity Group Foundation
HSNP	:	Hunger Safety Net Programme
MSE	:	Micro and Small Enterprises
SPSS	:	Statistical Package for Social Scientists
UNIDO	:	United Nations Industrial Development Organization

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ABSTRACT

The business environment is abuzz with issues related to sustainable development which advocate for firms to look beyond profit-making by integrating better quality of life aspects which aim at protecting the environment, enhance social progress, use natural resources prudently and maintain high and stable economic growth. It is within these circumstances that corporate social responsibility thrives in the modern organization as an innovative way of enhancing its relationship with the society. This study sought to assess the influence of CSR on organization growth by undertaking a case study of Equity Bank. The persistent growth of this bank within the East African region has been linked with the bank's involvement in CSR activities, though no scientific review has yet been undertaken to confirm this hypothesis. The objectives of the study were stated as: to assess the impact of education and leadership development initiatives on growth; assess the impact of financial literacy and access initiatives on growth; evaluate effect of environmental conservation initiatives on growth; and assess the effect of agricultural support initiatives on growth. To fulfill the study objectives, a descriptive research design was adopted. The population comprised the CRS beneficiaries and Equity Bank staff members that were acquired through stratified random sampling. The study utilized interview guides and questionnaires as methods of data collection, and data was analyzed using descriptive and inferential statistics. The study found that education and leadership initiatives influence organization growth by being a cheaper source of talent for the firm, customer base extension and loyalty, and ease entry into new markets, all which align to the firm's long run growth strategy. It was observed that financial access and literacy initiatives affect growth in the firm with the bank benefiting from a widened market base from the beneficiaries, eased marketing channels, new markets and higher benefits than the costs incurred in the undertakings. Similarly, environmental conservation and agricultural support initiatives were pivotal in the growth of the institution especially in its strategic position of 'banking the unbanked'. The study therefore confirmed that corporate social responsibility initiatives offered by Equity Bank has significant impact on the growth of the organization. The study recommends inclusion of CSR in institutional strategies aimed at fostering organization growth and development.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Organizations are seen as living organisms and hence possess virtually similar characteristics with living organisms (Arvanitis & Wörter, 2013). In other words, organizations are said to have a life cycle where they are formed (born), grow to maturity, decline and finally die (Arvanitis & Wörter, 2013). Just like the organisms, the death of a firm can therefore be at any point of its life, whether at the youthful stage or after operating for many years. Therefore, for any organization to remain in business, survival and growth are seen as two major objectives in the contemporary competitive world (Pohle & Hittner, 2008). Every organization strives to be relevant in its industry which exacerbates competition. This relevance can only be ultimately achieved when the firm realizes growth.

As organizations grow, workloads increase and strategies that were useful in the past cease to be effective hence the organization has to continuously evaluate itself to sustain its growth. Gross (1968) argues that every organization should see growth as the whole essence of being. He further argues that the growth of any organization is largely dependent on synergy that exists between employers, employees, and all stakeholders in achieving organizational goals and objectives. This greatly hinges upon a firm’s innovative behaviour and how innovation affects long-term competitiveness and growth (Peneder, 2009). Jones and Bartlet (2008) identified energy and resources (society and materials) as major contributory factors in organizational growth. The society they referred to is said to be the only contributor of human resource for the organization and market for the organization’s goods (Mairesse & Wu, 2014). Evidently, the organization has to enhance its relationship with the society to enhance its growth, hence, the relationship between society and the organization has to be intimate for it to benefit by gaining growth. Growth within organizations is seen to stem from the organization itself (structures, strategies, innovativeness, & resources), and the society.

It is in the observance of the value of the society to the modern organization that the concept of corporate social responsibility (CSR) emerges with organizations embracing the need to appease the society in their favour. Arvanitis and Wörter, (2013) observed that corporate social responsibility (CSR) has invaded the organization as an innovative way of enhancing its relationship with the society, and hence deliberating on the link observed earlier between society and growth, CSR can be viewed as a growth strategy. According to United Nations Industrial Development Organization (UNIDO), CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. It is a mature concept that has been in operation for more than half a century with its discussion dating back to the 1950s and has since continued to grow in importance and significance to organizations (Carroll & Shabana, 2010).

It is an unwritten law that organizations should adopt CSR which covers a wide range of issues such as employee relations, human rights, corporate ethics, plant closures, community relations and the environment (Wanyama 2012). Kotler (2005) posits that CSR strategies or corporate social initiatives are major activities undertaken by a firm to support social causes and to fulfill commitment to society. Social undertakings most often supported through these initiatives are those that contribute to community health, safety, education, employment, the environment, community and economic development and other basic human needs and desires. Carroll and Shabana (2010) observed that there is a clear distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. They maintain that CSR is about how companies manage the business processes to produce an overall positive impact on society. Jooh *et al*., (2010) opined that important domain in CSR for business researchers has been in sustainability due to the imperative that businesses must create value for their stockholders while simultaneously meeting their social responsibility obligations, enhanced further by the notion of engaging beyond compliance achieved through adoption of CSR culture, which makes the business ethically desirable, even if it takes away resources from a firm's immediate needs. Though CSR diverts resources of an organization into non-directly profitable activities, it has a direct impact to the organization in the long run, and can be linked to the long term development of organization performance, which is best measured as organization growth (Eisingerich, 2011). This study hopes to affirm the existence of this link in the Kenyan context.

Akpan (2006) found that in developing countries, the importance of CSR has been recognized by most corporations to ensure long - term business success where CSR has been adopted within companies' policies, strategies, programmes and commitments toward social and environmental undertakings. However, he opines that organizations must evaluate CSR projects in light of their ability in producing not only social benefits to the community but also economic benefits and thereby, ensuring value for stockholders. Babalola (2012) posits that organizations have developed a variety of strategies for dealing with the intersection of societal needs, the natural environment and corresponding business imperatives with respect to how deeply and how well they are integrating social responsibility approaches into both strategy and daily operations of organizations worldwide.

In many cases, the time frame of the costs and benefits of CSR are out of alignment. The costs are immediate, and the benefits are not often realized immediately. Nevertheless, many benefits can be identified. An example is where a bank regarded as socially responsible can also benefit from its reputation within the business community by having increased ability to attract capital and trading partners (Wanyama 2012). Ratichek (2011) claim that reputation is hard to quantify and measure and it is even harder to measure how much it increases the value, and though organizations have developed methods to measure the benefits of their advertisement campaigns, similar methods can and should be able to be applied in the case of corporate reputation.

Equity Bank was started in 1984, as a building society in Murang'a, with a focus the mortgage sector. Its expansion necessitated the conversion to a bank in December 2004. Equity Bank is one of the biggest indigenous local banks, a status it has managed to achieve in just a space of 25 years. It initial target market was Muranga's tea zone. The tea zones were an easy target, as they had no powerful cooperatives offering banking services. The bank has been focusing on small-scale farmers, individual customers and small and medium scale businesses. The bank has now moved to other segments like corporate banking, mortgages, and investment banking. It has continued to consolidate its position in Kenya. Chiou, (2009) provides empirical evidence that building a branch network enables a firm to favorably compete due to increased proximity and resulting convenience.

Equity Bank has grown from a building society to an international banking institution with presence in the East African Nations of Kenya, Uganda, Tanzania and South Sudan within an operating period of 15 years. Its growth seems to have occurred alongside its widening CSR activities in the region. The institution is known for key investment in CSR activities such as education, career development, and relief activities in the region. In 2010 Equity Group Foundation (EGF) was formed through which the bank offers its CSR undertakings.

According to Kiura (2011), EGF is involved in a wide array of CSR activities. Key among them is their investment in education and career development such as the secondary school sponsorship and the extended University Scholarship to top students spread across Kenya. In environmental protection, the bank with other partners are involved in sensitizing the communities on the need for conservation and mobilizing tree planting exercises, environmental cleaning and beautification. In affirmative action, which advocates for gender equality, the bank empowers women through delivery of suitable products such as loan accounts where they can borrow money to help them start small businesses. In health care, EGF engages with other stakeholders to help reduce the spread of HIV/AIDS through an outreach programme run by the bank staff.

Equity Bank is one of the leading Financial Institution in Kenya having grown from a building society to an international banking institution with presence in the East Africa Nations of Kenya, Uganda, Tanzania and South Sudan within an operating period of 15 years. This institution growth seems to have occurred alongside its widening CSR activities in the region. The institution is known for key investment in CSR activities such as education, career development, and relief activities in the region. The bank in 2010 formed Equity Group Foundation through which they offer their CSR undertakings. Kiura (2011) highlighted the various CSR activities the bank offers to the society.

> "The CSR activities covered by EGF include extended University Scholarship to top 200 students spread across the 47 counties in Kenya, bringing the total number of beneficiaries to 800 students. In Environmental protection where EGF through equity bank has partnered with Kenya Wildlife Service, East African Breweries limited, Greenbelt Movement and Nation Media Group to sensitize the communities on the need to conserve the Mau Forest and other activities where local communities are mobilized in tree planting exercises, environmental cleaning and beautification. An affirmative action which advocates for gender equality where women are empowered through the delivery of products suitable for their needs such as opening loan account where they can borrow money to help them start up small businesses. In health care EGF engages with other stakeholders to help reduce the spread of HIV/AIDS through an outreach programme run by the bank staff," Kiura (2011).

Equity Bank has established four new branches in four remote districts, and has also subsidized the provision of equipment which has made wireless financial transactions and beneficiary authentication possible (Ratichek 2011). Opening up these branches has enabled people in those inaccessible areas to benefit from enhanced access to financial services (financial literacy and inclusion) and is widely regarded as a CSR undertaking. Therefore, though the firm undertook this as a core element of their strategy of customer expansion - a strategy that is central to the bank's projected revenue and profit growth, the activity has been accepted by many as CSR (Abishua, 2010). The firm is observed to mix CSR with its growth strategies. The financial institution has experienced growth at a great pace, surpassing older firms in the sector, and along this growth path has been its extensive involvement in CSR, though the link between the growth and CSR undertakings remains vague.

1.2 Problem Statement

Organizations are surrounded by environments which impact their works and access to limited natural resources, that is, raw materials, skilled workers, network, technological knowhow and customers' supports (Barney, 1991). Businesses mainly focus on internal factors, such as profits and growth, but not on stakeholder's benefits which are the supporting keys to business growth (Carroll & Shabana, 2010). One of the major concerns facing the modern organization centers around the question of how they can continue to grow profits, increase innovations and expand across geographic markets, while taking on the additional responsibilities and pressures that go along with CSR (Mackey & Tyson, 2007).

"The current business environment is abuzz with issues related to sustainable development which is an idea of ensuring better quality of life which aims to protect the environment, enhance social progress, use natural resources prudently and maintain high and stable economic growth" (Chakraborty, 2010). CSR is believed to have a significant influence on organization sustainability. In the business context, CSR has emerged as a form of sustainability governance with advantages to the economic, environment and social progress (Galbreath, 2010). Companies are aware that they can contribute to sustainable development by managing their operations in such a way that they enhance economic growth and increase competitiveness besides protecting environment and being committed to social responsibilities (Gerry and Scholes, 2005). A key direct contribution of CSR to organization growth is its contribution to marketing and building organization image (Kiura, 2011). Therefore, growth in business cannot be achieved solely by profit maximization but through responsible behavior and market orientation. There is a growing realization that businesses cannot succeed in isolation and social progress is a necessity for sustainable growth to be realized, though the contribution of CSR on growth exists only in theory and is yet to be clearly quantified.

In the last two decades, CSR application among the Kenyan corporations has grown exponentially with the need to satisfy this unwritten law that organizations should work within a CSR framework (Wanyama 2012). Gerry and Scholes (2005) observed that the link between CSR and corporate performance can only be clear if the components of the CSR programmes in an organization are clearly identified before the relationship of the joint functions can be established. Among these firms adopting CSR is Equity Bank, one of the largest financial institutions in the country. The growth of Equity bank in Kenya and into the East African region has been widely linked with the bank's involvement in CSR activities, though no scientific review has yet been undertaken to confirm this assertion. Fombrun *et al*. (2000) argues that a corporation's improvement in investors' trust, new market opportunities and positive reactions of capital markets can only be realized through involvement of CSR performance by continuously monitoring internal and external events and trends so that the required changes can be made as needed. Galbreath (2010) asserts that the conceptual links between strategic management practices and CSR performance have little or no empirical verification and therefore its impact on firm performance is mythical rather than factual. This study will be assessing CSR performance against firm growth and might find links within this phenomenon. Pohle and Hittner (2008), postulated ways in which CSR undertakings can be aligned to institutional growth, though they never got to determine the value of this postulated growth.

Whereas many studies on CSR (Kiura, 2011; Ratichek, 2011; Wanyama 2012; Auka, 2006; Porter and Kramer, 2006; Galbreath 2010; Mackey &Tyson, 2007; and, Marsiglia & Falautano 2005) have focused on the activities involved and their benefits to CSR targeted stakeholders as the consumers, employees and society in general, they have left out the impact of CSR on firm performance and growth. On the other hand, studies done that link organization growth to CSR only bring out the expectance of firm growth which is conceptualized as indirect. Therefore, even though the topic of growth and CSR has received a wide interest within scholarly circles, it is not yet fully understood and clearly quantified. More so is the case of Kenya where very few studies have been done in relation to CSR and organization growth. This study therefore bridged this gap by assessing the impact of CSR on the growth of Equity Bank in Kenya.

1.3 Research Questions

The study sought to find answers to the following research questions:

i. What is the impact of education and leadership development as corporate social responsibility on the growth of Equity Bank?
ii. Does access to financial literacy as corporate social responsibility affect the growth of Equity Bank?
iii. What is the effect of environmental conservation undertakings on the growth of Equity Bank?
iv. How do agricultural corporate social responsibility activities affect the growth of Equity Bank?

1.4 Study Objectives

The overall objective of the study was to assess the impact of corporate social responsibility on organizational growth.

The specific objectives of the study include:

i. To examine the impact of education and leadership development on the growth of Equity Bank;
ii. To assess the impact of financial literacy and access activities on the growth of Equity Bank;
iii. To evaluate the effect of environmental conservation undertakings on the growth of Equity Bank;
iv. To assess the effect of agricultural support activities on the growth of Equity Bank.

1.5 Justification of the Study

The study generated useful information both in theory and in practice. The findings are beneficial to policy makers, bank managers, members of the public who are the customers of the banks and the government.

To the bank managers, the study generated helpful findings on the impacts of corporate social responsibility on the growth of an organization. This information may be used to make decisions on the adoption of CSR projects and the strategies to adopt them, more so to the management and the cross-functional CSR strategy teams at Equity Bank.

The study generated findings on the various forms of CSR adopted by Equity bank and their individual impact on organization growth would assist policy makers within among the commercial banks in Kenya. This information can be used by the government to make appropriate regulation on the operations of financial institutions related to CSR as well as creating enabling environment to boost CSR and financial activities in the country.

The findings outline the associated benefits of the CSR activities to the financial institutions. This helps institutions to choose the best CSR activities that benefits members of the public especially the bank customers. With financial institutions instituting CSR activities as strategic response, the study provides members of public with an understanding of the value of CSR and hence offers their support for the project.

The study adds value to the existing theories on technology. It serves as a source of reference to the future scholars and academicians in their future research. Other scholars use the information gathered to expound on areas not yet addressed in CSR and corporate strategy, while the study's findings offers reference materials for them while replicating the study elsewhere. Furthermore, although CSR literature is widely available, there is a recurring criticism that it lacks empirical support, thus weakening its validity, but this study reclaims this validity.

1.6 Scope and Study Limitations

This study aimed to find out the impact of corporate social responsibility on the growth of Equity Bank in Kenya. This was a descriptive study covering all the firm's CSR undertakings in Kenya by assessing their CSR initiatives and their growth. CSR initiatives were measured by both financial and perception levels while growth on the other hand was measured by the changes in customer levels (market share), number of employee base, number of outlets and profits. The study also reviewed available empirical studies to help provide more insights on CSR relationship to economic growth. The study was limited to this scope and only dwelt on Equity Bank case and only in relation to CSR and firm growth, though other issues might have seemed relevant to the study.

The study faced some limitations. Some respondents at Equity Bank were reluctant to divulge the required information for the study which posed a big challenge. The study therefore made use of secondary data to improve on reliability.

There was lack of response from the bank's executive directors forcing the study to rely on information from supervisory level staff and below. Accessing the target respondents was a hard task for the researcher since the Equity Bank failed to offer a list of all the beneficiaries of the CSR initiative, though the same was acquired from various institutions that had benefited.

1.8 Definition of Concepts

The following are the definitions of the major concepts used in this study:

Corporate social responsibility: - This refers to corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing (Galbreath 2010). The term has been generally applied to relate to the efforts made by a firm that go beyond what is expected of them by shareholders and investors where they invest in projects that benefit the society. Corporate social responsibility is measured by assessing education and leadership development initiatives, financial literacy and inclusion, environmental conservation, and agricultural support projects undertaken by Equity bank.

Corporate social responsiveness: – It is the management task of doing what one has decided to do so as to become socially responsible. It is applied to imply the ability of the firm to act in a socially responsible manner (Moore, 2001).

Corporate citizenship: - Corporate citizen implies a strategy that moves from a focus on short-term transaction to longer term, values-based relationships with these stakeholders. Loyalty will be based on a company's ability to build a sense of shared values and mission with key stakeholders (Crook, 2005).

Corporate governance: - is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to enhance accountability for the stewardship of those resources. The aim is to align as nearly as possible the "interests of individuals, corporations and society" (Porter & Kramer 2006).

Organizational Growth: Growth means enlargement, increase and expansion. Organization growth is therefore the enlargement, increase and/or expansion of firms' measures of success such as profitability, market share, firm size among others. Smith (2010) defines organization growth as the process of improving some measure of an enterprise's success over time. In this study, organizational growth would mean growth in outlets, growth in customers (market share) and income amounts over a 5-year period.

Education and leadership development: Leadership development programs relates to the formation, maintenance, and transformation of a leader's identity. These are CSR activities aimed at assisting in the development of education and growth in leadership skills among the activity beneficiaries. Equity bank education and leadership development CSR includes wings to fly program and Equity leaders programs which will be studied.

Financial literacy and access: This refers to the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, or plan for the future. Anthes (2004) defines financial literacy as the ability to read, analyse, manage and communicate personal financial conditions that affect material well-being. This refers to CSR activities aimed at cultivating and/or developing skills allowing people to understand how money and economy work, how people earn or make money, and how they invest and use it.

Environmental conservation: This relates to the involvement and/or investment (without profitable gains) of the organization in environmental conservation programs such as the conservation awareness programs and tree planting drives.

Agricultural support: These are activities undertaken by the organization to enhance agricultural production activities among the activities participants. It includes financial support to the farmers, investment in farmers training, and agricultural extension investments with no direct benefits to the providing institution.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section presents a review of the existing relevant theoretical and empirical literature to the study proposed. The goal is to identify existing gaps of knowledge that the current study seeks to fill. The section presents organization growth and CSR under the following themes: education and leadership development and organizational growth, financial literacy and access and organizational growth, environmental conservation and organizational growth and agricultural support and organizational growth. From the reviewed literature, a conceptual framework that guides the present study is presented.

2.2 Education and Leadership Development and Organizational Growth

Leadership effectiveness has been a major issue in literature of world business, social issues, human resource management and development (Caligiuri & Tarique, 2012; Harteis, 2012). How to perform leadership duties efficiently in an increasingly tough global market is vital to international business and workforce management. Leadership is a key component of the modern organizations. Punnett, (2004) argued "Companies must accurately target their efforts to develop and recruit leaders who offer guidance in building true excellence in the most critical roles and competencies, which is eventually translated to revenue growth". Aggarwa, (2011) observed that in order to cope with changes in demographics, technology, and globalization, specific job skill development for leadership, work ethic, and continuous learning is necessary. This is due to the fact that as demand for knowledge-based enterprises is on the rise, it is vital to enhance the success of workplace through learning and workforce development (Harteis, 2012). Additionally, leaders need to build their interpersonal skills to deal with conflicts and to develop individuals and groups in the workplace for them to acquire accelerated organization growth. Organizations have made this observation and are recently cashing in on the fad (Byrd, 2007). To enhance organizational competitiveness and performance, core values (e.g., performance excellence, innovation, social responsibility, worker involvement, and quality of work life) should be emphasized (Khana & Afzalb, 2011). All these cannot be achieved without the right leadership qualities within the organization obtained through training and education.

However, sourcing people with the right leadership qualities is not simple, and the best way is to train future leaders within the firm, where beneficiaries of its education project comprising of the most talented within the society are molded into future leaders and integrated into the organization. Abishua (2010) observes that Equity Bank sources its talent through education CSR project. This is unlike the organizations' stand that the leadership and learning programs are more of CSR than institutional strategy. Education and leadership training projects should feed the society with skilled workforce from whom organizations source talent and which allows the firms to have access to a productive workforce that has the capability to boost growth. Though not empirically confirmed, the involvement of an organization in education and leadership CSR might influence the organization's reputation in the employment market and hence lead to the ease in access of talent for the organization.

2.3 Financial Literacy and Access and Organizational Growth

Financial literacy involves access to financial skills offering the ability to understand how money and economy work, how people earn or make money, and how they invest and use it to help themselves and others. One would expect that providing financial literacy services to a group would lead to access to economic growth and development for the people and no benefits to the organizations that offer the services. Amalric, *et al.*, (2004) observed that the broadest view of the effectiveness of financial skills encompass a sense of responsible citizenship along with knowledge that creates a better society. Many advantages arise from improvement of financial skill and it follows that financial skills can result in economic growth.

According to King and Levine (1993), the main goal of financial literacy is to address challenge of low financial capabilities and equip people with the confidence to make "sound financial decisions, effectively manage financial services, and develop and work towards a tangible savings goal, as well as entrepreneurial programs" that increase the financial capabilities of people. Mandell (2004) defines financial literacy as "a guided increase in financial knowledge or skills and changes in financial behavior". He claims that financial literacy provides the ability to "read, analyze, manage and communicate personal financial conditions that affect material well-being". Financial literacy is therefore essential, and not just for investors, but for the average family trying to decide how to balance its budget, buy a home, fund the children education and ensure an income when the parents retire.

However, Agnew and Szykman (2005) showed that consumers with low income and low educational attainment tend to be the ones with low financial knowledge, which makes them not the most suitable customers to financial institutions. Given the high cost of carrying out these financial trainings, the firm might not be able to break even in relation to acquired customers and attached benefits and incurred costs. Moreover, Prete (2013) showed that a household's access to financial services is not based on levels of financial skill but on factors such as income levels, distance from banks, age, marital status, gender, household size, and level of education. With these factors unchanged, the financial institution might not benefit at all from the undertaking. Oseifuah (2010) on the other hand stated that more research is needed to verify in specific and practical terms the level and impact of financial literacy on organization growth of MSEs. He called for further research into the level and impact of financial literacy on organizations performance and development. Karlan and Valdivia (2010) did not find increase in financial literacy impacting business outcomes. However, Drexler, et al., (2010) did find that increase in financial literacy impact business outcomes leading to organization growth in the long run.

Organizations offering financial literacy and access services as a form of CSR can benefit from the undertakings. "This enhances their ability to be banked and at the same time allowing the financial institution to develop more income streams from the growing population, therefore boosting its capabilities of growth in the long run" (Bönte & Filiak, 2012). Wachira and Kihiu (2012) observed that there is a high likelihood for beneficiaries of financial literacy skills to seek financial access through the firm offering these skills. With financial institutions offering these skills and access at the same time, the institution benefits from improvement in the number of customers, where their customer size grows. With the high levels of financial illiteracy in the rural areas, carrying out financial literacy and access to this part of the population would provide an organization with a chance of providing financial access to those unbanked in the population and also to enhance their customer base in the region.

2.4 Environmental Conservation and Organizational Growth

Traditionally, environmental protection has been considered to be "in the public interest" and external to private life. Governments have assumed principal responsibility for assuring environmental management, and have focused on creating and preserving a safe environment. They have directed the private sector to adopt environmentally sound behavior through regulations, sanctions and occasionally, incentives. Moser and Miller, (2001) observed that when environmental problems have arisen, the public sector has generally borne the responsibility for mitigation of environmental damage. However, the roles of sectors have been changing, with the private sector becoming an active partner in environmental protection through CSR adoption.

Many governments and businesses are now realizing that environmental protection and economic growth are not always in conflict. Environmental sustainability is an integral part of a sustainable growth strategy. While protection of the environment and economic growth are often seen as competing aims, highlighting the financial benefits of increased eco-efficiency, Akpan (2006) observed that the natural environment is central to economic activity and growth, providing the resources we need to produce goods and services, and absorbing unwanted processing by-products in form of waste. Moser and Miller, (2001) observed that the current strength of the arguments for CSR programs are driving companies increasingly towards the adoption of socially and environmentally responsible strategies.

There has been much popular discussion of the role of 'green investors' in driving societies to adopt or advocate for environmentally friendly practices (Baron, 2007). Investors allocate their wealth between savings, charitable donations, or shares of a socially responsible firm. If some investors prefer to make their social donations through investing in socially responsible companies (perhaps in order to avoid taxation of corporate profits), then CSR can increase the value of the firm by attracting these investors. Graff and Small (2005), shows that the value of the firm is less than it would be without CSR, but one way in which investors derive value from CSR is where its shares trade at a price above what they would fetch if they hadn't invested in CSR. Another way is where companies try to attract and retain the best employees by making environmental commitments that are aligned with these employees' environmental values. Frank (2003) surveyed Cornell University graduates and found that many are willing to accept substantially lower salaries in firms engaged in socially responsible activities.

Dibb, *et al.*, (2012) observed that most companies that are environmentally responsible eventually have enhanced brand image and reputation which generate strategically important goodwill and enhanced customer loyalty from a CSR perspective. Typically, a consumer is drawn to a company and a brand that has a good reputation for providing service and products and delivering value, as defined by the customer. However, Dibb, et al. (2012) failed to show

how gained customer loyalty from CSR activities enhances organization growth. With many key natural resources and ecosystems services scarce or under pressure, achieving sustained growth require absolute decoupling of the production of goods and services from their environmental impacts. Akpan (2006) observed that policies that improve the efficiency with which businesses use resources, such as energy, water and materials, produce not just environmental benefits but also financial savings for businesses. Additionally, organizations that are committed to CSR have access to socially responsible investment (SRI), where investors take into account considerations such as a company's environmental and socially responsible activities. This study sought the link between organization growth and environmental undertakings of the organization.

2.5 Agricultural support and Organizational Growth

Considering that agricultural growth has a bigger impact on poverty reduction than other sectors (WDR 2008), investments in agricultural production have the potential of reducing poverty in the developing countries. Decades of low investment in agriculture have led to stagnating productivity and production levels. An important area for public action is supporting the small scale farmers and exporter initiatives, especially in capacity building. Bodies such as the public and private sector have proved critical in sustaining competitiveness of agricultural industries, both through direct investments and capacity building, (Tilly, 2007). Organizations can therefore be able to acquire accelerated growth by adopting CSR in agricultural support. Wang, *et al.*, (2009) observed that agricultural support has both direct and indirect benefits to the growth of organizations involved in the CSR projects. They observed that organizations directly benefit with direct marketing to the farmers, improved company image, better publicity, growth in customers and gains in profits gained from increase in business from the farmers. However, these views were made in a study that was meant to complement CSR undertakings in China and therefore there was vested interest of the researcher. This study hopes to confirm these views by quantifying these views.

Agriculture has been described as the backbone of the country in many economic circles. It is one of the highest contributors to GDP in Kenya. However, agricultural productivity has been dwindling in the recent past due to changing climatic conditions and a shift into other productive activities. This has seen the entrance of CSR offering organizations in the sector with the aim of improving productivity, enhancing food security, reducing the environmental impact of agricultural production, poverty reduction, mitigating effects of climate change, and supporting economic transformation (Tilly, 2007). Though these programs are supposed to benefit the society involved, there has been indication of instances where the organizations providing these CSR activities have benefited from the undertakings. Juma (2011) observed that agricultural support enhances productivity in agriculture raising farm incomes and reducing poverty of farming households, hence enhancing savings capacity which will be introduced into the economy which causes economic development and improvement in the operating environment of the organization, hence have an indirect impact on growth of the institution.

2.6 Study Gap

For the banking industry, the relationship between corporate social responsibility and firm growth has not been examined extensively at the international level, and the few existing studies offer conflicting evidence. For example, Chih *et al.* (2010) investigated a total of 520 financial firms in 34 countries over 2003- 2010 associated with financial performance in terms of return on assets, return on equity, net interest income, and noninterest income. The results showed that the out of the firms that are socially responsible, some had better earnings management only for a short period others did not experience any earnings management. Some of the results were inconclusive. Differences in the results could be related to measurement issues, differences in sample as well as sample period. This study hopes to analyze Equity bank’s social performance and its impact on the firm growth.

A few local studies have also been undertaken in relation to CSR. Auka (2006) undertook a study to assess the factors influencing the practice of CSR of financial institutions in Kenya. The researcher found that leadership, organizational structure, target customer base and the profitability of the firm as some of the key factors that encourage introduction of CSR activities in financial institutions in Kenya. Wanyama (2012) studied CSR within the Kenyan perspective. The researcher observes that corporations are regarded as good citizens if they adopt ethical practices which are in tandem with the accepted society norms. He observed that there was moderate but low comprehension CSR. It was therefore difficult to determine the effects of CSR.

Kariuki (2013) studied the challenges facing the Safaricom Foundation in aligning CSR to corporate strategy, where the study found that the institution was involved in employee and product related activities as compared to their involvement in community and environmental activities where implementation of CSR activities in organization was largely done through employees than through other stakeholders. However, none of these studies looked at CSR in light of its effects on performance or organizational growth.

The relation between corporate social responsibility (CSR) and firm growth has evoked much interest among researchers. While some studies reveal a positive relationship between the two constructs, some others indicate a negative relationship, and still others establish no relationship between the two constructs. Though a positive relationship between CSR and firm growth has prevailed in many studies, results still remain inconclusive. Such inconclusiveness creates knowledge gap on the actual CSR attributes that influence a firm's growth.

2.7 Theoretical Framework

This study is guided by three theoretical postulates to bring out the relationship of CSR and the growth of institutions. The study will be guided by the stakeholder theory. The stakeholder theory lays out the role of the organization and key people close to the organization.

The stakeholder theory of the firm is used as a basis to analyze those groups to whom the firm should be responsible. Simply put, stakeholder theory affirms that those whose lives are touched by a corporation hold a right and obligation to participate in directing it (Kotler and Keller, 2006). Kotler and Armstrong, (2008) defines a primary stakeholder group as "one without whose continuing participation the corporation cannot survive as a going concern" – with the primary group including "shareholders and investors, employees, customers and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations may be due." The secondary groups are defined as "those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival."

This theory postulates that companies should consider the interest of the different stakeholders in their operations, production and decisions. Mallin (2009) explains that as much as stakeholders are recipients of the CSR, they also exert some influence on the company's behaviour. Acquila and Jackson (2003) cited in Mallin view the creation and transformation of institutions as a result of the mutual interaction of the agency of actors influencing institutions. Mallin explains that consideration of the stakeholders who are related to CSR activity as actors may lead to a conclusion that CSR is a result of the interaction of the different actors. Zu (2008) explains that this theory solved the problem of measurement and testing by defining the actors and their positions and functions in relation to one another.

From the stakeholder theory perspective, the focus becomes how to please and build mutually beneficial relationship with the CSR beneficiary community. It can therefore be argued that the underlying philosophy for CSR activities under the stakeholder model can produce positive attitude among employees, customers and the general society thereby increasing their participation levels, and also influence their association with the firm. This study will be applying the stakeholder model to enhance assessment of CSR activities influence on growth of the banking sector in Kenya.

2.8 Conceptual Framework

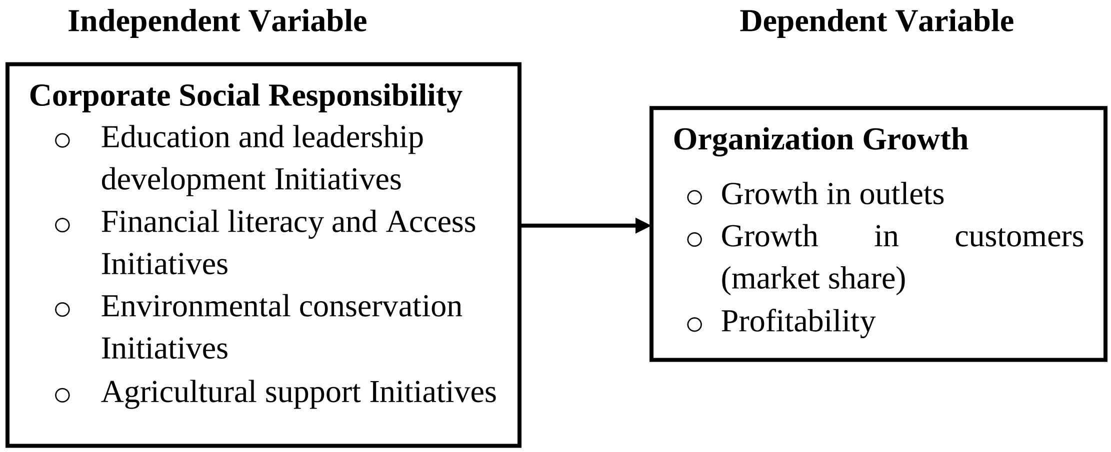


Figure 3.1: Conceptual Framework

Education and leadership development are part of Equity Bank CSR undertakings. These undertaking affect the ability to source, develop and retain talent for the firm from the employment market in Kenya, and are thought to provide the institution with more customers due to brand enhancement. These are attributes that the study seeks to consider in assessing the firm's CSR activities and organization growth. Financial literacy and access on the other hand is a key CSR undertaking at the organization linked with the firms' strategies. Financial literacy and access undertakings of the institution is thought to directly impact the customer size in the bank by 'banking the unbanked' and hence increase the firm's market share and also improving the profitability of the institution in the long run, an aspect the study considers in assessing CSR impact on the growth of the bank.

Environmental conservation is another CSR activity that the bank is involved in. It has the ability to influence the firm's image (good will) both to potential customers and investors. This leads to increased market share and profitability. Agricultural support activities are also undertaken through partnerships with farmers. The activity involved, the financial institution acquires better corporate image and acceptance among the society and have a higher likelihood of making profits and enhancing productivity. Organization growth is considered as increase in customer base (market share), increase in the number of branches (outlets) and profitability. Equity bank has been visibly growing within the last 10 years.

2.9 Research Hypothesis

The study sought to test the following research hypotheses.

H_o : Corporate Social Responsibility activities have no influence on Organizational Growth

Ha_1 : Corporate Social Responsibility activities influence Organizational Growth

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is a blue print of the methodology that was used to answer the research questions. The section presents the research design, target population, sampling design, data collection and procedures for data analysis.

3.2 Research Design

This study adopted a descriptive research design. A descriptive design seeks to obtain information that describes existing phenomena by studying perceptions, attitude, behavior or values from individuals. It portrays an accurate profile of persons, events or situations. This design allowed the study to describe the existing conditions and attitudes through observation and interpretation techniques and to access comprehensive information which was vital in enabling the establishment of the link between CSR and organization growth.

3.3 Study Area and Target Population

So as to meet the scope of the study which is to examine the effects of CSR on organization growth, the study was carried out in Nairobi which is the main operational area of Equity Bank with its headquarters being situated in the region-and Equity Group Foundation –its key CSR arm is situated, and where the study is most likely to find the beneficiaries of Equity Bank CSR. The study's target population was the CSR beneficiaries and employees of Equity Group Foundation. The CSR beneficiaries are approximately 484,050. Equity Bank has a total of 6,874 employees, though only engaging 168 employees in CSR. The study target population was therefore comprised of 484,218 individuals (CSR beneficiaries, CSR employees, and Bank's customers).

3.4 Sampling and Sampling Techniques

The study applied stratified random sampling technique to select a representative sample from the target population. A disproportionate stratified random sampling technique was employed to select the respondents from Equity Group Foundation. This procedure is considered effective as it allows individual members of the population a chance of being involved in the study. The study used 3 strata which was formed based on the bank's structure i.e., Management, supervisors and support staff. The total sample size was 24 employees, which was divided up as follows: 4 from the management level, 6 from the supervisory level and 14 from support staff. This is due to the fact that very few managers and supervisors are involved in the CSR activities as compared to the support staff. The sample size of 24 bank employees is 14% of the target population. According to Mugenda and Mugenda (2003); a representative sample is one that is at least 10%-20% of the population. A further sample of 100 CSR beneficiaries who are customers of Equity Bank was sought. The CSR beneficiaries sample size was determined using the Slovin's formula (Guilford & Frucher1973), assuming a 10% margin of error. Using this formula, the study sample was calculated as:

$$\boldsymbol{n = \frac{N}{1+N(e^2)} = \frac{484050}{1+(484050\ x\ 0.1^2)} = 99.98 \simeq 100}$$ (Slovin's Formula)

Where: N:- is the population size of the study segment (484,050)

n:- Is the sample size of the study segment (beneficiaries) (100)

e:- Is the desired margin of error (0.1).

The sampling frame is as presented in Table 3.1:

Table 3.1: Study Sample

Strata	**Population size**	**Sampling Units**	**Sample Proportion**
Bank Employees	168	24	19%
Education	10,377	36	29%
Leadership development	2,673	13	11%
Financial literacy	11,000	15	12%
Environmental conservation	10,000	12	10%
Agricultural support	460,000	24	19%
Total	**494,218**	**124**	**100%**

3.5 Data Collection Procedure

The study utilized both primary and secondary data. The primary data was collected using a semi-structured questionnaire and interviews. The questionnaire consisted of both closed and open ended questions mainly to determine the uptake of CSR activities and growth at Equity Bank. The questionnaire was an appropriate tool in this study because it allowed the respondents offer their responses in a free environment and helped get information that would not have been given out had interviews been done. The questionnaires were hand-delivered to the respondents and later collected and then consolidated. The study also interviewed the CSR beneficiaries to further inform the study. The researcher personally undertook the interviews. Secondary data was collected from the audited financial statements, past organization and corporate reports, and newspaper articles. The data collected was for the period 2010 – 2014.

3.6 Data Analysis and Presentation

The completed questionnaires were edited for completeness and coded to enable the responses to be grouped into various categories. Data collected was both quantitative and qualitative which was analyzed using Statistical Package for Social Sciences (SPSS) version 20. Descriptive statistics were generated i.e: standard deviation, frequencies, percentages and means. The outcomes of the analysis were presented using tables and charts. Further analysis using inferential statistics was undertaken using Pearson Correlation to determine the relationship between the study variables. Qualitative data was analyzed by use of content analysis where collected data from interviews was prepared through transcription, and the transcribed data was assessed to bring out the views posited by the interviewees.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the findings of the study. The findings were derived from the analysis of the data collected. The chapter provides information on the demographic information, education, leadership development, financial literacy and inclusion, environmental conservation and agricultural support CSR initiatives. The chapter culminates with a study of growth and the relationship between growth and the various CSR activities.

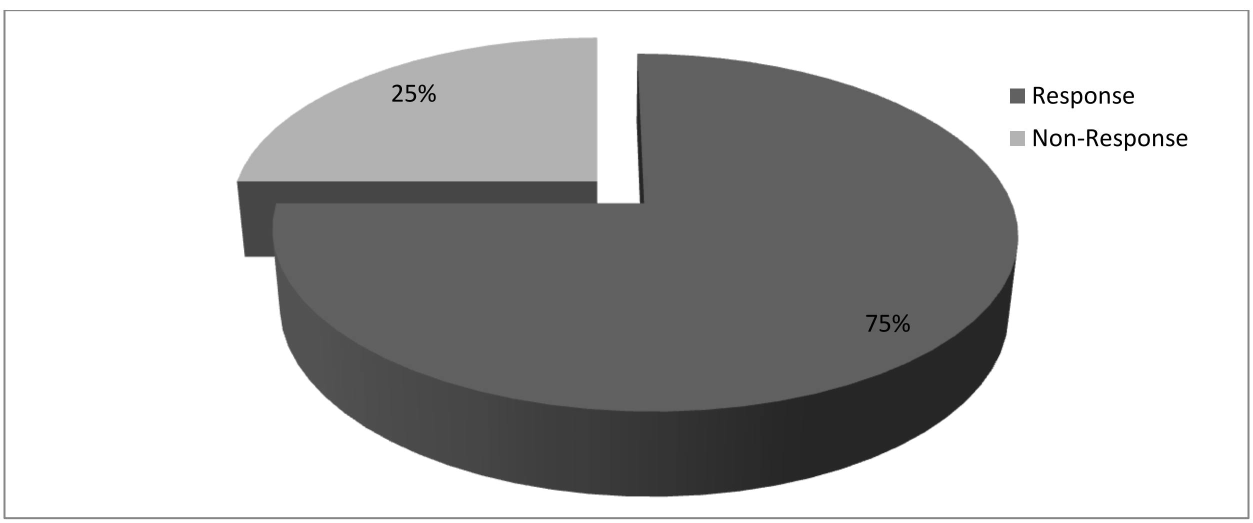
4.2 Demographic Information

The background information of respondents is helpful in understanding their character, behavior and culture. The study collected data from respondents with different demographic characteristics. The following sections discuss these demographic characteristics.

4.2.1 Response Rate

The study targeted 124 respondents as its main target, among whom 24 respondents were to fill a questionnaire and 100 were to be interviewed. The response rate for the study is as presented in figure 4.1.

Figure 4.1: Study response rate



As presented in Figure 4.1, Out of the 124 expected respondents, only 93 responded giving a response rate of 75%. These were distributed as shown in Table 4.1.

Table 4.1: Stratified Response Rate

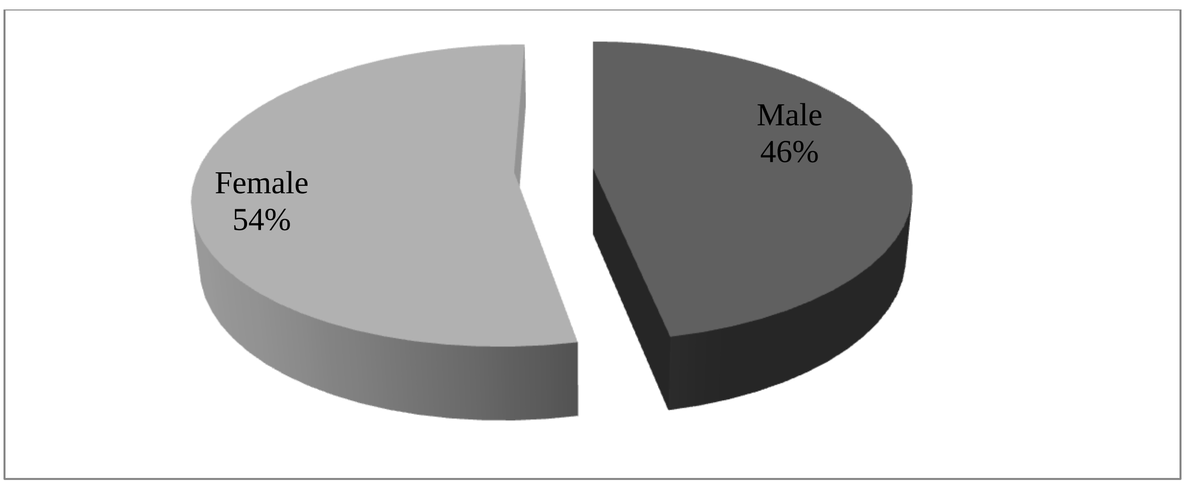
Strata	**Sample Size**	**Response**	**Response Rate**
Bank Employees	24	22	92%
Education	36	27	75%
Leadership development	13	9	69%
Financial literacy	15	11	73%
Environmental conservation	12	9	75%
Agricultural support	24	15	63%
Total	**124**	**93**	**75%**

Among those who agreed to participate in data collection comprised of 22 bank employees who responded to the questionnaire and 71 CSR beneficiaries who were interviewed. This response rate is high enough since Mugenda and Mugenda (2003) suggests that an ideal response rate of 60 - 70% is excellent. This response rate was therefore able to meet the study requirements.

4.2.2 Gender of the Respondents

This study was not left behind in capturing the gender representation in the study sample. The gender distribution among the study respondents and the interviewed beneficiaries in this study is as shown in Figure 4.2

Figure 4.2: Gender of the Respondents

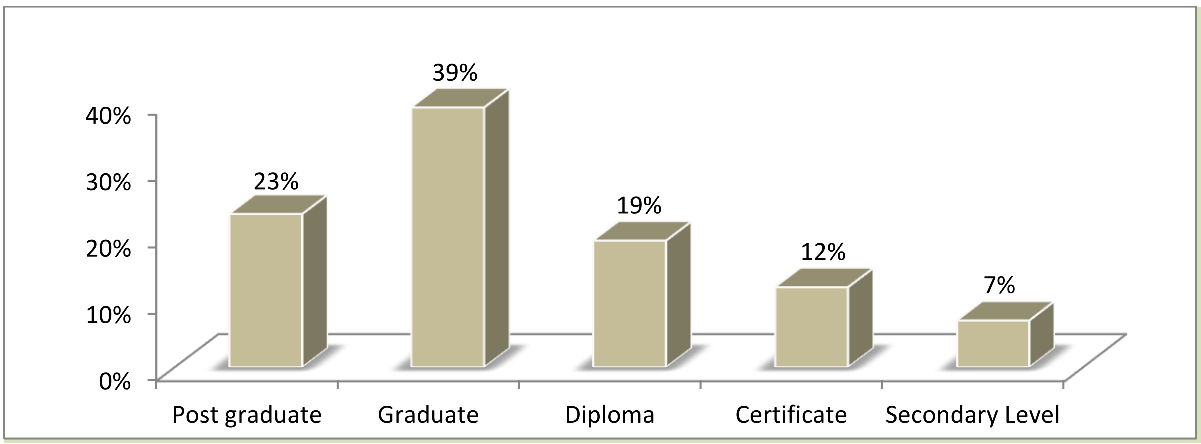


It was observed that majority of the respondents who took part in this study were women (54%) while men accounted for 46% of the respondents. Given that the female segment is a bit higher than the male segment in the Kenyan population statistics, the fact that the female respondents were more than the male respondents in the study shows that the participation mimicked the population characteristic, hence the study can be said to be representative in terms of gender. This confirms that there was adequate representation of both gender in the study hence the study lacked gender biases.

4.2.3 Education Level

The level of education of a person shows the expertise of a person and their ability to process and comprehend information provided. The education level of the bank employees and the beneficiaries interviewed is shown in figure 4.3.

Figure 4.3: Distribution by level of education

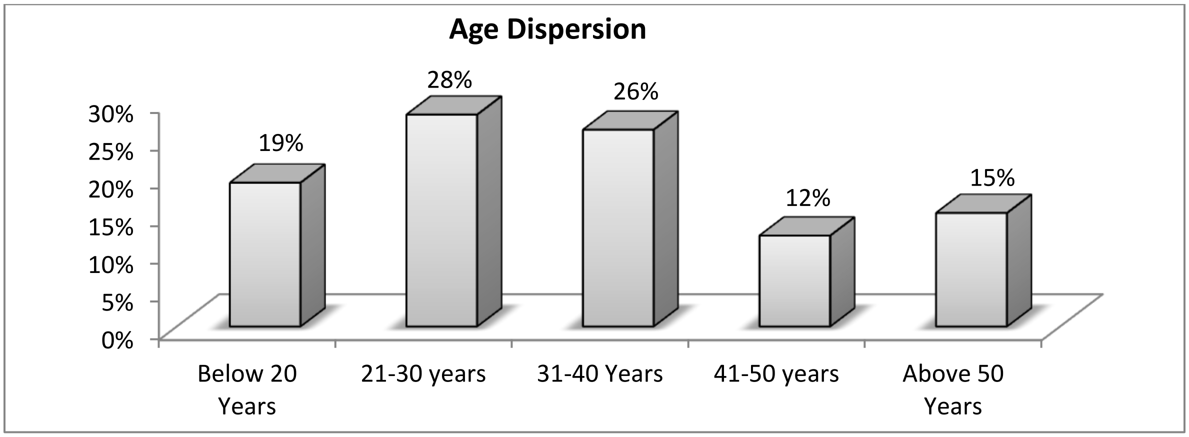


The respondents who took part in this study had various education qualifications. The study found that majority of the respondents had reached the graduate level of education (62%) with only a smaller proportion of the respondents had education lower than diploma level (38%), an indication that most of the study respondents were well educated and hence well informed and able to understand the questions. These observations may be owing to the high number of beneficiaries of education CSR activities included in the study.

4.2.4 Age of Respondents

Age can be used to inform the proportion of the productive population and the dependent population involved in the study. The age distribution of the interviewees comprising of the CSR beneficiaries is shown in figure 4.4.

Figure 4.4: Percentage age distribution of respondents

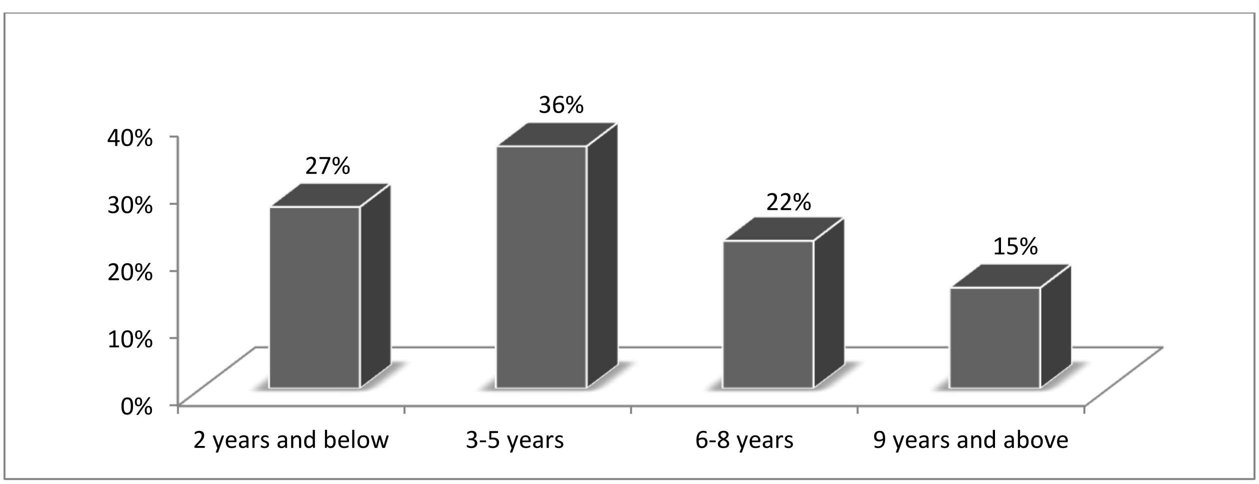


The views given in this study were mainly from respondents below 20 years (19%), between 21-30 years (28%), and within 31-40 years (26%). Those within age group of between 41-50 years were observed to be 12%, and those above 50 years were 15%. This indicates representation of all age-groups in the study, though the middle aged group (20-40 years) had a higher representation. This might be due to the fact that most of the CSR beneficiaries are within this age group with very few being beyond this age gap. It was also noted that most of Equity Bank employees were below the age of 40.

4.2.5 Length of Interaction with Equity Bank

The study considered the period of interaction between the CSR beneficiaries interviewed and Equity Bank. The study outcomes for this inquest are as presented in figure 4.5.

Figure 4.5: Period of Interactions with Equity Bank

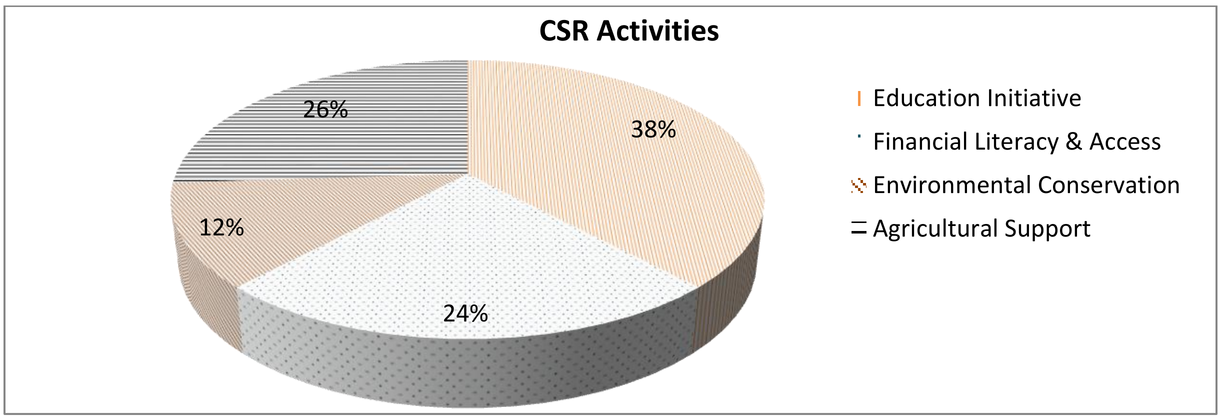


As presented in Figure 4.5, it was observed that most of the respondents (63%) had interacted with Equity Bank for less than 6 years. The study observed that only 37% of the respondents had interactions with the bank lasting more than 6 years. This led to the confirmation that all the respondents had interacted with the financial institution for a long enough period to gain familiarity and also most of the respondents has less than 6 years of interaction indicating that the details of the interactions with the bank are still fresh; hence they are able to offer reliable and unbiased information.

4.2.6 Types of CSR Initiatives

The study also sought to find out the CSR initiatives accessed by interviewed beneficiaries from whom it was observed as presented in Figure 4.6.

Figure 4.6: Types of CSR Initiatives

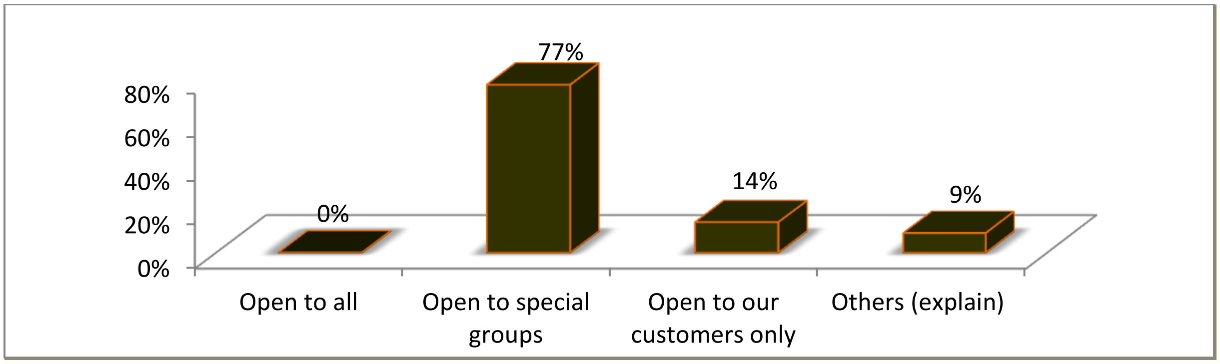


The table above provides the results of the beneficiaries' views with regards to the CSR initiatives they have accessed at Equity Bank. The study findings show that most of the respondents had been involved in education initiatives (38%), while 24% were involved in financial literacy and access initiatives, a further 26% were involved in agricultural support initiatives, and 12% had been involved in environmental conservation initiatives. This indicates the level of inclusiveness of the study where varying CSR initiative beneficiaries at Equity bank were involved in the study.

4.2.7 Mode of Recruiting Beneficiaries

The study also considered the various ways in which those that benefitted from Education CSR initiatives were selected by Equity Bank to be involved in the process. The study found the following outcomes presented in Figure 4.9.

Figure 4.8: Mode of Recruitment

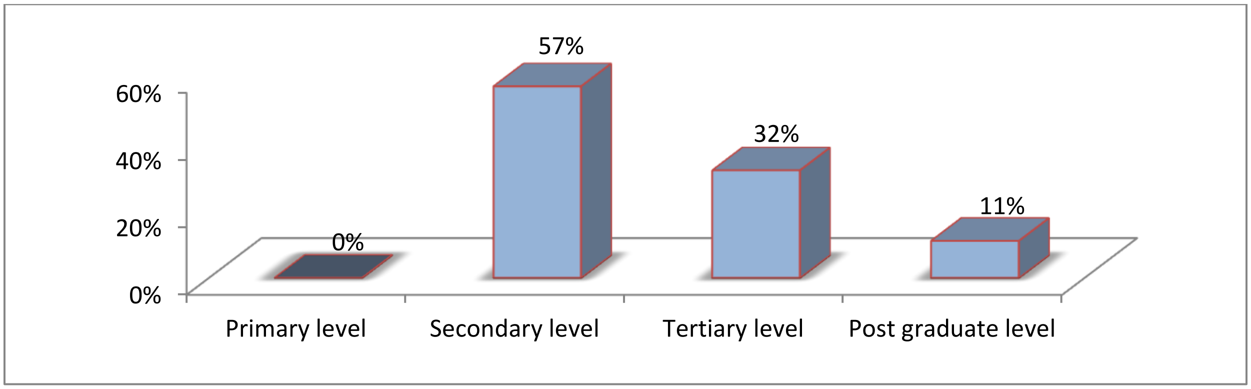


The study found that the bank recruits most of their CSR beneficiaries (77%) from special groups into the CSR activity they are involved in. A key informant from the bank claims that most of the beneficiaries are recruited due to the humble nature of their background, while a sizeable chunk was involved through the high level of intelligence they demonstrated in their education/ while environmental factors were considered in recruitment of environmental conservation areas. Only 14% of the respondents indicated that the education CSR was open to Equity Bank customers only, and a further 9% of the respondents indicated that beneficiaries were recruited through other means such as through exceptional performance at KCSE and KCPE, and exceptional performance in the leadership CSR program of Equity Bank.

4.3 Education CSR Initiative and Organization Growth

One of the corporate social responsibility initiatives offered by Equity Bank is the education CSR initiative which was created as the ‘Wings to Fly’ program which benefits the beneficiaries in various levels of education. The interviewees who benefited from education CSR initiatives were mainly from the education levels presented in Figure 4.8.

Figure 4.7: Education CSR Initiatives



The study found that most of those respondents that benefited from education CSR initiatives offered by Equity Bank accessed the secondary level, while a significant number acquired the education CSR initiative at tertiary level and only a small percentage acquired it at postgraduate level. The study observed that none of the beneficiaries had benefited with education CSR at primary level of education as the institution does not offer this initiative but rather offers the initiative from the secondary level. The study further learnt that there are some cases where some of the beneficiaries at the tertiary and post graduate levels are those within the secondary level, since the best performing secondary level beneficiaries are offered tertiary sponsorship and similarly the post graduate sponsorship.

The study enquired from the respondents on a five point Likert scale on various indicators of the education initiatives importance to nature to the beneficiaries as presented in Table 4.1.

Table 4.1: Education Initiatives Impact

Education Initiatives Impact	1	2	3	4	5	Mean	Std. Dev.
Wings to fly initiative has been beneficial to most of our customers	0%	14%	7%	14%	65%	4.163	1.413
All the beneficiaries of wings to fly initiatives have been loyal customers	12%	15%	8%	35%	30%	3.550	1.395
The beneficiaries of wings to fly have been a vocal marketing tool	0%	7%	26%	21%	46%	4.000	1.175
Most of the relatives and close friends of the education and leadership program beneficiaries have become loyal customers	0%	7%	14%	23%	56%	4.279	0.959
The Education initiatives of the bank has been vital for success in new markets	0%	16%	14%	28%	42%	3.953	1.111
The Education initiatives of the bank are provided within the firm's growth strategy and are vital for success	0%	0%	30%	28%	42%	4.116	0.851
The cost the bank commits to carrying out the Education initiatives is less than the accrued benefits	7%	16%	14%	49%	14%	3.465	1.141

Note: **5=strongly Agree** **4=Agree** **3=Neutral** **2=Disagree** **1=Strongly Disagree**

The study realized that most of the CSR managers (79%) agreed to the views that the education initiative - Wings to fly initiative - has been beneficial mostly to Equity bank customers (mean 4.16) with only 21% negating the views. This was also supported by the observation by one of the management teams at Equity Bank who claimed that nearly all the beneficiaries of the CSR initiative eventually becomes the bank's customers in appreciation of the CSR. A beneficiary was very adamant that if it were not for the initiative, his life would be destroyed. However, not all the beneficiaries of wings to fly initiative have been loyal customers of the bank (mean 3.55) with only 65% agreeing to this notion while the rest (35%) gave disputing views. The respondents further agreed that the beneficiaries of wings to fly have been a vocal marketing tool for the bank (Mean 4.00), with a greater proportion of respondents (67%) agreeing to these views and only 7% disagreeing to this, while the remaining 26% being neutral.

Majority of the respondents further agreed that most of the relatives and close friends of the beneficiaries of education and leadership program have become loyal customers of Equity Bank (mean 4.28) with 79% agreeing to this while only 7% disagreed and the rest (14%) were neutral.

Most of the respondents (69%) further agreed that the education initiatives of the bank has been vital for the bank's success in new markets in the region (mean 3.95) with only 16% disagreeing to this and 14% neutral. The study found that education initiatives of the bank are provided within the firm's growth strategy and are vital for its success (mean 4.12), with most respondents (70%) agreeing to this and the rest (30%) being neutral to the notion. The respondents moderately agree that the cost the bank commits to carrying out the education initiatives is less than the accrued benefits realized (mean 3.47), though most (63%) agreed to this notion with only 23% disagreeing to this and 14% being neutral to the stated notion.

This confirms that education initiatives at Equity bank affect their customer base, their ability to venture into new markets and reduced costs. One of the directors at Equity bank pointed out that the financial institution have been able to gain great mileages through the education initiative which has been its major form of marketing. He observed that though this is a more costly marketing strategy, its impact to the society is great and hence brings in more customers to the bank. Some of the beneficiaries of CSR agreed that they only joined the institution after benefitting in the education project with some relatives following them to the institution that gave them educational support. According to one employee who was a beneficiary of the education initiative, the undertaking also provides the bank with high performance and ready talent of employees that the institution would be able to inject into the many branches hence bringing in productive and talented workforce while saving on recruitment costs.

4.4 Leadership Development Programs and Organization Growth

The study sought to find out the effects of the leadership programs offered as CSR on the firm. It was observed that the key beneficiaries of leadership development program are those students who have performed exceptionally well at the secondary level of education or within the undergraduate program and some of those who graduate performing exceptionally well from the 'Wings to Fly' education program. Concerning the impact of leadership program on the bank, the study found the following outcomes presented in Table 4.2 assessed using a 5 point Likert Scale.

Table 4.2: Leadership Program Impact

Leadership Programs Impact	1	2	3	4	5	Mean	Std. Dev.
The beneficiaries of Equity Leaders Program (ELP) have been a vocal marketing tool for the bank	7%	7%	14%	21%	51%	4.023	1.263
Most of the relatives and close friends of the leadership program beneficiaries have become loyal customers	7%	16%	9%	34%	34%	3.721	1.297
The Equity Leadership Program has provided a key source of talent	5%	11%	49%	21%	14%	3.279	1.008
Involvement of Equity Bank in leadership initiatives has made it easy to attract better employees	0%	0%	21%	33%	46%	4.256	0.789
The Education Leadership initiatives of the bank has been vital for bank's success in new markets in the region	7%	7%	14%	14%	58%	4.093	1.2876
Leadership initiatives of the bank are provided within the firm's growth strategy and are vital for success	7%	16%	30%	28%	19%	3.349	1.173
The cost the bank commits to carrying out the Leadership initiatives is less than the accrued benefits realized	0%	7%	44%	30%	19%	3.605	0.877

Note: **5=strongly Agree**
4=Agree
3=Neutral
2=Disagree
1=Strongly Disagree

The study found that leadership programs have an impact in various aspects at Equity Bank. From the data collected at Equity Bank, the study found that most of the respondents (72%; mean 4.02) agreed that the beneficiaries of Equity Leaders Program (ELP) have been a vocal marketing tool for the bank, with only 14% of them disagreeing to this notion and a further 14% being neutral. It was also observed that most of the respondents (68%; mean 3.72) were of the view that most of the relatives and close friends of the leadership program beneficiaries have become loyal customers of the institution, with only 23% disagreeing to these views and 9% being neutral. Majority of the respondents (79%; mean 4.26) further contend that involvement of Equity Bank in leadership initiatives has made it easy for the institution to attract better employees, with only 29% being neutral about this and none disputing this claim.

The study further found that majority of the respondent (72%; mean 4.09) agreed that education leadership initiatives of the bank have been vital for its success in new markets in the region, and a majority (50%; mean 3.60) agreed that the cost the bank commits to carrying out the leadership initiatives is less than the accrued benefits realized. However, the study found that majority of the respondents (49%; mean 3.28) were neutral in their agreement with the notion that the ELP has provided a key source of talent for the company, and the leadership initiatives of the bank are provided within the firm's growth strategy and are vital for its success (30%; mean 3.35). This confirms that Equity Bank benefits from the ELP through cheaper marketing medium, increased market base, improved and talented employee base, and strategic support to the company. The study therefore observed high impact level of equity leadership program on Equity Bank.

The interviewees who have benefited from ELP (some of whom were still Equity Bank employees) offered some very positive views about the project role in the growth of the bank. They claim that the project offers beneficiaries an internship position within the bank with the key role being peer education and mentorship of the junior 'wings to fly' beneficiaries, culminating with a sponsorship in tertiary education by the bank. They supported the views that the project has been highly useful in marketing the bank within new and existing markets. One interviewee observed that "the ELP has created a name for the bank in regions that had previously been unreachable, and has allowed the institution access to highly reliable set of employees who are able to push its growth agenda to a greater height". They claim that the firm entry into a region is preceded provision of the ELP within local community through which the bank acquire bright locals who are integrated to the institution. These actions clearly indicate the situation that the bank undertakes its CSR within its support systems, with the institution being the main beneficiary of the undertaking where it is seen to be the primary beneficiary of the undertaking, eventually affecting its growth and performance.

4.5 Financial Literacy and Access Initiatives and Organization Growth

The study also looked into the impact of financial literacy and access initiatives of Equity Bank on the institution growth. The study considered financial literacy and access as CSR undertaking as it is undertaken with an aim of offering financial education and services to the disadvantaged sections of the Kenyan society. The study assessed the impact of financial literacy and access to CSR activities on growth of the bank using a 5 point Likert Scale. The outcomes of this assessment are as presented in Table 4.3.

Table 4.3: Financial Literacy and Access

Financial Literacy and Access	**1**	**2**	**3**	**4**	**5**	**Mean**	**Std. Dev.**
The financial literacy and access skills are only offered to our customers or potential customers	7%	5%	7%	23%	58%	4.209	1.131
Most of the beneficiaries of the financial literacy and access skills programs are currently our customers and are loyal to the organization	7%	5%	8%	13%	67%	4.292	1.225
The financial literacy and access initiatives are created within our strategic focus on unbanked	7%	5%	9%	21%	58%	4.187	1.206
Through the bank's financial literacy and access initiatives, it have been able to access a wider market base	0%	11%	5%	35%	49%	4.209	0.989
The cost incurred in carrying out financial literacy and access initiatives is less than the benefits realized	0%	19%	9%	44%	28%	3.814	1.052

Note: **5=strongly Agree** **4=Agree** **3=Neutral** **2=Disagree** **1=Strongly Disagree**

The study found that most of the respondents (81%; mean 4.21) agreed that the financial literacy and access skills are only offered to the bank's customers or potential customers with only 12% of the respondents disagreeing to this notion. A majority of the respondents also agreed (80%; mean 4.29) that most of the beneficiaries of the financial literacy and access skills programs are currently the bank's customers and are loyal to the organization, while most respondents further agreed (79%; mean 4.19) that the financial literacy and access initiatives were created within the bank's strategic focus on the unbanked, through the bank's financial literacy and access initiatives, and that most of the respondents agreed (84%; mean 4.21) that the firm have been able to access a wider market base. It was further observed by a majority of the respondents (72%; mean 3.81) that the cost the bank commits to carrying out the financial literacy and access initiatives is less than the benefits realized. The study can therefore confirm that financial access and literacy affects their access to existing and potential customers, customer loyalty, strategic focus, wider market base, and has direct financial benefits to Equity Bank and is therefore bound to influence the growth of the bank

One interviewee claimed that the bank financial inclusion and literacy program mainly target the 'unbanked' segments of the financial market, a segment that consist of potential customers allowing the bank a firsthand access to more customers, which complements the bank's popular growth strategy of 'banking the unbanked'. Most of the interviewed financial inclusion and literacy beneficiaries agreed to have become a loyal bank's customer after receiving these services, with some claiming that they can never leave the institution to join other banks even if other banks are currently accessible in their areas. The study key informants observed that financial literacy and access initiative of the bank is the most directly impactful to the financial institution since the bank is a player in the finance sector and the fact that the initiative offers its services specifically to potential customers and existing customers of Equity bank.

4.6 Environmental Conservation Initiatives and Organization Growth

The study looked at the environmental conservation initiatives undertaken by Equity bank in Kenya and their impacts on growth of Equity Bank. The characteristics of the environmental conservation initiatives offered by the Bank were measured using the Likert Scale. The outcomes of this analysis are as presented in Table 4.4.

Table 4.4: Environmental Conservation Initiatives

Environmental Conservation	1	2	3	4	5	Mean	Std. Dev.
The bank offers environmental conservation where there shall be mutual benefit	7%	13%	23%	34%	23%	3.531	1.272
The involvement of the bank in environmental conservation has helped it access a greater number of business partners regionally and globally	1%	5%	13%	43%	38%	4.117	1.142
The environmental conservation initiatives have helped the bank to reach out to a wider number of customers	2%	4%	19%	33%	42%	4.094	1.037
Being environmentally friendly has wooed many customers into the institution with most becoming loyal	3%	5%	13%	38%	41%	4.089	1.071
The environmental conservation initiatives have greatly enhanced the image of the bank among all stakeholders	3%	7%	5%	39%	41%	3.934	1.222
They have been able to attract more investors and shareholders through the environmental conservation initiatives	1%	2%	11%	43%	44%	4.312	0.841

Note: **5=strongly Agree**
4=Agree
3=Neutral
2=Disagree
1=Strongly Disagree

The study observed that environmental conservation has been widely beneficial to many Kenyans. These initiatives have also affected equity bank positively in many ways. The study found that majority of the respondents (61%; mean 3.53) agreed that the bank offers environmental conservation while at the same time seeking mutual benefit, with only 20% of the respondents disagreeing to this notion, an indication that though the bank considers cases with mutual benefits, they also undertake some environmental conservation activities that are not necessarily mutually beneficial to the institution. Majority of the respondents (81%; mean 4.12) were also of the views that the involvement of the bank in environmental conservation has helped it access a greater number of business partners regionally and globally, an indication that the bank involvement has helped the institution link up with business partners and potential customers. This was also confirmed by the institutional records that the company has linked with companies such as UKAID, USAID, KFW, Safaricom, UNDP, WFP, ILRI, EABL and the government. These forms of partnership provide the bank with access to corporate customer base hence increasing the number of customers using the institution. Majority of the respondents (75%; mean 4.09) also agreed that the environmental conservation initiatives have helped the bank to reach out to a wider number of customers, confirming the earlier notion. A majority of the respondents (79%; mean 4.09) agreed that being environmentally friendly has wooed many customers into the institution with most becoming loyal. A key informant of the study claimed that after conservation of an area of Mau Forest, the locals in that area who benefitted by being protected from destruction of their crops by wildlife trooped to Equity bank, with more being easily able to join the institution from these grounds. A farmer observed that he learnt of Equity Bank from its involvement in conservation of its area and has since been able to acquire "exemplary services from the institution". The study also found that majority of the respondents (80% mean 3.93) agreed that environmental conservation initiatives have enhanced the image of the bank among its stakeholders; and most (87%; mean 4.31) also agreed that they have been able to attract more investors and shareholders through the environmental conservation initiatives. One of the study key informants claimed that environmental conservation undertakings are the best marketing stations where the bank is able to acquire many customers. Another observed that the environmental conservation CSR "combines very well with the banks' financial access and literacy initiative creating a large number of the firm's new customers and account holders". The study therefore confirms that environmental conservation initiatives undertaken by Equity Bank have influenced the firm's productive undertakings which then affected the performance of the firm and eventually its growth, hence environmental initiatives can be said to have facilitated the institution growth.

4.6 Agricultural Support Initiative and Organization Growth

The study looked at the agricultural support initiatives offered by Equity Bank in Kenya. The study looked at the agricultural support CSR initiative beneficiaries to inform the study information needs. The agricultural support initiatives offered by Equity Bank includes provision of agricultural extension services to the beneficiaries while also offering financing and financial management training to the farmers. The study found the following findings from the study respondents concerning impact on institution of agricultural support initiatives as presented in Table 4.5.

Table 4.5: Agricultural Support Initiatives

Agricultural Support	1	2	3	4	5	Mean	Std. Dev.
The agricultural support initiatives are only offered to our customers & potential customers	21%	39%	25%	15%	0%	2.342	.914
All the beneficiaries of agricultural support are currently the bank customers and are loyal to the organization	4%	8%	20%	42%	26%	3.779	1.059
The bank is able to reach out to a wider customer base through the agricultural support initiatives	0%	6%	16%	24%	54%	4.269	1.132
The agricultural support initiatives were created within the strategic focus on the unbanked	0%	0%	9%	36%	55%	4.462	.958
Through agricultural support initiatives, we have been able to attract more shareholders/ investors	0%	7%	9%	35%	49%	4.251	1.307
Through agricultural support initiatives the organization has been able to grow the income of their customers hence creating more business for the Bank	0%	9%	25%	50%	16%	3.734	1.228

Note: **5=strongly Agree** **4=Agree** **3=Neutral** **2=Disagree** **1=Strongly Disagree**

As presented in Table 4.5, the study found that majority of the respondents (60%; mean 2.34) disagreed to the suggestion that the agricultural support initiatives are only offered to the bank customers or potential customers, with only 15% of the respondents agreeing to this idea and the rest being neutral. This is an indication that the undertakings are offered to both customers and non-customers of the institution hence widening access to the benefits. The study found that majority of the respondents (68%; mean 3.78) agreed that the beneficiaries of agricultural support are currently the bank customers and are loyal to the organization, confirming that those majority of the non-customer beneficiaries join the bank after benefiting from the agricultural initiatives. One of the beneficiaries claimed that he felt obligated to join the bank after receiving support and that is how he became Equity's customer. Another claimed that though it was a requirement to open a transaction account with the bank so as to acquire part of the services they were trained about in the Agricultural support initiative – it is the kind of services provided at the institution which made her stay at the institution and gain loyalty to the firm. The study further found that most of the respondents (78%; mean 4.27) agreed with the view that the bank is able to reach out to a wider customer base through the agricultural support initiatives. The study found that most of the respondents (91%; mean 4.46) agreed to the statement that 'agricultural support initiatives were created within the strategic focus on the unbanked'. This view was supported by secondary data on the operations of the agricultural initiative which stated out that the bank key role was to offer financial training and provision aspects of agricultural support in areas that have low accessibility to financial institutions, hence is hinged on the ability of the bank in 'banking the unbanked'. The study observed that the respondents confirmed earlier views that the initiatives have attracted people to the institution with most of the respondents (84%; mean 4.25) agreeing to the statement that through agricultural support initiatives, the bank has been able to attract more shareholders and investors. The study further found that majority of the respondents (66%; mean 3.73) agreed that through agricultural support initiatives, the organization has been able to grow the income of their customers hence creating more business for the bank. This indicates that agricultural CSR has a great impact on the internal operations of the bank. This brings out the fact that the financial institution does benefit from its involvement in the agricultural support initiatives. The study confirmed that agricultural CSR initiatives at Equity Bank have been successful in increasing customer numbers, increasing customer loyalty, widening the customer base, improving strategic focus, attracting shareholders/ investors, and growing the income of their customers hence creating more business for the Bank, hence it has been vital to the growth of the institution.

4.7 Equity Bank Growth

One of the key areas of discourse in the study was the growth of Equity Bank in Kenya. Therefore, the study assessed various growth indicators which would help the study to assess the growth of the organization. The study considered the organization growth by asking growth related questions on a rating of a five point Likert scale. The outcomes of this enquiry in the study are as presented in Table 4.6.

Table 4.6: Growth Assessment of Equity bank

Firm Performance measures	1	2	3	4	5	Mean	Std. Dev.
Firm has lately bought in new assets	0%	0%	2%	29%	69%	4.663	.521
Return on Investment has increased	0%	0%	9%	36%	55%	4.461	.658
Net profits have improved for the last two years	0%	2%	8%	27%	63%	4.506	.740
Sales have grown compared to last year	0%	1%	3%	30%	66%	4.604	.612
Able to repay its debts	0%	3%	3%	26%	67%	4.571	.717
Sales volumes are higher that our competitors	1%	0%	14%	36%	49%	4.318	.796
Quick response system to customer complaints.	1%	5%	28%	42%	24%	3.829	.887
Dedicated Customer service personnel	1%	7%	33%	43%	16%	3.655	.874
The company uses recorded customer feedback for improvement	14%	29%	21%	16%	20%	2.988	1.358
Customers keep referring other people to us	1%	0%	26%	43%	30%	4.000	.816
Customers are satisfied with our products.	3%	0%	15%	50%	32%	4.068	.881
Customer complain register in place	3%	6%	24%	42%	25%	3.795	.996
Customer base has increased	17%	22%	27%	16%	18%	2.966	1.342
Services are very reliable compared to our competitors.	0%	3%	26%	42%	29%	3.921	.925
Firm has low employee turn-over	1%	2%	22%	43%	32%	4.023	.857
There is good relationship between management and employees.	0%	6%	33%	43%	18%	3.747	.824

Note: **5=strongly Agree** **4=Agree** **3=Neutral** **2=Disagree** **1=Strongly Disagree**

As presented in Table 4.6, the study found that: most of the respondents agreed (98%; mean 4.66) that the firm has lately bought new assets; also, most (90%; mean 4.51) agreed that net profits have improved for the last two years; 96% of the respondents agreed that sales have grown compared to last year (mean 4.60); 93% respondents agreed that the firm is able to repay its debts (mean 4.57). The study further found that most of the respondents agree that: return on investment has increased (93%; mean 4.46), sales volumes are higher than the bank's competitors (85%; mean 4.32), there is quick response system to customer complaints (66%; mean 3.829); dedicated customer service personnel (59%; mean 3.66), increasing customers referrals (73%; mean 4.000), customers are satisfied with the bank's products (82%; mean 4.07), customers complaint register in place (67%; mean 3.79), the services are very reliable compared to the bank's competitors (71%; mean 3.92), firm has low employee turn-over (75%; mean 4.02), and there is a good relationship between management and employees (61%; mean 3.75). The study further observed that there is a neutrality view regarding the statement that the company uses recorded customer feedback for improvement (43% disagreed, 21% neutral, 36% agreed; mean 2.988) and the statement that customer base has increased (39% disagreed, 27% neutral, 34% agreed; mean 2.966). The study confirms that in the view of the bank employees, Equity bank has grown characterized by purchase of new assets, improvement in net profits, growth in sales, ability to repay debts, increasing return on investment, growing sales volumes, quick response system to customer complaints, dedicated customer service personnel, increasing customer referrals, satisfied customers, reliable services, low employee turn-over, and good relationship between management and employees. This indicates that the bank is growing. The study further sought to confirm the organization's growth from the audited income statements, where it was found that the bank's profitability has increased over the last 10 years at a high rate from realizing 3.9 billion profits in 2008, to 12.1 billion profits in 2012, and to 17.2 billion profits in 2015. Assets and share values, number of branches, number of branches and loan portfolios as presented in table 4.7, all indicating a fast growing firm hence confirming the fact that the bank growth is increasing at a good rate.

Table 4.7: Equity Bank growth

Growth Indicators	2008	2012	2015
Profits	3,910,000,000	12,080,000,000	17,180,000,000
Assets	99,019,571,000	195,352,756,000	276,118,000,000
Share Value	19.4	19.25	25.50
No. of Branches	87	124	173
No. of Countries	1	3	5
Loan Portfolio	44,678,708,000	135,692,000,000	214,170,000,000

4.8 Impact of Corporate Social Responsibility Initiatives on Organizational Growth

The study carried out inferential statistics on the data to assess the relationship between organizational growth at Equity Bank and Corporate Social Responsibility represented by education initiatives, leadership initiatives, financial literacy and access, environmental conservation initiative, and agricultural support initiatives as undertaken within the banking institution. The outcomes of a correlation analysis undertaken within the study found the following outcomes as presented in Table 4.7.

Table 4.8: Correlation between various CSR Initiatives and Organization Growth

	Correlation	Organization growth	education initiatives	leadership initiatives	financial literacy and access	environmental conservation initiatives	agricultural support
Organization growth	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	93					
education initiatives	Pearson Correlation	.155*	1				
	Sig. (2-tailed)	.044					
	N	93	93				
leadership initiatives	Pearson Correlation	.265**	.499**	1			
	Sig. (2-tailed)	.001	.000				
	N	93	93	93			
financial literacy and access	Pearson Correlation	.055*	.171*	.014	1		
	Sig. (2-tailed)	.018	.042	.868			
	N	93	93	93	93		
environmental conservation initiatives	Pearson Correlation	.138*	.056*	.204*	.109	1	
	Sig. (2-tailed)	.041	.509	.014	.196		
	N	93	93	93	93	93	
Agricultural Support Initiative	Pearson Correlation	.317*	.211*	.338*	.266	.361*	1
	Sig. (2-tailed)	.022	.109	.011	.055	.033	
	N	93	93	93	93	93	93

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

*. Correlation is significant at the 0.05 level (2-tailed).

As presented in Table 4.8, the study found that there are positive correlation coefficients for all the study variables. Equity bank CSR undertakings were measured by education initiatives, leadership initiatives, financial literacy and access, environmental conservation initiative, and agricultural support initiatives undertaken by the bank, which were all observed to indicate a positive correlation. The dependent variable, organization growth, was observed to show a statistically significant positive correlation coefficient against education initiatives (r= 0.155, p 0.044). A statistically significant positive correlation coefficient was also observed when organization growth was correlated against leadership initiatives (r=0.265, p=0.001) and similar trend was observed when organization growth was correlated against financial literacy and access (r=0.055, p=0.018), environmental conservation initiatives (r=0.138, p=0.41), and agricultural support initiative (r=0.138, p=0.41).

This confirms that corporate social responsibility undertakings at Equity bank have a positive relationship with organizational growth of the institution. Therefore it can be observed that corporate social responsibility has a direct influence on the growth of Equity Bank. A section of the bank's robust growth in the recent years can therefore be linked to its extensive involvement in CSR initiatives in the country among other factors.

4.9 Summary

This study sought to find out the impact of CSR on the growth of Equity Bank in Kenya. In this chapter, results and findings based the specific objectives have been presented. The study realized an ample response rate from a sample well represented in terms of gender, education level, age, length of interaction with the bank, and the various forms of CSR offered at the institution. The study targeted Equity bank CSR beneficiaries and representatives of bank's CSR employees from whom it realized a 93% response rate. Gender representation in the study was observed to have parity with female respondents being a little more than their male counterparts while the age disparity indicated that most beneficiaries involved were below 40 years of age. Most of these had an education level above diploma level, an indication that most of the respondents were educated. These characteristics indicate the profile of a possible beneficiary to Equity bank CSR and therefore those with characteristics close to these are the major beneficiaries. Time had lapsed since they had benefited from the CSR activities and hence the direct beneficiary influence in their decisions/responses within the study was limited only leaving genuine observations. Most of those involved were beneficiaries of education and leadership initiatives followed by agricultural support, financial literacy and access and the least but very significant were the beneficiaries of environmental conservation CSR.

The study found that education CSR initiatives at the bank have greatly impacted the growth at the institution. It was observed that education CSR initiatives impact the firm's customer base, its ability to venture into new markets and reduced operations and hiring costs, hence directly contributing to the growth of the firm. The study further observed that Equity Leadership Program influences the growth of Equity Bank. It was observed that the leadership initiatives offer the bank: cheaper marketing medium, increased market base, improved and talented employee base, and strategic support to the company hence influencing the growth of the bank. In relation to the financial inclusion and literacy initiatives, the study observed that the bank directly benefits from the project. It was found that financial access and literacy affects the bank's ability to widen its customer base by 'banking the unbanked,' accessing potential customers, enhancing customer loyalty, improving strategic focus, and has direct financial benefits to the institution hence can be able to influence growth of the institution. Similarly, environmental CSR initiatives were observed to affect the growth of the bank. The study found that the environmental initiatives at the firm influences growth at Equity Bank by acquiring projects with mutual benefits, allowing access to business partners regionally and globally, providing a wider number of customers, enhancing customers loyalty, enhanced company image, and attracting more investors and shareholders. Agricultural support initiatives undertaken by the bank were observed to contribute by successfully increasing customer numbers, increasing customer loyalty, widening the customer base, improving strategic focus, attracting shareholders/ investors, and growing the income of their customers, hence ensuring growth of the institution. The study therefore found that the institution directly benefit from education, leadership, financial literacy and access, environmental conservation, and agricultural support CSR undertakings by realizing organizational growth. The study further found a correlation between corporate social responsibility and the organization growth of the firm, therefore confirming the existence of some link between of CSR and the growth of the firm.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings; conclusions; recommendations and suggestions for further research. The chapter provides a quick view of the study outcomes and gives the research findings in a more simplified way.

5.2 Discussion of Findings

The study found that education CSR initiatives were offered from the secondary level to the tertiary level of education with the main recruitment method being from special groups such as poor but talented students or excessively bright students. The study found that education CSR impacts the firm operations as it is beneficial to most of their customers, beneficiaries become loyal customers to the bank, beneficiaries become vocal marketing agents for the bank, people close to beneficiaries join the institution, ease entry to new markets, align to firm's growth strategy, and the cost of the initiative is moderately less than the accrued benefits in the long run. Similar observations were made for the leadership CSR initiatives offered by the financial institution with one key contribution being Equity Leadership Program that was said to have provided the institution with a key source of talent for the company hence reducing recruitment costs, cheaper marketing medium, increased market base, improved and talented employee base, and strategic support to the company.

The study further confirmed that financial access and literacy have an impact within Equity bank and is perceived by the beneficiaries as being important to bank operations with the bank benefiting from a widened market base from the beneficiaries, eased marketing channels, new markets and higher benefits than the costs incurred in the undertakings. Similar views for environmental conservation initiatives and agricultural support were realized in the study with the beneficiaries and key informants observing that the initiatives have been very pivotal in the new markets accessed by the bank and increased market base where the bank is able to 'bank the unbanked'.

The study found that the financial institution has been performing exceptionally well within the last decade with the observations that the bank has been involved in purchase of new assets, improved net profits, growth in sales, ability to repay debts, increasing return on investment, growing sales, quick response system to customer complaints, dedicated customer service personnel, getting referrals, customers are satisfied, services are very reliable, low employee turn-over, and good relationship between management and employees. Therefore it can be confirmed that corporate social responsibility undertaken by Equity Bank has a direct influence on the institution's organization growth.

5.3 Conclusion

This study sought to assess the link between CSR activities of a firm and organizational growth. The study objectives were to assess the influence of education and leadership CSR initiatives, financial access and literacy initiatives, environmental conservation initiatives, and agricultural support initiatives on the growth of Equity Bank. The study sought to find the link between education and leadership CSR initiatives on the growth of the bank. Education and leadership training projects feed the society with skilled workforce from whom organizations source talent and which allows the firms to have access to highly productive workforce that has the capability to boost growth (Harteis, 2012). Abishua (2010) observed that Equity Bank sources its talent through education CSR project, though the study has found more impacts of the initiatives on the institution such as customer base extension and loyalty, ease entry to new markets, alignment to firm's growth strategy, and cost of the initiative being lower than the accrued benefits in the long run. Khana & Afzalb, (2011) claimed that education and leadership CSR enhance organizational competitiveness and performance, by fostering the core values such as performance excellence, innovation, social responsibility, worker involvement, and quality of work life among the institution employees and customers hence enhancing the firm position within a given market, which ultimately impact organization growth. The study therefore concludes that involvement in education and leadership programs at Equity Bank has significantly influenced the bank growth.

The study further sought to find the link between financial literacy and access initiatives and the growth of Equity Bank. These views are in line with those made by Amalric, et al., (2004) who observed that the broadest view of the effectiveness of financial skills encompass a sense of responsible citizenship along with knowledge that creates a better society, hence many advantages arise from improvement of financial skill and it follows that financial skills can result in organization growth. Financial literacy and access are initiatives created to address the challenges of low financial capabilities and equip people with the confidence to make "sound financial decisions, effectively manage financial services, and develop and work towards a tangible savings goal, as well as entrepreneurial programs" that increase the financial capabilities of people (Bönte & Filiak, 2012). These outcomes were also observed by Wachira and Kihiu (2012) who observed that there is a high likelihood for beneficiaries of financial literacy skills to seek financial access through the firm offering these skills, and with financial institutions offering these skills and access at the same time, the institution benefits from improvement in the number of customers, where their customer size grows, hence allowing firms to benefit from their involvement in CSR. Hence, the study concludes that financial literacy and inclusion have significant influence on the growth of Equity Bank.

The study looked at the link between environmental conservation initiatives and the growth of the involved institutions. According to Baron (2007), some investors prefer to make their social donations through investing in socially responsible companies; involvement in CSR can increase the value of the firm by attracting these investors. Graff and Small (2005), claims that the value of the firm is less than it would be without CSR, as this is a key source of value, customer loyalty and attraction of investors, allowing firms to grow in this environment. The study therefore concludes that the environmental conservation initiatives influence the growth of Equity Bank.

The study further sought to assess the influence of agricultural CSR initiatives on growth of Equity Bank. It was found that agricultural support initiatives have been very pivotal in the growth of the bank. These findings were earlier observed by Wang, *et al.,* (2009), who observed that financial organizations directly benefit with direct marketing to the farmers, improved company image, better publicity, growth in customers and gains in profits gained from increase in business from the farmers. Juma (2011) also argue that agricultural support enhances productivity in agriculture raising farm incomes and reducing poverty of farming households, hence enhancing savings capacity and hence allowing the bank more incomes from the empowered farmer, hence raising capacity. It is therefore clear that agricultural CSR initiatives have significant influence on the growth of Equity Bank.

The findings of this study bring one to the conclusion that the corporate social responsibility initiatives offered by Equity Bank have a significant impact on the growth of the bank. The CSR initiatives being offered by the bank to the society have some linkages to the institution's strategic plans, employee retention, talent acquisition and retention, investors' attraction and widening market base, all which have a strong leaning towards the growth of the firm. The study shows that the adoption of CSR activities by Equity Bank has been vital in its extensive growth in the local and international market, helping the bank to outperform its peers. Therefore, the study concludes that corporate social responsibility has an impact on organizational growth.

5.4 Recommendations

1. From the conclusion that corporate social responsibility have an impact on growth of Organizations in the financial sector, where the study observed direct and indirect influence of CSR on organization growth, the study recommends inclusion of CSR in institutional strategies aimed at fostering organization growth and development. CSR has the ability to influence all the areas that are vital to the growth of the firm and the firms only need to shift their financial might from direct marketing to invest in highly beneficial CSR.
2. The study also recommends that Equity Bank should expand its CSR activities to its new markets (in new countries) from which they would enjoy the benefits of its impact and might achieve larger growth in the long run. The bank would greatly reap the benefits of CSR in its newly entered countries such as Rwanda, South Sudan and Burundi.

5.5 Suggestions for Further Research

This study only dwelt in one organization operating within a single industry-the banking industry. This study therefore suggests that further studies ought to be done in other sectors and companies to ascertain these findings and enhance future comprehension of the importance of CSR in organizations. Similar studies should also be done in other regions of the world to globalize these findings.

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Appendix I: Introduction Letter

<u>INVITATION TO PARTICIPATE IN A PROJECT RESEARCH</u>

My name is Judith Bosibori Obure, I am student at the University of Nairobi pursuing a Masters of Public Administration degree. I am doing a research project on Corporate Social Responsibility and Organizational Growth: Case study of Equity Bank and you are hereby invited to take part in it.

As an employee of the bank, your participation will be beneficial to this study. Kindly complete the attached questionnaire. The questionnaire has three sections, In section A you will be required to give demographic information, Section B will concern the various CSR activities that Equity Bank is involved in and Section C will concern Organization performance and Growth. All information collected during the research project will be treated confidentially; please do not include your name.

Thank you for taking your time to assist me in my educational endeavors.

Sincerely

Judy Bosibori Obure

bosioburejudy@gmail.com

Appendix II: Research Questionnaire

Section A: Demographic Information

Kindly tick or write in the spaces provided as appropriate.

1. Kindly indicate your gender:

   Male [ ] Female [ ]

2. Kindly indicate your highest achieved level of education:

   Post graduate [ ]

   Graduate [ ]

   Diploma [ ]

   Certificate [ ]

   Secondary [ ]

3. How long have you worked with this organization?

   5 years and below [ ]

   6-10 years [ ]

   11-15 years [ ]

   16 years and above [ ]

4. What is your position in the organization?

   Senior manager [ ]

   Line manager [ ]

   Supervisor [ ]

   Staff [ ]

   Any other (specify) ………………………………………………………..

Section B: Corporate Social Responsibility and Firm Performance

a. Impact of Education and Leadership CSR

5. What criteria do you apply in selecting the beneficiaries of the education program?

   Open to all [ ]
   Open to special groups [ ]
   Open to our customers only [ ]
   Others (explain) ………………………………………………………………………

6. Please indicate to your level of agreement to the following remarks related to the application of education initiatives. Using a scale of 1-5 where 5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree, please **TICK** accordingly in the appropriate column.

	Education Initiatives	**1**	**2**	**3**	**4**	**5**
a	Wings to fly initiative has been beneficial to most of our customers					
b	All the beneficiaries of wings to fly initiatives have been loyal customers of the bank					
c	The beneficiaries of wings to fly have been a vocal marketing tool for the bank					
d	Most of the relatives and close friends of the education and leadership program beneficiaries have become loyal customers of the institution					
g	The Education initiatives of the bank has been vital for our success in new markets in the region					
h	The Education initiatives of the bank are provided within the firm's growth strategy and are vital for our success					
i	The cost the bank commits to carrying out the Education initiatives is less than the accrued benefits realized					

7. i) Do you offer leadership programs to the organization's stakeholders? Please explain why you chose to offer leadership programs and the benefits of the initiatives to the company.

   ………………………………………………………………………………………………
   ………………………………………………………………………………………………
   ………………………………………………………………………………………………
   ………………………………

   ii) How many beneficiaries have you had in your leadership program?

   ……………………………………………………………………………………………..

8. Please indicate to what extent you agree to the following remarks related to the application of leadership programs. Use a scale of 1-5. Please **TICK** accordingly in the appropriate column Where 5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree

	Leadership Programs	1	2	3	4	5
c	The beneficiaries of Equity Leaders Program (ELP) have been a vocal marketing tool for the bank					
d	Most of the relatives and close friends of the leadership program beneficiaries have become loyal customers of the institution					
e	The Equity Leadership Program has provided a key source of talent for the company					
f	Involvement of Equity Bank in Leadership initiatives has made it easy for the institution to attract better employees					
g	The Education Leadership initiatives of the bank has been vital for our success in new markets in the region					
h	The Leadership initiatives of the bank are provided within the firm's growth strategy and are vital for our success					
i	The cost the bank commits to carrying out the Leadership initiatives is less than the accrued benefits realized					

b. Impact of Financial Literacy and Access Initiatives

15. Please indicate to what extent you agree to the following remarks related to the application of financial literacy and access CSR initiatives. Use a scale of 1-5. Please **TICK** accordingly in the appropriate column where 5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree

	Financial Literacy and Access	1	2	3	4	5
a	The financial literacy and access skills are only offered to our customers or potential customers					
b	All the beneficiaries of the financial literacy and access skills programs are currently our customers and are loyal to the organization					
e	The financial literacy and access initiatives were created within our strategic focus on the unbanked					
f	Through our financial literacy and access initiatives, we have been able to access a wider market base					
i	The cost the bank commits to carrying out the financial literacy and access initiatives is less than the benefits realized					

c. Impact of Environmental Conservation Initiatives

18. Please indicate to what extent you agree to the following remarks related to the application of environmental conservation CSR initiatives by Equity bank. Use a scale of 1-5. Please **TICK** accordingly in the appropriate column where 5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree

	Environmental Conservation	1	2	3	4	5
a	The bank offers environmental conservation where there shall be mutual benefit					
b	The involvement of the bank in environmental conservation has helped it access a greater number of business partners regionally and globally					
c	The environmental conservation initiatives have helped the bank to reach out to a wider number of customers					
d	Being environmentally friendly has wooed many customers into our institution with most becoming loyal					
e	Our environmental conservation initiatives have greatly enhanced the image of the bank among all stakeholders					
f	We have been able to attract more investors and shareholders through the environmental conservation initiatives					

d. Impact of Agricultural Support Initiatives

22. Please indicate to what extent you agree to the following remarks related to the application of environmental conservation CSR initiatives by Equity bank. Use a scale of 1-5. Please **TICK** accordingly in the appropriate column where 5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree

	Agricultural Support	1	2	3	4	5
a	The agricultural support initiatives are only offered to our customers or potential customers					
b	All the beneficiaries of agricultural support are currently our customers and are loyal to the organization					
c	We are able to reach out to a wider customer base through our agricultural support initiatives					
d	The agricultural support initiatives were created within our strategic focus on the unbanked					
e	Through agricultural support initiatives, we have been able to attract more shareholders/investors					
f	Through agricultural support initiatives our organization has been able to grow the income of our customers hence creating more business for the Bank					

Section C: Organization Performance and Growth

23. Please indicate to what extent your business applies each of the following organization performance measures. Use a scale of 1-5. Please **TICK** accordingly in the appropriate column. Where 5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree

	Non-financial firm Performance measures	1	2	3	4	5
a	Our firm has lately bought in new assets					
b	Our Return on Investment has increased					
c	Our net profits have improved for the last two years					
d	Our sales have grown compared to last year					
e	We are able to repay our debts.					
f	Our sales volumes are higher that our competitors					
g	We have a quick response system to customer complaints.					
h	We have dedicated Customer service personnel					
i	The company uses recorded customer feedback for improvement					
j	Our customers keep referring other people to us					
k	Our customers are satisfied with our products.					
l	We have a customer complain register in place					
m	Our customer base has increased					
n	Our services are very reliable compared to our competitors.					
o	Our firm has low employee turn-over					
p	There is good relationship between management and employees.					

THANK YOU FOR PARTICIPATION

Appendix III: Interview Guide – Beneficiaries

1. Are you aware of the CSR activities undertaken by Equity Bank?
2. Which CSR initiative did the bank offer you?
3. How were you selected into being a beneficiary of the Equity Bank CSR?
4. Did the CSR initiative suit your needs?
5. How did your perception of Equity bank change due to their actions?
6. Is Equity bank currently your bank of choice? Why?
7. Can you recommend a potential customer to the financial institution? Why?
8. Have you ever referred a friend or relative to Equity Bank?
9. Have your relatives and friends become loyal customers of Equity Bank?
10. Can you say that the Bank has benefited from its involvement in CSR activity? Which benefits would you single out?
11. Can you attribute the growth of Equity Bank to its involvement in CSR activities? Kindly explain your views?

Appendix IV: Interview Guide - Customers

1. How long have you been a customer for this Bank?

2. Why did you choose to be a customer of Equity Bank?

3. From your experiences with the bank, how do you rate the firm in relation to product and service provision?

4. Can you call yourself a loyal customer? (Kindly explain further)

5. Have you ever referred your friends and relatives to the Bank? Why?

6. What do you understand by corporate social responsibility?

7. Have you ever benefited from the banks' corporate social responsibility initiatives?

8. Is there any link between your membership with the bank and its CSR undertakings?

9. In your views, which area of the firm does the CSR undertakings affect the most?

10. How beneficial to the society are the bank's CSR undertakings such as 'Wings to Fly', Kilimo biashara', support to entrepreneurs, etc.?

11. In your view, is there a link between Equity's CSR undertakings and its growth?

12. If the bank failed to continue with its CSR activities, would you move to another bank? Why?

13. If the organization persists with its CSR activities, where do you see it in the near future?

14. Do you think the bank will continue growing without CSR initiatives?