

**THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN ENHANCING SOCIAL
SERVICES AMONGST THE HOST COMMUNITIES: THE CASE OF KENYA
ELECTRICITY GENERATION COMPANY (KENGEN)**

**BY
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**A research project submitted in partial fulfillment of the requirements of Master of Arts
degree in communication studies, school of journalism and mass communication,
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DECLARATION

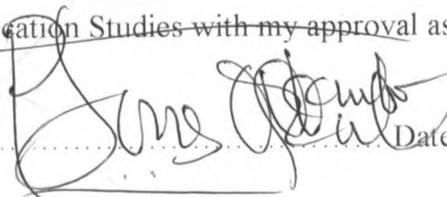
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This thesis has been submitted for the award of a Master of Arts Degree in Journalism and Mass Communication Studies with my approval as the University supervisor.

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List of Tables

Figure 4.0 Gender of the respondents.....	56
Table 4.1: Residence of the respondents.....	57
Figure 4.1.1: How long they lived in the areas stated in the questionnaire.....	58
Figure 4.1.1: How long respondents have worked for KenGen.....	59
Figure 4.2: Age of the respondents.....	60
Figure 4.3: level of education of the respondents.....	62
Figure 4.4.1: KenGen's staff response on how long KenGen has been involved in CSR activities.....	64
Figure 4.4.2: KenGen's staff response on how long it has been involved in CSR activities.....	65
Figure 4.5: Effects of KenGen's CSR to the host community.....	67
Figure 4.6: Whether the host community is consulted on matters of CSR.....	69
Figure 4.6.1: Whether the host community is consulted on matters of CSR.....	70
Figure 4.7: How respondents rated KenGen commitment to CSR.....	71
Figure 4.8: Does KenGen's involvement in CSR a result of government pressure or immediate members of the community.....	73

Figure 4.9: Does KenGen's corporate social responsibility focus on all sectors of the economy.....	75
Table 4.10: Below shows the respondents assessment of KenGen's CSR's initiatives.....	76
Figure 4.11 Satisfaction levels of residents on KenGen's CSR.....	77
Figure 4.12 Does KenGen involvement is Corporate Social Responsibility improve its image.....	79
Figure 4.13: The host communities' expectations on what project KenGen needs to implement.....	80
Figure 4.14 Answers the question whether KenGen's participation in CSR improved their productivity.....	82
Figure 4.15 Does government intervene in matters of CSR.....	83
Figure 4.16: Does KenGen live to its expectations.....	84
Figure 4.17 Recommendations made by staff on issues KenGen needs to take up as its corporate social responsibility.....	86
Table 5.1: Time frame within which KenGen has been involved in CSR.....	90
Table 5.1.1 Duration KenGen has been involved in CSR (KenGen staff).....	90
Figure 5.0: Whether involvement in CSR is voluntary or due to pressure from government.....	92
Figure 5.2: Below employees really value recognition.....	96

ABSTRACT

Corporate social responsibility (CSR) refers to how corporations or firms conduct their business in a way that is ethical, socially friendly and beneficial to community in terms of development. CSR implies that the company conducts its business in a way that is mutually beneficial to its objectives as well as to society. This paper looks at the role of CSR interventions or initiatives of KenGen (Kenya Electricity Generating Company Limited) in enhancing social services amongst its host communities. Kenya Electricity Generating Company Limited (KenGen) is the leading electricity power generation company in Kenya, producing about 80 percent of electricity consumed in the country.

This paper approached the concept of CSR based on theory to form a basis of understanding the study. The theories included; Excellence Theory, Social Responsibility Theory, Stakeholder Theory and Decision Making Theory and their prepositions and application in CSR programs in an organization. The paper also explored literature on the role of CSR in community development because the very logic of CSR is towards seeing its impact in community socially, environmentally and economically.

The study adopted a descriptive research design with 120 host beneficiaries of KenGen's CSR initiatives in Olkaria, Sondu and Seven forks. The study indeed established that KenGen's had played a significant role in enhancing the social services amongst the host communities' where it operates.

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TABLE OF CONTENTS

Declaration.....	i
Acknowledgement.....	ii
List of Tables.....	v
Abstract.....	vii
Chapter One: The Role of CSR in Enhancing Social Services Amongst the Host Communities, An Overview	
1.0 Introduction.....	4
1.1 KenGen’s Background.....	5
1.1.1 KenGen CSR Activities	7
1.2 Statement of the Problem.....	7
1.3 Objectives of the study.....	12
1.4 Justification of the Study	12
1.5 Scope of the Study	13
1.6 Theoretical Framework.....	14
1.7 Conclusions.....	23
1.8 References.....	25
Chapter Two: Literature Review	
Table of Contents.....	29
2.1 Introduction.....	30.
2.2 The Concept of Corporate Social Responsibility.....	30.
2.3 Context of CSR in Kenya	32.

2.3.1 CSR Regulations in Kenya	35.
2.4 Role of CSR in Community Development	37.
2.4.1 Challenges of CSR	39.
2.5 Conclusions.....	40
2.6 References.....	41

Chapter Three: Methodology

Table of Contents.....	45
3.1 Introduction.....	46
3.2 Research Design.....	46
3.3 Sample Size.....	47
3.4. Data Collection Methods	48
3.5. Conclusions.....	49
3.6 References.....	50

Chapter 4: The Findings

Table of Contents.....	54
4.1 Introduction.....	55
4.2 Personal Data of the Respondents.....	55
4.2.1 Gender of the Respondents.....	55
4.2.2 Residence of the Respondents.....	56
4.2.3 Age of the Respondents.....	60
4.2.4 Educational Level of the Respondents.....	61
4.2.5 Occupation of the Respondents.....	63
4.3 Duration of Involvement in CSR.....	63

4.3.1 Duration of Involvement in CSR (KenGen Staff).....	64
4.4 Effects of KenGen CSR on the Host communities.....	66
4.5 Does KenGen Consult the Host Community in Matters of CSR.....	68
4.6 KenGen’s commitment to CSR.....	71
4.7 Reason behind KenGen’s Involvement in CSR.....	72
4.8 Does KenGen’s CSR Focus on All Sectors of the Economy.....	74
4.9 Performance of KenGen’s CSR.....	76
4.10 Does KenGen’s Involvement in CSR Improve its Image.....	78
4.11 Are the Host Communities’ Expectations Met.....	80
4.12 Does KenGen involvement in CSR improve its Productivity.....	81
4.13 Does the Government Intervene in KenGen’s CSR Activities.....	82
4.14 Are there Areas where KenGen has not lived up to its Expectations.....	84
4.15 Conclusion.....	86
4.16 References.....	87

CHAPTER 5: Summary, Recommendations and Conclusions

Table of Contents.....	88
5.1 Introduction.....	89
5.2 Recommendations.....	96
5.3 Conclusions.....	99
5.4 References	101

Bibliography.....	104
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Appendix I.....	108
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Appendix II.....	115
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CHAPTER ONE: THE ROLE OF CSR IN ENHANCING SOCIAL SERVICES AMONGST THE HOST COMMUNITIES, AN OVERVIEW

1.0 Introduction

Corporate Social Responsibility (CSR) has attracted a lot of interest in the recent years with various scholars differing on its contribution to the welfare of society. CSR can be defined as an organization's responsibility for the activities and their impact on the society and environment. It is the continuing commitment by businesses to behave ethically and to contribute to economic development while at the same time improving the quality of life of the workforce and their families as well as of the local community and society at large. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public for mutual benefit.

Corporate Social Responsibility (CSR) may also be understood to mean Corporate Responsibility, Corporate Accountability, Corporate Ethics, Corporate Citizenship and Responsible Business. In other words is the way organizations integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the organization

to create wealth and improve society that they reside and operate from (Matten and Crane, 2005:40).

In recent times both globally and in Kenya, Corporate Social Responsibility (CSR) has occupied a very important place in the plans and strategies of organizations. In its true sense CSR constitutes a strong commitment to social obligations and internalization throughout the organizational culture which lays emphasis on the execution of the obligations towards the employees and involving them in responsible endeavors. However from the very beginning the key player in undertaking such activities in the organizations has been the top management who make decisions on the same.

Nevertheless, the concept of CSR has recently become widespread and at the heart of some companies agendas. One of the reason for this heavy shift toward embracing social responsibility can be attributed to globalization, and pressure from many stakeholders (among them the media and the public) to ensure that companies' practices do not negatively impact on the environment and society (Maimunah, 2009: 248). The public expects companies to positively contribute to environmental conservation and responsible business practices such as water conservation, uplifting the livelihood of communities in which they operate by provision of healthcare services, prudent recycling of industrial waste amongst other things.

1.1 KenGen's Background

Kenya Electricity Generating Company Limited (KenGen) is the leading electricity power generation company in Kenya, producing about 80 percent of electricity consumed in the

country. The company uses various sources to generate electricity ranging from hydro, geothermal, thermal and wind. Hydro is the leading source, with an installed capacity of 677.3 Megawatts, which is about 60% of the country's total installed capacity. It sells the Power in bulk to Kenya Power and Lighting Company (KPLC) which distributes to consumers. (KenGen website,2012)

The company operates in a liberalized market and it has direct competition with four (4) Independent power producers which produce about 20% of the country's electric power needs. KenGen has a workforce of 1,600 staff distributed in 20 different sites where its power plants are located. With its wealth of experience, established corporate base and a clear vision, the company maintains its leadership in the liberalized electricity energy sub-sector in Kenya and in the Eastern Africa Region. The company's vision is to be the market leader in the provision of reliable, safe, quality and competitively priced electricity energy in the Eastern Africa region. (KenGen, 2010:12)

The company's objectives include; to efficiently generate competitively priced electricity energy using state of the art technology, skilled and motivated human resource to ensure financial success and to achieve market leadership. KenGen installations and plants are situated in various parts of the country. As a corporate engaged in CSR the company engages in various CSR activities that are meant to benefit the communities in which the company operates in.

1.1.1 KenGen CSR Activities

The Kenya Electricity Generating Company (KenGen) is committed to collaborating with communities within the areas of its operation to improve the quality of life, particularly through promotion of education, water supply and enhancement of good environment. Towards this end, KenGen endeavors to create harmonious relations and partnerships with host communities and other stakeholders for their mutual benefit.

The CSR initiatives are coordinated under the PR & Communication Office of the company who evaluate CSR projects according to the company's nature, occupation and areas of operation which include education, environment, water supply, health, sports, peace building, arts and culture, safety, HIV/AIDS and infrastructure. The duty of the PR & Communication Office is to evaluate the requests as per the policy guidelines and make recommendations to the CSR Committee which in turn recommends and seeks final approval from the Managing Director who may approve, decline or amend the recommendation(s). This decision informs KenGen's involvement in CSR activities in various sectors of the economy.

The above recommendations and subsequent approval enables the company to dedicate a part of its profit to social responsibility activities aimed at enhancing the living standards of those living close to its installations and to all Kenyans general.

1.2 Statement of the Problem

Corporate Social Responsibility policy in any organization basically works as a standard of built-in, self-regulating mechanism that ensures their harmony with law, ethical standards and

international norms. Majority of the organizations CSR initiatives are solely used as a tool to improve their brand equity (for imaging purposes) while others aim their CSR activities at the improvement of the communities' social lives by providing for the basic facilities so as to foster a mutual coexistence with the local community.

From the definition offered by the International Organization for Standardization (ISO), it characterizes Corporate Social Responsibility (CSR) as 'a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and societies'. This definition generally focuses on how companies manage their core business to add social, environmental and economic value in order to produce a positive sustainable impact for both society and for their business. Therefore, the core value of any CSR undertaking by any organization should be to improve the social, economic and environmental lives of the communities and not only for branding and marketing. KenGen has significantly contributed to the social economic welfare of local people especially in turkwel where it has been able to bring together the warring communities of the pokot and turkana through the beauty pageant together with Tegla Lorupe Foundation thereby creating lasting peace amongst the pastoralist communities.

In addition, some companies undertake CSR just as a matter of compliance with the laws and regulations set by the government (Maimunah, 2009, 9). Government set such regulations to enforce responsible business practices by companies. Although regulation can have significant social value, companies look at compliance as a cost of doing business – and as a source of potentially costly hits in terms of litigation and reputation. As companies have gone global –

either by entering new markets to sell their products and services or by working with new overseas suppliers – the costs of compliance have risen rapidly. Failure to abide by local and global regulations can destroy business reputations and brands, but compliance alone won't build brands nor will it offer the growth opportunities that strong brands and reputations bring with them.

According to the excellence theory in public relations by James Grunig, the value of public relations to organizations and society is based on the social responsibility of managerial decisions and how the stakeholders' relationships are valued, for an organization to be effective, it must behave in ways that solve the problems and satisfy the goals of stakeholders as well as management. (Grunig, 1992, 120). The quality of stakeholder relationships is fundamental for the success of the organizational objectives. If it does not, stakeholders will either pressure the organization to change or oppose it in ways that will add cost and risk to the organizational policies and decisions. For value addition, the organization needs to be a corporate citizen (responsive to the environment in which they operate and undertake their businesses in a social responsible way). Some of the areas central to KenGen's CSR programs include provision of clean drinking water, transport, education and sponsorship of bright students from less privileged communities as well as healthcare facilities among others. Kenya like many African countries, lack safe drinking water. This is a cause of many social problems such as social strife and water-borne diseases. The challenge is even more pronounced in rural areas where women and children walk long distances in search of the commodity. One of KenGen's CSR programme focuses on provision of water to communities through establishment of water collection points, support to water distribution infrastructure, and construction of sand dams for water storage.

The project has benefited various communities around Olkaria, Seven Forks, Sondu and Turkwel. KenGen admits that the Sondu water project has been a huge success, with more than 20,000 people benefiting from it. At seven forks, the innovative sand dams are helping local communities to access water for livestock, agriculture and for their domestic use respectively.

Another area of focus for KenGen is education. As one of its key components of CSR, the company offers scholarships for both secondary and university students from schools near its installations. The scholarship programme started in 2005 and provides bright but disadvantaged children with an opportunity to change their destiny, enabling them to access education by meeting all tuition and boarding fees. Currently, the company is sponsoring 80 students in different secondary schools and 60 students in various public universities. (KenGen website, 2012)

In Kenya, the effects of climate change and other human related environmental degradation are having an enormous impact not only on human life, but also on businesses as evident with the erratic climatic changes such as prolonged drought experienced in 2011 and flooding that was experienced in March 2012 in various part of the country. The pressure on natural resources and the environment in general is huge and calls for concerted efforts to alleviate the situation. For its part, KenGen has actively participated in environmental conservation initiatives aimed at conserving catchment areas and other delicate ecosystems. The Company continues to support “*To Hell’s Gate on a Wheelbarrow*”, an Initiative of KWS to conserve Hell’s Gate National Park

and other conservation initiatives. KenGen has contributed monetarily towards this initiative to conserve Hell's Gate National Park.

Developing countries, including Kenya, are faced with the daunting task of providing health services to an ever increasing population in the face of limited resources. As a result, available health services are often overstretched. In areas of its operation, KenGen offers subsidized health services to local communities through its dispensaries, while supporting other health initiatives aimed at improving the well-being of vulnerable groups, including medical camps and health walks aimed at addressing various types of diseases (KenGen website, 2012).

In the recent past, the country has experienced a number of disasters – both natural and man-made and KenGen has offered support to initiatives aimed at alleviating the suffering occasioned by these calamities. Among disaster relief efforts that have been supported by the company include the famine relief in Kilifi District and Masinga and Mbeere Districts where relief food, as well as support to the “Kenya for Kenyans” initiative of 2011 that targeted famine affected communities in North-Eastern Kenya where the company spends 5 million Kenyan shillings.

Some parts of Kenya, particularly the northwestern region of Kenya, have suffered years of insecurity occasioned by scramble for limited resources. The result has been loss of lives and underdevelopment. Over the years, KenGen has worked in partnership with other stakeholders to bring peace to some of the regions. These areas include Turkwel and Moroto in Eastern Uganda where the company has supported trans-boundary peace initiatives through beauty pageants and peace runs that brings together the warring communities. (KenGen website, 2012)

The problem and therefore, the key question is to establish the role KenGen's CSR initiatives and their impact in enhancing social services in the host communities in which it operates. The host communities lack water, health facilities or are prone to insecurity and high illiteracy levels. Therefore the study seeks to assess the effectiveness of KenGen's CSR initiatives in bridging the gaps for purpose of enhancing levels of social services amongst the communities.

1.3 Objectives of the Study

The objectives of this study were:

1. To find out the various social services provided by KenGen's Corporate Social Responsibility program to the host communities where it operates.
2. To assess the effectiveness of the KenGen's CSR initiatives in meeting the social services of its host communities.
3. To come up with way of improving KenGen's CSR program in meeting its host communities' social services expectations.
4. To measure the added value of the KenGen's CSR activities to the host communities.

1.4 Justification of the Study

The study will be of importance to the management of the KenGen thus providing them with insights on how best to invest in CSR activities and how successful their past investments have benefited the society. The result of this study will also inform the management of KenGen if they have gotten returns on their investments and furthermore enable them to realign their activities to best benefit of the society. The results from this study will also inform and affirm KenGen's

CSR policy space and succeed in creating more clarity of which way the company should go in terms of CSR initiatives.

Moreover KenGen partners and collaborates with different stakeholders in initiating and implementing its CSR projects. These research findings will therefore be of importance to KenGen CSR partners in deciding, funding and implementing CSR projects to the communities in which it operates. The partners and collaborators will be in a position to establish if they get value for their investment.

The host communities of KenGen's areas of operation will also benefit from the research findings as the study will present detailed evaluation of how they benefit from the KenGen's CSR activities and how best they can improve the company's CSR program as key stakeholders (beneficiaries).

Furthermore the study will also contribute to the body of knowledge in CSR hence will be of interest to both researchers and academicians who may seek to further explore or investigate issues pertaining to CSR. This study will generate more empirical information that it is envisaged will be useful to the world of academia.

1.5 Scope of the Study

The study was carried out in the host areas where KenGen's installations are situated. The host communities studied were from Seven Forks, Olkaria and Sondu. The respondents for the study included the management of the schools, hospitals and transport services established by KenGen (KenGen staff) under its CSR program as well as the beneficiaries of these projects in the mentioned areas of study.

1.6 Theoretical Framework

This research project used four theories for purposes of explaining the theoretical linkage with regards to the centrality of CSR of a corporate organization such as KenGen. These theories are namely excellence theory, Social Responsibility theory, Stakeholder Theory and Decision Making theory in terms of their meaning and practical emphases. These groups of theories are chosen because they are interdisciplinary in nature covering aspects of corporate social responsibility, the managerial aspects of the corporation and the beneficiaries for example, the Excellence Theory is a theory of public relations that resulted from a 15-year study of best practices in communication management (Grunig et al, 2002:40).The theory incorporates a number of middle-range theories of Public Relations, including theories of publics, public relations and strategic management, models of public relations, evaluation of public relations, employee communication, public relations roles, gender, diversity, power, activism, ethics and social responsibility, and global public relations.

The excellence theory explains the value of public relations to organizations and society based on the social responsibility of managerial decisions and the quality of relationships with stakeholder publics (Grunig et al, 2000: 125).Furthermore the theory explain that for an organization to be effective, it must behave in ways that solve the problems and satisfy the goals of stakeholders as well as of management. If it does not, stakeholders will either pressure the organization to change or oppose it in ways that add cost and risk to organizational policies and decisions. To behave in socially acceptable ways, organizations must scan their environment to identify publics who are affected by potential organizational decisions or who want organizations to make decisions to solve problems that are important to them. Then, organizations must communicate symmetrically with publics (taking the interests of both the organization and

publics into account) to cultivate high-quality, long-term relationships with them. Based on this argument, the theory will be instrumental in guiding this research project on how to interrogate and interpret different managerial decisions that lead to KenGen's management to settle on the current CSR activities it is involved in.

Other positive aspects of the theory explain that good relationships are of value to organizations because they reduced the costs of litigation, regulation, legislation, and negative publicity caused by poor relationships. They reduce the risk of making decisions that affect different stakeholders; or increased revenue by providing products and services needed by stakeholders (J. E. Grunig 1992:42; Dozier et al. 1995:342; L. A. Grunig et al. 2002:126). These positive aspects will be relevant to the study because they will help in analyzing how good relationships between KenGen and its relevant constituencies helped in propagating its core CSR objectives.

(Grunig et al 2002: 125) further notes that based on the theoretical premise about the value of public relations, the excellence theory derived principles of how the function should be organized to maximize this value. First, the research showed that involvement in strategic management was the critical characteristic of excellent public relations. Public relations executives played a strategic managerial role as well as administrative manager role. Public relations also were empowered by having access to key organizational decision-makers (the dominant coalition).

Second, the study showed that public relations lose its unique role in strategic management if it is sublimated to marketing or other management functions. Sublimation to another function resulted in attention only to the stakeholder category of interest to that function, such as consumers for marketing. Sublimation to marketing also usually resulted in asymmetrical communication. An excellent public relations function was integrated.

Therefore, the excellence theory supports the studies core objectives that organizations should engage in CSR activities supported by its top management not only as public relations strategies but mainly as social services to the communities they operate in. It is supposed to be viewed as a critical social responsibility of managerial decision making and the quality of relationships with stakeholder publics. This therefore, should cultivate a good relationship with the key stakeholder with a long term aim of betterment of the society in which the organization operates from in terms of its customers, labor, raw materials and market.

The other theory which is relevant to the study is the Social Responsibility Theory. Its basic postulates state that an entity whether it is a government, corporation, organization or individual has a responsibility to the society. This responsibility can be "negative," in that it is a responsibility to refrain from acting (resistance) or it can be "positive," meaning that there is responsibility for one to act (proactively). For example different organizations may have different responsibilities, to ensure the civil rights of their citizens, respect and encourage the human rights of their employees. Many organizations accept that their role and the responsibility of their members as citizens are to help improve society by taking a proactive stance in their societal roles. Also corporations have an implicit obligation to give back to society

Furthermore, the theory explains that social responsibility should be voluntary; it is about going above and beyond what is called for by the law (legal responsibility). It involves an idea that it is better to be proactive towards a problem rather than being reactive to a problem. Social responsibility means eliminating corrupt, irresponsible or unethical behavior that might bring harm to the community, its people, or the environment before the behavior happens. This theory will be instrumental in creating understanding of the research project because it lays foundations and gives insights on the reason corporations undertake CSR activities. This theory will give guidance on the underlying reason why KenGen undertakes CSR activities in its area of operation.

In today's society a business must maintain ethical principles in order to be successful (Kaliski, 2001:54). Businesses can use ethical decision making to strengthen their businesses in three main ways. The first way is to use their ethical decision making to increase productivity. This can be done through programmes that employees feel directly enhance their benefits given by the corporation, like better health care or a better pension program. One thing that all companies must keep in mind is that employees are stakeholders in the business. They have a vested interest in what the company does and how it is run. When the company is perceived to feel that their employees are a valuable asset and the employees feel they are being treated as such, productivity increases. Therefore for the sake of the study the employees of KenGen who undertake CSR activities may be affected by the way the company treats them and this has a direct impact on the outcome of the initiatives being undertaken by the company.

Kaliski (2001:34) further notes that a second way that businesses can use ethical decision making to strengthen their businesses is by making decisions that affect its health as seen by those

stakeholders that are outside of the business environment. Customers and Suppliers are two examples of such stakeholders. Hogue (2001:78) in particular, take for instance Johnson & Johnson and the Tylenol scare of 1982. When people realized that some bottles of Tylenol contained cyanide they quit buying Tylenol, stocks dropped and Johnson & Johnson lost a lot of money. But they chose to lose even more money and invest in new tamper resistant seals and announce a major recall of their product. There was no "certain amount" for this situation; Johnson & Johnson had to lose money to be socially responsible. But in the long run they gained the trust of their customers. Therefore companies like KenGen should be ready to spend even more money in its CSR initiatives to be seen as socially responsive.

A third way that business can use ethical decision making to secure their businesses is by making decisions that allow for government agencies to minimize their involvement with the corporation. (Kaliski, 2001:40) For instance if a company is proactive and follows the environmental guidelines for admissions on dangerous pollutants and even goes an extra step to get involved in the community and address those concerns that the public might have; they would be less likely to have the environmental authorities investigate them for environmental concerns. "A significant element of current thinking about privacy, however, stresses "self-regulation" rather than market or government mechanisms for protecting personal information"(Swire, 1997:349).Most rules and regulations are formed due to public outcry, if there is not outcry there often will be limited regulation.

Therefore, the social responsibility theory is relevant to the study topic of assessing the social services provided by KenGen to its host communities. The theory reinstates that the corporation

should voluntarily engage itself in CSR activities to its employees, suppliers, customers and other stakeholders. The theory also emphasizes the need of a company to increase its employee productivity through CSRs, forming a healthy relationship with its stakeholders that are outside of the business environment and also the corporations should make ethical decisions to secure their businesses from government and its agencies involvement by abiding by the set rules and laws.

Davis (1960:67) explored the power that business has in society and the social impact of this power. He held that a business is a social institution and it must use power responsibly. Additionally, Davis noted that the causes that generate the social power of the firm are not solely internal of the firm but also external. Their locus is unstable and constantly shifting, from the economic to the social forum and from there to the political forum and vice versa. This theory will help in analyzing the power KenGen has to its various constituencies and how the company has utilized its power responsibly through the CSR initiatives. KenGen has chosen to contribute to the welfare of people where its installations are instead of going on a national scale.

Furthermore we considered the stakeholder theory as both relevant and important to the study in a number of ways. For example Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business. Managers are required to articulate the shared sense of the value they create, and what brings its core stakeholders together. they to be clear about how they want to do business, specifically what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose (Freeman 1994:4). Freeman (1984:4) defines stakeholders as “any group or individual who can affect or is affected by the achievement of the organization objectives”. The main groups of stakeholders are:

- Customers
- Employees
- Local communities
- Suppliers and distributors
- Shareholders

The focus of stakeholder theory is articulated in two core questions (Freeman 1994:5). First, it asks, what is the purpose of the firm? This encourages managers to articulate the shared sense of value they create, and what brings its core stakeholders together. This propels the firm forward and allows it to generate outstanding performance, determined both in terms of its purpose and marketplace financial metrics. Second, stakeholder theory asks, what responsibility does management have to stakeholders? From the questions posed by this theory, and the identifications of key stakeholder in a business situation, the study will explore more on who actually are the key beneficiaries of KenGen SCR activities and how these activities are affecting each stakeholder in a unique way.

This question pushes managers to articulate how they want to do business specifically, what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose.

Managers must develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the value the firm promises. Certainly shareholders are an important constituent and profits are a critical feature of this activity, but concern for profits is the result rather than the driver in the process of value creation (McWilliams and Siegel 2004:5)

The stakeholder theory is a type of instrumental theories which states that firms should work on maximizing the shareholder value. Any investment in an organization demands that would an increase of the shareholder value should be made. In contrast, if the social demands only impose a cost on the company they should be rejected. Friedman (1970:7) is clear, giving an example about investment in the local community: "it will be in the long run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving its government. That makes it easier to attract desirable employees, it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects." So, the socio-economic objectives are completely separate from the economic objectives.

The theory looks at three CSR objectives. The first objective is the maximization of shareholder value, measured by the share price. Frequently, this leads to a short-term profits orientation. The second objective is the strategic goal of achieving competitive advantages, which would produce long-term profits and the third is related to cause-related marketing (Keim, 1978:53).

The employees, when they have the choice, will prefer to work in a socially responsible company. The consumers tell, in inquiries, to prefer goods produced in the respect for the fundamental rights of the work. Besides the financial performances, the investors integrate, in their choices of portfolios, the risk of loss of "reputation capital", which can also be translated to a loss of financial capital.

The other theory which was relevant and important to the study is Decision Making Theory. The basic idea of decision making theory is that patterns of behavior in societies reflect the choices made by individuals as they try to maximize their benefits and minimize their costs. In other

words, people make decisions about how they should act by comparing the costs and benefits of different courses of action. As a result, patterns of behavior will develop within the society those results form those choices. Rational decision making entails choosing an action given one's preferences, the actions one could take, and expectations about the outcomes of those actions (Scott, 2000. 6).

Scott (2000.6) further notes in rational choice theories, individuals are seen as motivated by the wants or goals that express their 'preferences'. They act within specific, given constraints and on the basis of the information that they have about the conditions under which they are acting. At its simplest, the relationship between preferences and constraints can be seen in the purely technical terms of the relationship of a means to an end.

As it is not possible for individuals to achieve all of the various things that they want, they must also make choices in relation to both their goals and the means for attaining these goals. Rational choice theories hold that individuals must anticipate the outcomes of alternative courses of action and calculate that which will be best for them. Rational individuals choose the alternative that is likely to give them the greatest satisfaction (Heath 1976; Carling 1992; Coleman 1973).

The idea of rational choice theory, where people compare the costs and benefits of certain actions, is easy to see in corporate social responsibility. Since an organization's management want to get the most at the lowest price from what they invest, they will judge the benefits of a certain CSR initiative (for example, how useful is it or how attractive is it) compared to similar initiatives. Then they will compare the capital costs to the benefits. In general, KenGen's management will choose the CSR initiative that provides the greatest reward at the lowest cost.

By so doing the host communities will benefit greatly while at the same time KenGen will spend less and have the greatest impact to its target groups.

1.7 Conclusions

There has been a lot of interest in the concept of CSR in the recent past and scholars are still grappling with the extent to which corporate organization should approach the whole issue of CSR. This concept of CSR has gained acceptance in Kenya and many firms are actively engaging in it.

As a corporate organization in Kenya, KenGen takes part in CSR activities that cover various projects such as water services, transport and education in areas in which it operates. With the study we will establish if this initiatives are yielding the desired results and if KenGen is meeting its objectives. Moreover from the study we will be able to establish if the beneficiaries' expectations are being met. The study will try to bridge the gap.

The four theories discussed in the theoretical framework namely the excellence theory, social responsibility theory; stakeholder theory and decision making theory are instrumental in the analysis, application and interpretation of the study. These theories are instrumental in explaining how CSR as a topic is important and gives a platform for understanding the concept of CSR.

These theories allowed for the understanding of CSR that goes beyond the traditional meaning, this therefore allowed for a multidisciplinary approach in its perspective and practice allowing the researcher to have a better understanding of the dynamism of corporate –society relations, in which theories and practices of CSR are influenced by numerous economic and non-economic as well as internal and external forces. CSR is about business, government and civil society

collaboration with the community in the achievement of win-win situation among them and therefore CSR should benefit both community and the organization

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Chapter Two: Literature Review

2.1 Introduction.....	30.
2.2 The Concept of Corporate Social Responsibility.....	30.
2.3 Context of CSR in Kenya	32.
2.3.1 CSR Regulations in Kenya	35.
2.4 Role of Csr in Community Development	37.
2.4.1 Challenges of CSR.....	39.
2.5 Conclusions.....	40
2.6 References.....	41

2.1. Introduction

In this chapter we made attempts to review a number of related and relevant literature on CSR, the role of CSR in social services. From this, the roles of CSR are highlighted specifically in community development because the very logic of CSR is towards seeing its impact in community socially, environmentally and economically.

2.2. The Concept of Corporate Social Responsibility

O'Riordan and Fairbrass (2006:5) notes that although it is not a new concept, CSR remains an emerging and elusive notion for academics and a contested issue for business managers and their stakeholders. Owing to the range of contrasting definitions, the concept of CSR has led to the emergence of a variety of practices (Crane and Matten 2004; Welford 2004; Habisch and Jonker 2005; Fairbrass et al 2005:5). The concept of CSR has evolved considerably since it first emerged in the 1950s (Carroll 1999). Currently, there appears to be significant disagreement about what the term means, and how, or why it should be implemented (Welford 2004; O'Riordan 2006: 21).

Maimunah (2009: 1) notes that the term Corporate Social Responsibility (CSR) has been debated since the 1950s. Secchi (2007) and Lee (2008: 2) reported that the definition of CSR has been changing in meaning and practice. Secchi (2007:3) in his review of the concept of CSR titled *Review of the theories of corporate social responsibility: Its evolutionary path and the road ahead* in the *International Journal of Management Reviews*, he notes that the classical view of CSR was narrowly limited to philanthropy and then shifted to the emphasis on business-society

relations particularly referring to the contribution that a corporation or firm provided for solving social problems. The latter view is reinforced by Oliver Sheldon (1923), cited in Bichta (2003), who says that in the early twentieth century, CSR is viewed as social performance was tied up with market performance where there are business-society relations for the corporation's contribution solving social problems among communities.

The European Commission (EC) defines CSR as a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment (EC, 2001). For this definition, CSR is seen as purely voluntary and philanthropic venture undertaken by organization in order to better and give back to the society in which it operates.

Moreover, Maimunah (2009: 3) reinforces the EC definition of CSR by stating that the present day CSR definition also called; corporate responsibility, corporate citizenship, responsible business and corporate social opportunity is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other interested parties as well as their environment. This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the wellbeing of their employees and their families as well as for the local community and society at large.

However, quoting Blyth, 'There is no one definition of what it takes to be a responsible corporate. The key is to have a rigorous process for identifying those responsibilities and fulfilling them' (Blyth, 2005: 9). Since there is no universally accepted definition of CSR, this

paper will adopt more specific definition from the above definitions. Therefore for purposes of this research, CSR refers to how corporations or firms conduct their business in a way that is ethical, socially friendly. CSR can involve a range of activities such as working in partnership with local communities, socially sensitive investment, developing relationships with employees, customers and their families, and involving in activities for environmental conservation and sustainability.

From the above definition adopted by this paper, CSR can be related to the Department for International Development (DFID) definition of CSR which summarizes the common themes of CSR among organizations as below:

- The organization's board should be committed to and promote corporate social responsibility
- Local laws and tax rules should be strictly followed.
- Stakeholders' opinions should be taken into account in decision making.
- The organization implementing the CSR should have high standards and measures to protect the environment.
- The economic, social and environmental performance and impacts of the CSR activities should be monitored and accurately reported to the public as well as the relevant authorities.

2.3. Context of CSR in Kenya

Kenya's population is predominantly rural; with about a third of inhabitants living in urban areas. The country has a significant natural resource base, offering significant potential for agriculture and natural resource based tourism. Human development indicators such as life expectancy, infant mortality, child malnutrition and primary school enrolment are generally rated

as of moderate performance (UNDP, 2010:1). A 2010 review of progress towards the Millennium Development Goals (MDGs) concluded that Kenya was 'far behind' the target of halving the proportion of people suffering from hunger and 'slipping back' against the target on infant mortality.

The country derives about 65% of its gross domestic product (GDP) from services, nearly 16% from agriculture and almost 20% from industry. Kenya's economy is more diversified, with reasonably well-established export horticulture and tourism sectors. This means that Kenya has had greater exposure than Zambia to the international CSR agenda, through supply chain pressures on issues such as labor rights (Kivuitu, 2005:2).

The concept of CSR has gained momentum in Kenya only recently. This can be seen as a consequence of new laws on CSR, frequent disasters that occur in Kenya and the dramatic efforts of corporations to market and brand their products and services. The term is seeing some application within policy debates. There are many examples of private sector-related initiatives and business activities in different development areas including education, health, disaster management and recovery etc that are described as CSR in the Kenyan organizations. The few corporations/ organization that have been on the forefront in CSR activities around the country include Safaricom, Unilever Kenya Ltd, East Africa Breweries Ltd (EABL), KenGen, Coca Cola Company and commercial banks including Equity and Kenya Commercial Bank (KCB)

Apart the local organizations offering CSR services to the host communities, there are also a number of CSR-related initiatives led or funded by multilateral or bilateral development

agencies. The multilateral and bilateral organizations include United Nations agencies for example UNDP and UNICEF and other international aid agencies (Ufadhili Trust, 2004 5).

In Kenya, surveys suggest that the cause receiving the highest proportion of corporate support is health and medical provision, education and training; HIV/AIDS; agriculture and food security; and underprivileged children. Others include sponsorship of sporting events; culture and arts; as well as religious organizations. (Kivuitu, 2005; Ufadhili Trust, 2004 5).

Kivuitu (2005) further notes that the justification for such philanthropic activities by the Kenyan organizations appears to be closely tied to a sense that companies should 'give something back' to the nation and to the communities in which they operate. This sense of national duty and pride on the part of business is in part a legacy of state ownership of the means of production. Also with the advent of the UN Global Compact which was established in response to a challenge by the UN Secretary-General Kofi Annan to business leaders to support nine principles in the areas of human rights, labor, the environment, and anticorruption (United Nations Global Compact,2012).

Also, On October 8, 1999 the Corporate Sector at a seminar organized by the Private Sector Initiative for Corporate Governance formally adopted a national code of best practice for Corporate Governance to guide corporate governance in Kenya, and mandated the Private Sector Initiative to establish the Corporate Sector Foundation, and collaborate with the Global Corporate Governance Forum, the Commonwealth Association for Corporate Governance, the African Capital Markets Forum, Uganda and Tanzania in promoting good corporate governance(Private Sector Corporate Governance Trust,1999).

These issues discussed above form the basis on which corporate organizations like KenGen come in to assist in tackling societal issues that would ordinarily be a responsibility of the government. Corporate organizations in Kenya have taken up an active role in working closely with communities in which they operate in. This relationship forms the foundation of their CSR activities that are aimed to tackle some of these social issues. KenGen corporate social responsibility policy and activities are informed by the need in assisting the communities in which the company operates in bridge the gap that has been left as a result of the government not being able to offer these services to its people. By so doing it will contribute towards attainment of key goals discussed above.

2.3.1 CSR Regulations in Kenya

“In 2002 the Kenya Capital Markets Authority issued guidelines on good corporate governance for listed public companies. These are however largely unenforceable and do not in any way say anything about CSR. Similarly, the Central Bank of Kenya's Prudential Guidelines for Institutions licensed under the Banking Act developed at the same period; do not address issues of CSR”(Gathii James,2008 12).

Nevertheless, the Kenya Bureau of Standards (KBS) was also involved in drafting guidelines on CSR. These standards as well as those that companies have voluntarily adopted including International Standards Organization (ISO) standards form a backdrop against which corporate social responsibility is measured. To complement these efforts, other recent contributions to CSR in the country include the Global Compact and the United Nations Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (Gathii James, 2008 12).

Kenyan corporate organizations are required to strictly comply with other laws passed by parliament including those contained in the bill of rights. This responsibility attaches to all citizens whether natural or corporate.

However, compliance with environmental laws was a big challenge especially the left over gapping excavation sites for building stones, sand and other building materials around the country by the building and construction companies.

This prompted the government to amend existing laws resulting in the enactment of two crucial laws; The Environmental Management and Coordination Act (EMCA), 2002, Physical Planning Act, 1999 and Repealed the Employment Act Cap 540, 2007. To implement these Acts, the government created specific agencies NEMA being one of them to oversee compliance and reinforcement. Corporations are therefore required by law to comply with the provisions of Acts which mainly target best environmental, spatial planning and human resources management practices.

This regulatory framework has given guidelines that ought to be followed by corporate organizations whenever they undertake CSR activities. In this regard KenGen being a corporate organization must adhere to these requirements as it formulates and implements its CSR objectives and activities. This regulatory environment acts as a safe net for organizations as they put their resources in this endeavor. Conversely the regulatory framework gives the research project an impetus because its findings will be more credible because we are interrogating a concept that is regulated.

2.4. Role of CSR in Community Development

Dergisi (2009) defines a community as a group of people sharing a common purpose, who are interdependent for the fulfillment of certain needs, live in close proximity and interact on a regular basis. In a community there is a sense of community which is defined as the feelings of cooperation, of commitment to the group welfare, of willingness to communicate openly, and of responsibility to and for others as well as to one's self.

Therefore, Community Development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporations to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities. These skills are often concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. Community development is the process of developing active and sustainable communities based on social justice and mutual respect. It is about influencing power structures to remove the barriers that prevent people from participating in the issues that affect their lives (Dergisi, 2009).

Dergisi (2009) puts forward the following as the common roles of CSR in community development:

1. *To share the negative consequences as a result of industrialization*-This is related to increasing conscience-focused marketplaces necessitating more ethical business processes.

2. *Closer ties between corporations and community-* Through CSR the existence of corporations in the social system is felt beyond a perception that corporation is a place just to get employment and producers of goods and services. By doing so, corporations and the community stay in peace and harmony. This becomes a social capital that is essential in community development.

3. *Helps in harnessing talents-* Organizations with a reputation for CSR can take advantage of their status and strengthen their appeal as an attractive employer by making their commitment part of their value proposition for potential candidates. They believe their organizations recognize and reward great customer service, act quickly to address and resolve customer concerns, and are led by people in senior management who act in the best interest of customers.

4. *Role in transfer of technology (TOT).* Closer ties help in transfer of technology between multinational companies that give concerns on CSR and communities in the host countries. Multinational company is a corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they coordinate global management. Barton (2007) focuses on three mechanisms of international technology transfer: the flow of human resources; the flow of public-sector technology support; and the flow of private technology from multinational companies to developing countries.

5. *CSR helps to protect environment.* Some of the world's largest companies have made a highly visible commitment to CSR. The companies take the view that financial and environmental performance can work together to drive company growth and social reputation.

6. *CSR is for human right corporate sustainability.* The United Nations launched the "Global Compact"; an initiative to convince international companies to commit themselves to universal principles in relation to protection of human rights (UN Global Compact, 2009.3). Being the

world's largest voluntary corporate responsibility initiative, the UN Global Compact is also seen as a strategic policy for businesses that are committed to aligning their operations and strategies within the areas of human rights, labor, and environment. By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. Never before have had the objectives of the international community and the business world been so aligned.

7. *Meeting the Firm's Legal requirements*-While some studies focus on philanthropy, the more substantial part of the CSR agenda is about corporate accountability to codes of conduct

2.4.1 Challenges of CSR

Dergisi (2009) notes that the success of CSR is determined by both internal and external factors. Internal factors are economic considerations, culture of the firm including the CEO and employees, and ethical influences; while external factors are compliance with legal requirements and technological influences as well as national culture (Bichta, 2003). Skills possessed by CSR managers are among the internal factors determining the success of CSR practices especially in helping community. Because CSR profession is so new, transferable skills and knowledge from other related specialization such as environmental management, business ethics, community development, and human resource development are valuable. McIntosh et al (2004), state that as we appreciate the contributions of CSR, it is important to bring to light the possible risks that are associated with it. They note that socially responsible practices should not replace local laws, let alone prevent businesses complying with them. Ultimately it is effective institutional, regulatory and legal frameworks, including appropriate tax systems, which will deliver the greatest benefit to most poor people.

Also, in existing studies of the relationship between CSR and financial performance, researchers have primarily addressed the question of if CSR leads to be financial performance of an organization, and the results have been very mixed. Recent studies indicate no relationship (McWilliams & Siegel, 2000), a positive relationship (Waddock & Graves, 1997.20), and a negative relationship. This leaves managers without a clear direction regarding the desirability of investment in CSR.

2.5. Conclusions

We attempted to review a number of related and relevant literatures on the concept of corporate social responsibility. From the literature, it is clear that the concept of corporate social responsibility is still new and many researchers and scholars are still grappling with it and its effects on society. However the underlying fact obtained the various literature reviewed is the shift of corporate social responsibility being viewed from a classical perspective which mainly focused on philanthropy to the current view of business -society relations particularly on the interventions that corporate institutions and firms undertake in solving social problem within communities which they operate. In Kenya the concept of corporate social responsibility has gained currency, this is due to social pressure, consequences of new laws on corporate social responsibility, frequent disasters that make organizations be more responsive to the plights of the affected persons and lastly for branding and publicity purposes. Therefore the reviewed literature is vital in understanding corporate social responsibility in Kenya and in particular how KenGen's corporate social responsibility initiatives have enhanced the social services of the host communities where it operates.

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Chapter Three: Methodology

3.1 Introduction.....	46
3.2 Research Design.....	46
3.3 Sample Size.....	47
3.4. Data Collection Methods	48
3.5. Conclusions.....	49
3.6 References.....	50

3.1 Introduction

This chapter discusses the various aspects of research methodologies and procedures used in conducting the study, these issues are discussed under the following sub headings: The research design, population and sampling design, data collection methods, research procedures and data analysis. These subtopics gave guideline on how the research was carried out. This determined the number of respondents that were reached, how the research was done.

3.2 Research Design

The research design according to Henon, 1998 refers to a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision or so that hypothesis or research questions can be tested properly (Henon, 1998.12). This study adopted a descriptive research design because the study answered some fundamental questions that we exhausted using this method. (Mugenda & Mugenda 2003.13) state that descriptive research portrays an accurate profile of persons, events or situations. The main characteristic of this method is that the researcher has no control over the variables: he can only report what has happened or what is happening. This design is also useful in identifying variables and hypothetical constructs which can be further investigated through other means. The study attempted to answer the questions relating to the role of KenGen CSR initiatives in addressing social services amongst communities in which it operates. Therefore descriptive research answers the who, what, where question about phenomena. This entails collecting data in order that hypotheses or answer questions pertaining present status of subjects studied.

3.3 Sample Size

Our respondent size consisted of 120 host beneficiaries of KenGen's CSR activities. The beneficiaries were obtained from schools, water project and transport services established by KenGen in Seven Forks, Olkaria and Sondu as well as staff of KenGen. The study settled for these locations because they are the major installations of KenGen and this is the focal point for its CSR activities. This sample size allowed us to make inferences to the larger population. This is because studying the entire population required longer time, immense resources and large personnel to track each member of the population.

While a sampling frame is a list, a directory or index of cases from which a sample can be selected (Mugenda & Mugenda, 2003.12). Subjects or cases selected from the sampling frame form the units of observation in the study.

The sampling frame for this study constituted all the current beneficiaries of the schools, hospitals and transport services established by KenGen in Seven Forks, Olkaria and Sondu. This sampling frame was adopted because the study could not be able to economically reach all beneficiaries of the CSR activities of KenGen.

The research population was first stratified into three (3) groups from the selected KenGen's area of operation; Seven Forks, Olkaria and Sondu. This enabled the researcher to attain the desired characteristics distributed among the population so as to represent the entire population of beneficiaries. Thus, the host beneficiaries were further grouped onto two strata of staff and host community as per KenGen's CSR social services of education, water services and transport in the three areas. The social services included; Education (schools), water (water services) and

Transport (commuter buses). Then from the three geographical strata, 40 current beneficiaries were randomly selected, 14 from each social services strata (schools, water and commuter buses). A list of responded was populated and a purposeful random sampling technique was employed in order to obtain a random sample of 120 respondents.

3.4. Data Collection Methods

The critical primary data for this study was generated from the field. This was obtained through questionnaires which were administered to the host beneficiaries of the company's CSR activities in selected host communities by trained research assistants under the supervision of the head researcher.

In addition to the questionnaires, the researcher carried out interviews to the top management of the schools, hospitals and commuter buses to be studied for additional information

The raw field data was coded and entered into the Excel version 2010 program software for analysis and summarization. The results after analysis generated frequency tables, graphic presentations, inferential statistics, % distribution table and cross tabulation tables.

The data collected was then analyzed using both descriptive and inferential statistics. The purpose of descriptive statistics was to enable the researcher to meaningfully describe a distribution of scores or measurements using a few indices or statistics of the data collected and to describe the basic features of the data in the study.

3.5 Conclusions

The methodology discussed above was of vital importance to the study. The descriptive research design adopted by the study helped the study to come up with accurate information pertaining KenGen's corporate social responsibility programmes and initiatives amongst the host communities. Because of lack of control of the variables, this method helped the study report on the happening without any interference. The sample size was representative enough to enable the study to generalize the research findings to the entire population of the beneficiaries of KenGen's corporate social responsibility.

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Chapter 4: The Findings

4.1 Introduction.....	55
4.2 Personal Data of the Respondents.....	55
4.2.1 Gender of the Respondents.....	55
4.2.2 Residence of the Respondents.....	56
4.2.3 Age of the Respondents.....	60
4.2.4 Educational Level of the Respondents.....	61
4.2.5 Occupation of the Respondents.....	63
4.3 Duration of Involvement in CSR.....	63
4.3.1 Duration of Involvement in CSR (KenGen Staff).....	64
4.4 Effects of KenGen CSR on the Host communities.....	66
4.5 Does KenGen Consult the Host Community in Issues of CSR.....	68
4.6 KenGen's commitment to CSR.....	71
4.7 Reason behind KenGen's Involvement in CSR.....	72
4.8 Does KenGen's CSR Focus on All Sectors of the Economy.....	74
4.9 Performance of KenGen's CSR.....	76
4.10 Does KenGen's Involvement in CSR Improve its Image.....	78
4.11 Are the Host Communities' Expectations Met.....	80
4.12 Does KenGen involvement in CSR improve its Productivity.....	81
4.13 Does the Government Intervene in KenGen's CSR Activities.....	82
4.14 Are there Areas where KenGen has not lived up to its Expectations.....	84
4.15 Conclusions.....	86
4.16 References.....	87

4.1. Introduction

This chapter discusses the findings of the data analyzed from 120 questionnaires completed by the respondents. One of the objectives of this study was to assess the effectiveness of KenGen's CSR initiatives in bridging the gap in enhancement of social services among the host communities. A total of 120 respondents comprising members of the host communities from seven forks, Olkaria & Sondu as well as KenGen's staff completed the questionnaire between 15th July 2012 and 30th July 2012. The data from the questionnaire were statistically analyzed by the researcher using Excel version 2010 program for data analysis. The key findings are discussed below.

4.2 Personal data of the respondents

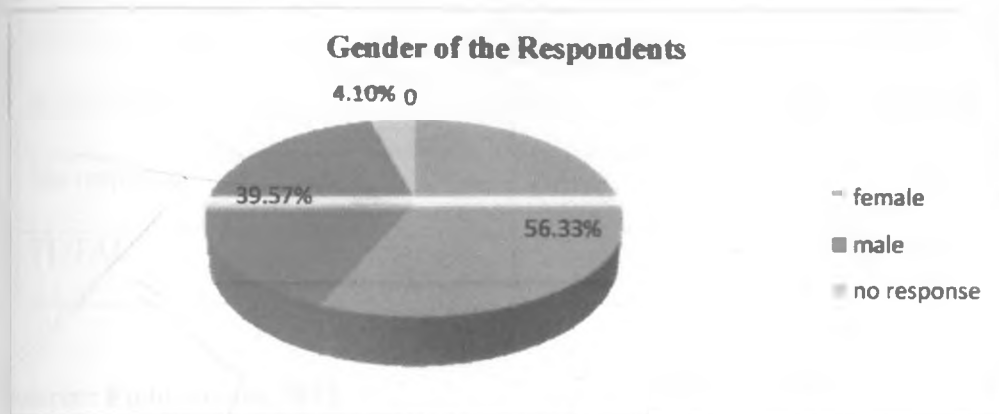
This section of the questionnaire covered the respondents' age, gender, residence, level of education and occupation. The personal data helped us to contextualize the findings and formulation of appropriate recommendations to enable more understanding of the role of KenGen CSR activities in enhancing social services among the host communities.

4.2.1 Gender of the respondents

Of those interviewed, 56.33% were female, 39.57% were male while the remaining 4.17% did not respond to this question. This implies that the biggest beneficiary of the KenGen CSR activities were female with 56.33% while the male were 39.57%. There was 4.17% who did not respond to this question. This may be because they did not understand the question as presented in the questionnaire or they did not understand the relevance of the question to the study.

The figure below depicts the distribution of gender of the respondent, this statistical data is vital in understanding how the different gender benefited from KenGen's CSR initiatives. From the data, the company will be able to make informed decision on which gender to focus more in its subsequent CSR initiatives while at the same time the gender of the respondent was also important in understanding the actual beneficiary of KenGen's CSR activities

Figure 4.0 below depicts the gender of the respondents



Source: Field survey 2012

4.2.2 Residence of the respondents

Figure 4.1 below shows the distribution of respondents in various locations where KenGen operates. The study settled for these locations because they are where the major installations of KenGen are situated and therefore a focal point for its CSR activities. These locations included Sondu, Seven Forks and Olkaria. The study also included staff to get their views on the performance of their company's corporate social responsibility initiatives. This was to determine if there is inclusiveness when these programmes are being formulated at company level. Of those

who were interviewed, 30 were from Olkaria, 28 from Seven Forks and 26 from Sondu, 30 were KenGen members of staff while the 6 opted not to respond to this question. Table 4.1 below shows how the respondents are distributed.

Table 4.1: Residence of the respondents

Residential areas	Number	percentage
Olkaria	30	25.00 %
Seven Forks	28	23.33 %
Sondu	26	21.67 %
KenGen staff	30	25.00 %
No response	6	5.00 %
TOTAL	120	100.00 %

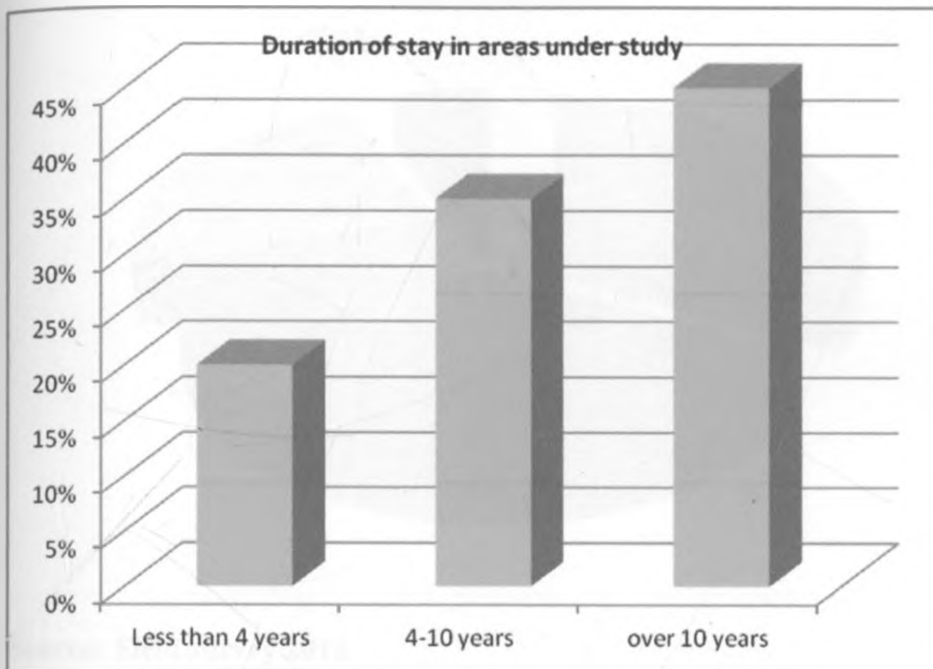
Source: Field survey 2012

From the above data, the study was able to get respondents from the three major areas where KenGen’s Corporate Social Responsibility activities are carried out. The above data therefore implies that KenGen is involved in CSR activities in the three mentioned areas of its operations. The study was able to cover all the areas where KenGen undertakes its corporate social responsibility activities.

After respondents identified their residential locations, we went further to ask them to state how long they have lived in these locations. The question was relevant because the duration of stay in the area would directly translate to having been able to witness KenGen’s corporate social responsibility activities. Based on the experience accrued over the years, the respondents would

be able to answer the questions with much accuracy. The duration of stay will also help their assessment of the impact of the activities of KenGen's corporate social responsibility to the host community.

Figure 4.1.1: shows how long they lived in the areas stated

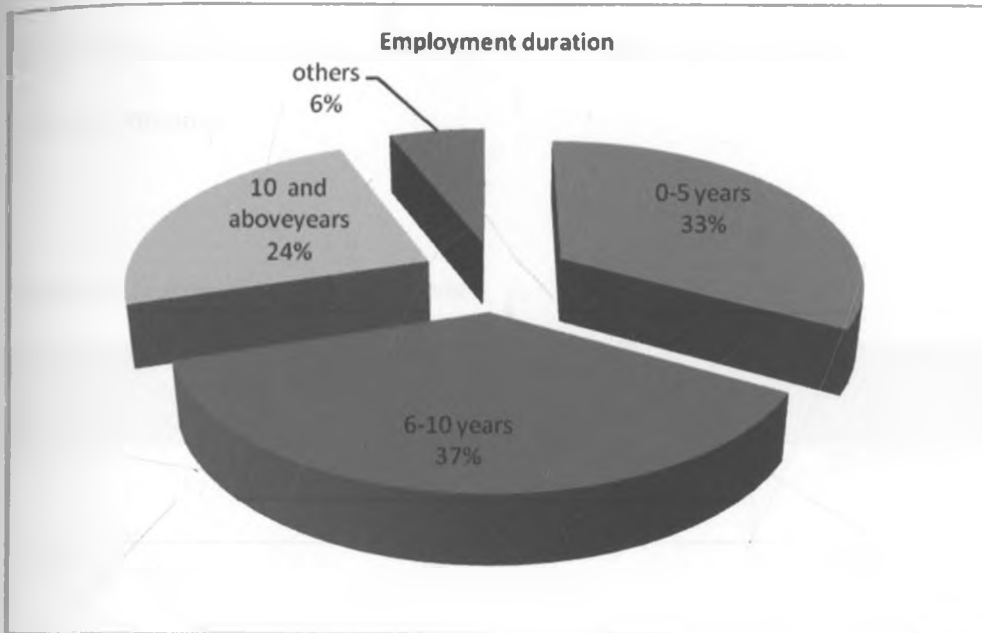


Source: Field survey 2012

From the figure 4.1.1 above, 20 percent of the respondents had lived in their residence for less than 4 years, 35 percent had lived in their residence for 4-10 years while the remaining 45 percent had lived in their residence for over 10 years. From the above findings we can conclude that the majority of the respondents had lived in their residential areas long enough to feel the impact of corporate social responsibility activities of KenGen. However it is also important to point out that a minority of the respondents who have lived in the areas for less than four years have also benefited from the corporate social responsibility of KenGen. This may imply that KenGen's corporate social responsibility initiatives are inclusive enough to accommodate all

despite the longevity of their stay in these areas. We also asked KenGen's members of staff who took part in this study to tell us how long they had worked for KenGen.

Figure 4.1.2 below show how long respondents have worked for KenGen.



Source: Field survey 2012

From figure 4.1.2 above we find out the 37 percent of the respondents have worked for KenGen for periods between 6-10 years, 33 percent have worked for KenGen a period ranging from 0-5 years, 24 percent have worked for KenGen for over 10 years while the remaining 6 percent has been working for KenGen for a period not stated in the questionnaire. Based on the above data, we can be able to assume that the respondents have actually been employed by KenGen long enough to understand and appreciate its corporate social responsibility activities and policy framework. This data is vital to the study because we will be in a position to get accurate information from the respondents because of their experience with KenGen as well as its corporate social responsibility programmes.

4.2.3 Age of the respondents

The respondents were asked to state their age. This information was very important because we wanted to establish the ages of those who benefited from the corporate social responsibility activities of KenGen. This will give an indication of those who benefit more from the corporate social responsibility initiatives with a view of tailoring their programmes and initiatives in a more inclusive manner.

Figure 4.2: Age of the respondents

Age bracket	Number	Percentage (%)
18-30	30	25.00 %
30-50	50	41.67 %
Above 50	20	16.67 %
Others	15	12.50 %
No response	5	4.17 %
Total	120	100%

Source: Field survey 2012

From figure 4.2 above, 25 percent were between the ages of 18-30 years, 41.67 percent were between the ages of 30-50 years, 16.67 percent were above the age of 50 years, on the other hand 12.50 percent represented other ages not stated in the questionnaire while the remaining 4.17

percent chose not to respond to this question. This shows that the majority of people who have benefited from KenGen CSR are between the age of 30 and 50 years. Many individuals in this age group are married with children therefore we may assume that their dependants also benefited from KenGen's corporate social responsibility activities thereby giving them some economic relief associated with bringing up children.

The age group that benefited most from the corporate social responsibility is the most productive age in any given society. By being the most beneficiary of the activity it implies that their livelihood and subsequently the community wellbeing were uplifted through these initiatives of KenGen's corporate social responsibility.

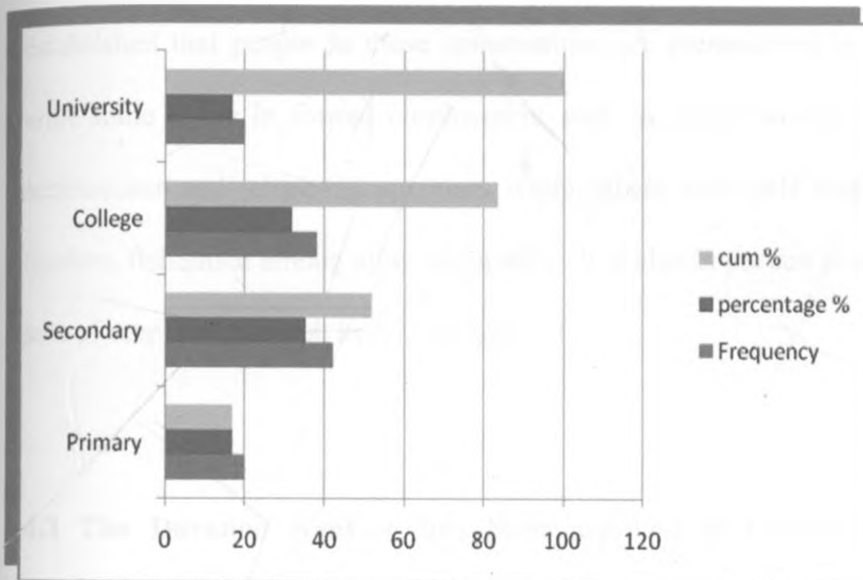
4.2.4 Level of education

We sought to find out the level of education of the respondents, this information would be vital in establishing the literary levels of residents of areas where KenGen undertakes its corporate social responsibility. The level of education has a direct impact of the research findings because literate people have an appreciable level of understanding and will subsequently have a bearing on the relevance information that will be gathered. Understanding the level of education of respondents will also help the study to recommend programmes and activities that are of benefit to the local communities. For instance in a community with very high literacy level, the nature of engagement with them is different to that with low literacy level.

This information will also be vital in determining the kind of activities the KenGen needs to engage in and how it develops its communication plan to sensitize the locals on its corporate

social responsibility activities. Furthermore it will also determine how the company will engage with the local communities in its quest to create awareness of its activities and initiatives. The information will also inform policy change.

Figure 4.3: level of education of the respondents



Source: Field survey 2012

As demonstrated in figure 4.3 above, 16.67 percent had primary school level of education, 35 percent had acquired secondary level of education, and 31.67 percent had attained secondary level of education, while the remaining 16.66 percent had acquired university level of education. This implies that most beneficiaries of KenGen CSR have secondary school level of education.

4.2.5 Occupation of the respondents

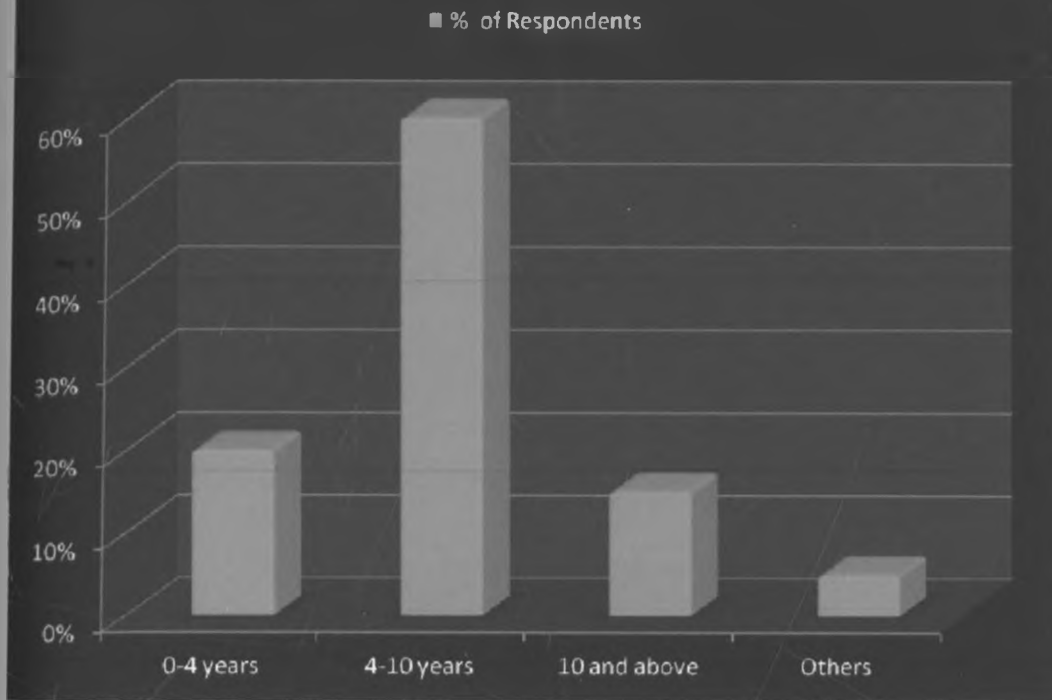
We asked respondents to indicate their occupation. This information was vital in understanding the most predominant economic activities that the locals are preoccupied with in their daily lives. From the data analyzed these occupations varied greatly. Some were herders, housewives, community liaison officers, social workers, gardeners, drivers, accountants, security guard, farmers, telephone supervisors, insurance officers, and shop keepers. From this data we established that people in these communities are preoccupied in different economic activities with some being in formal employment such as social workers, community liaison officers, accountants and telephone operators while others were self employed such as shop keepers, herders, fishermen among other occupation. It is also important to note that some were not in any sort of employment such as housewives.

4.3 The Duration KenGen has been involved in Corporate Social Responsibility in enhancing social services

We asked respondents to tell how long KenGen has been involved in corporate social responsibility. This question was meant to gauge the presence of KenGen's corporate social responsibility and establish how long it has impacted on the local communities. The duration of involvement has a direct effect on the impact of the programmes on the host communities.

Figure 4.4.1: KenGen's staff response on how long KenGen has been involved in CSR activities.

Duration KenGen's CSR INVOLMENT



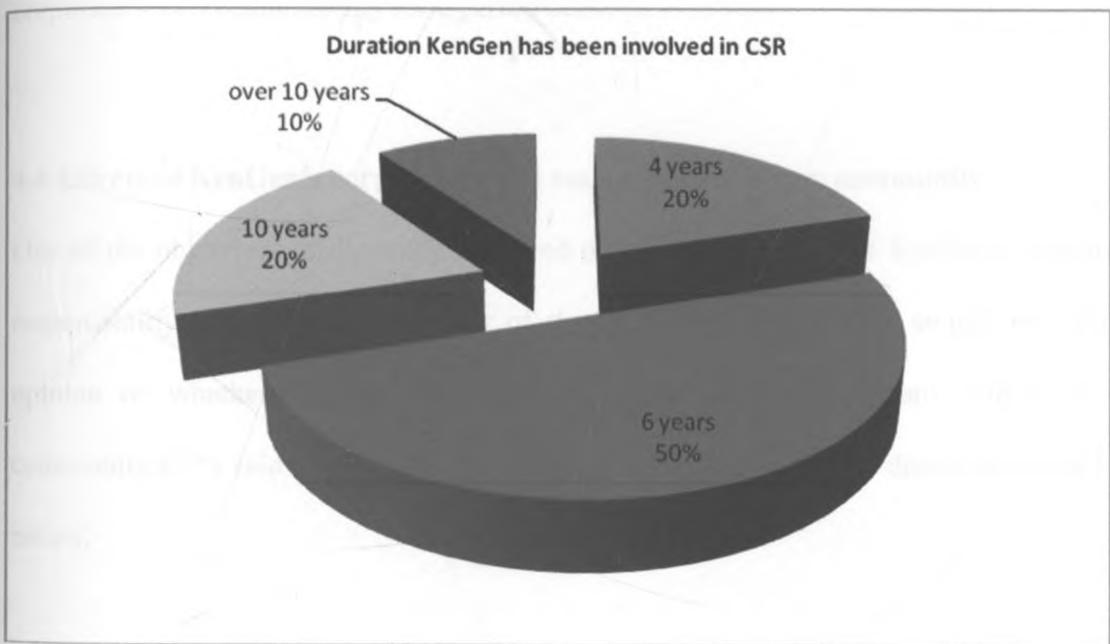
Source: Field survey 2012

From figure 4.4 above, 60 percent said that the company has involved in CSR between 4-10 years, 20 percent said that the company has involved in community social responsibility for less than 4 years, 15 percent were of the opinion that the company had been involved in this activities for over 10 years. The remaining 5 percent said that the company had been involved in CSR for amount of time not stated in the questionnaire. This implies that KenGen has been involved in CSR for between 4 and 10 years in the various areas under study.

4.3.1 KenGen staff response on how long their employer has been involved in CSR

We further asked KenGen's staff to state the period their company has been involved in corporate social responsibility. We wanted to compare their responses with the responses given

by respondents drawn from the host communities on the CSR initiatives. This question was also important to the study because we wanted to know if KenGen involves its staff in corporate social responsibility activities. 50% were of the opinion that KenGen has been involved in corporate social responsibility activities for 6 years, 20% said it has been involved for a period of 4 years, 20% said it has been involved for 10 years while 10% were of the opinion that KenGen has been involved over ten years. Figure 4.4.2 below demonstrates KenGen's staff response on how long it has been involved in CSR activities.



Source: Field survey 2012

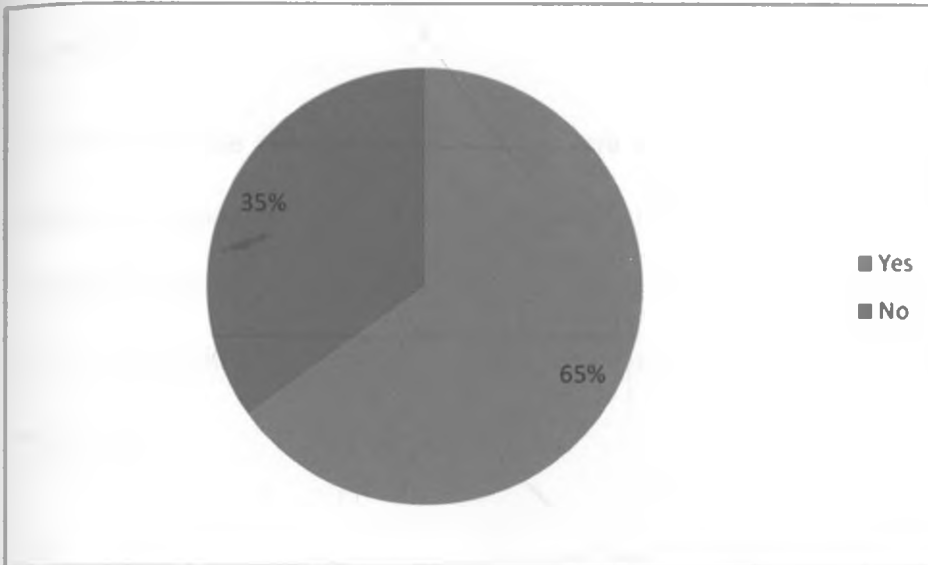
From data available on figure 4.4 and figure 4.4.1 above, it is clear that KenGen's corporate social responsibility activities have been witnessed by the host communities and KenGen's staff who took part in the study. 60% of the respondents from the host community agree that KenGen has been present in their backyard for 4-10 years undertaking its corporate social responsibility.

On the other hand, 50% of KenGen's staff who took part in the study was of the opinion that their company has been involved in CSR for a period of 6 years. While 20% of the respondents drawn from KenGen's staff said that the company has been involved in CSR for a period of 10 years. Looking at this findings critically, we established that both respondents from KenGen's members of staff and the host community are convinced that KenGen has been involved in this activities for a period between 4-10 years. Therefore the end result is the two sets of respondents i.e. KenGen staff and the host community accept as true that KenGen has been involved in corporate social responsibility for a period between 4-10 years.

4.4 Effects of KenGen's corporate social responsibility to host community

One of the objectives of the study is to find out the effectiveness of KenGen's corporate social responsibility in enhancing the lives of the host communities. We sought the respondents' opinion on whether KenGen's corporate social responsibility had any effects on the local community. 65 % said Yes while the remaining 35 % said No. This is demonstrated in Figure 4.5 below.

Figure 4.5 showing effects of KenGen's CSR to the host community



Source: Field survey 2012

We further asked them to give reasons behind their responses of yes or no. Those who were in agreement said that through the company's corporate social responsibility, the residents were able to get clean drinking water for their domestic use and livestock, their children were able to access education through KenGen's sponsored schools and scholarships programmes. They further noted that KenGen organizes medical camps from time to time to enable the community access healthcare service alongside allowing them to use KenGen's staff clinics at subsidized rates. They further said that KenGen offers them transport to the markets on specific days to shop and sell their wares at no cost. This to them has really uplifted their living standards and subsequently has helped the community to prosper.

The provision of healthcare services has significantly reduced child mortality and improved the quality of life for the local community. The watering points for their animals have solved the

perennial water problem and associated conflicts that were associated with scarcity water resources.

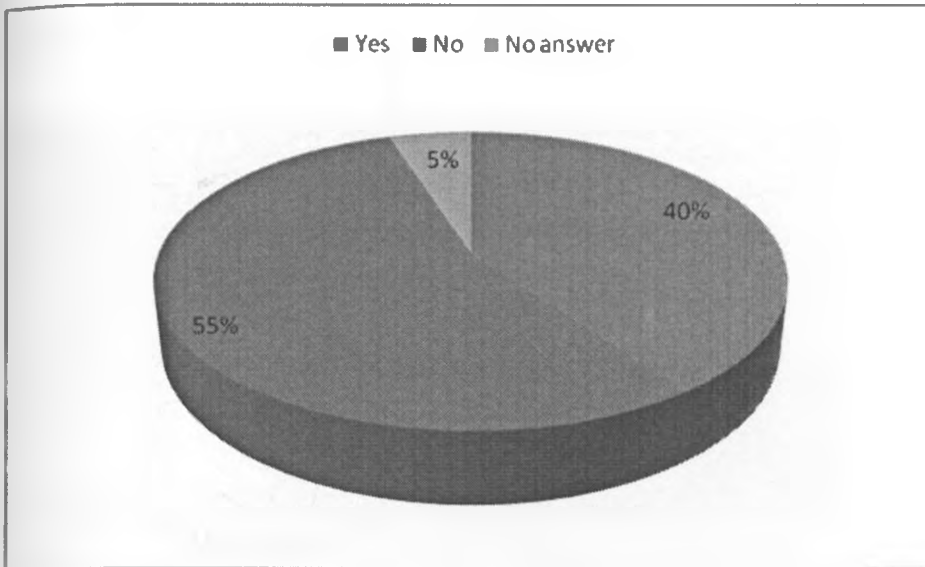
On the other side the 35% who said no were of the opinion that there is no real effect of KenGen's corporate social responsibility activities. They further noted that KenGen was undertaking this for publicity purposes and had no interest of the community at heart. Adding that these activities were of insignificant magnitude compared to what KenGen gets from their environment.

4.5 Does KenGen consult the host community in matters of Corporate Social Responsibility

The objective of this question was to find out if KenGen engages the host community when formulating its corporate social responsibility plans. This question is important because stakeholder involvement is key to success of any project. Stakeholder's theory begins with the assumption that values are necessarily and explicitly a part of doing business. Managers are required to articulate the shared sense of the value they create, and what brings its core stakeholders together. They have to be clear about how they want to do business, specifically what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose (Freeman 1994:4). Freeman (1984:4)

The respondents were asked whether as host community are invited for consultations in matters relating to corporate social responsibility, 40 percent said Yes 55 percent said No while the remaining 5 percent did not respond to this question. The figure 4.6 below shows the findings.

Figure 4.6 shows responses on whether the host community is consulted on matters of CSR

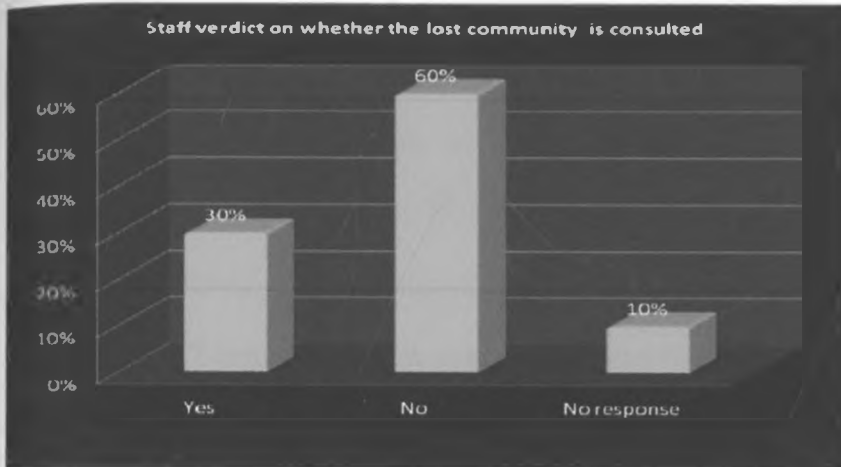


Source: Field survey 2012

This implies that KenGen does not consult with residents before involving in corporate social responsibility. We went further and asked the respondents the reason for their answers; those who said no were of the opinion that KenGen decides what it wants to do for the society based on its assessment. Some said it may not be practically possible to reach all community members to get their views on their expectations on corporate social responsibility. While those who said yes were of the opinion that KenGen may not be able to reach everyone to get their views on what it has to do for the community but rather it engage with the community leaders. However the company needs to put mechanism in place to get views on the societal expectations in regards to its corporate social responsibility.

We further asked KenGen employees if the company consults the host community before initiating and subsequently implementing its corporate social responsibility initiatives. 30 percent

of the respondents said they do consult the host community while 60 percent said they do not consult the host community while 10 percent did not respond to this question. This is demonstrated in figure 4.6.1 below showing responses from staff when asked if they consult the host community

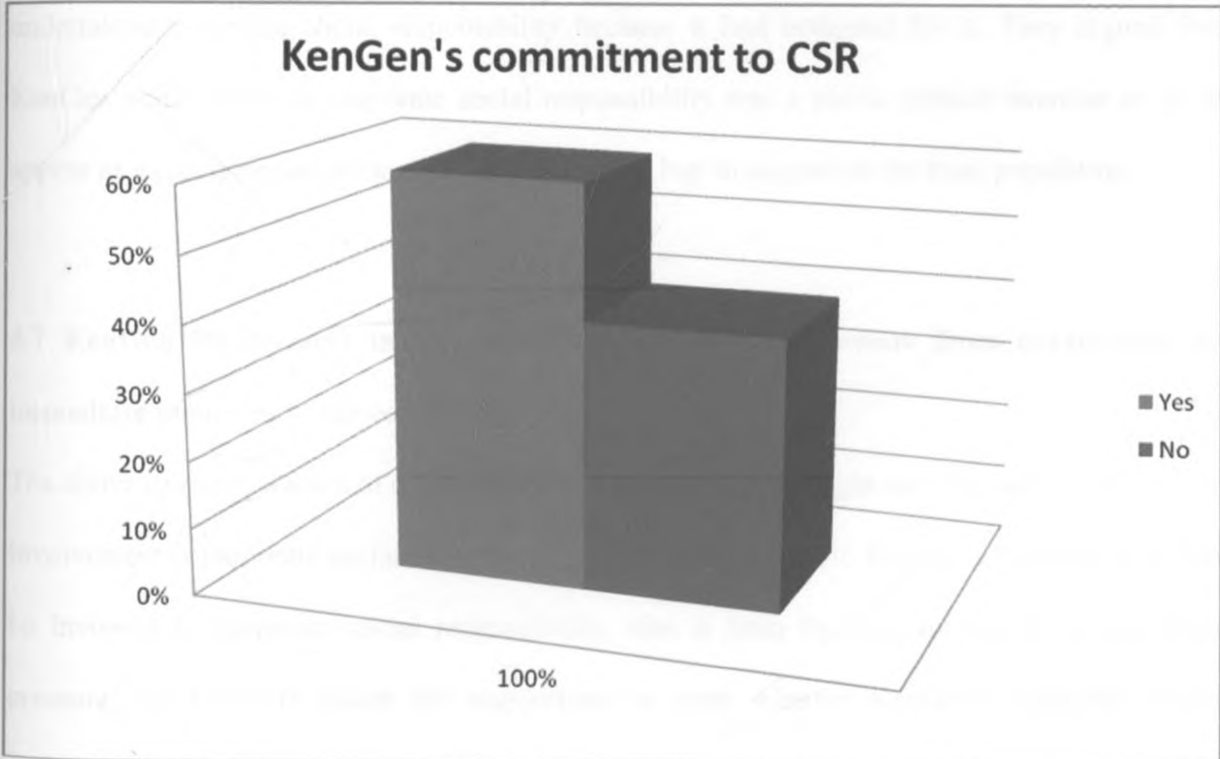


Source: Field survey 2012

From the demonstration in figures 4.6 and 4.6.1 above, it is evident that KenGen does not consult the host community in matters of corporate social responsibility. It is therefore prudent that the company considers consulting the host community on this matter. Through consultation the company will be in a position to get feedback on its current programmes while at the same time will be able to get valuable input that will improve its programme. This will definitely make the company to put its resources in the programme that will benefit the society more. Through these consultations, the company will be in a position to gain support and appreciation from the local community.

4.6 KenGen's commitment to CSR

As part of the study we were interested in establishing if KenGen is committed to its CSR activities. The company's commitment to this cause would go a long way in enabling it attain its corporate social responsibility objectives. One of the objectives of the study is to assess the effectiveness of KenGen's CSR initiatives in meeting the social services of the host communities. For this to be attained the KenGen needs to be committed to its CSR plans and initiatives. We therefore asked the respondents whether KenGen is totally committed to corporate social responsibilities, 60 percent said that the company is committed to corporate social responsibility while the remaining 40 percent said that the company is not committed to CSR. Figure 4.7 below show how respondents rated KenGen commitment to CSR



Source: Field survey 2012

From figure 4.7 above it is clear that the local community has faith in KenGen's corporate social responsibility activities and initiatives. We went further and asked the respondents to state why they thought the company was committed to CSR. They stated that over the years the company has been using its resources in helping the community meet its social needs. This according to them is actual commitment. They argued that it is only logical to see that the company is committed to helping the local communities, all the services they provide, be it watering points for people and animals, transport to the market which is reliable and consistent. The company has allowed the locals to access its health facilities throughout the years, these according to them is commitment.

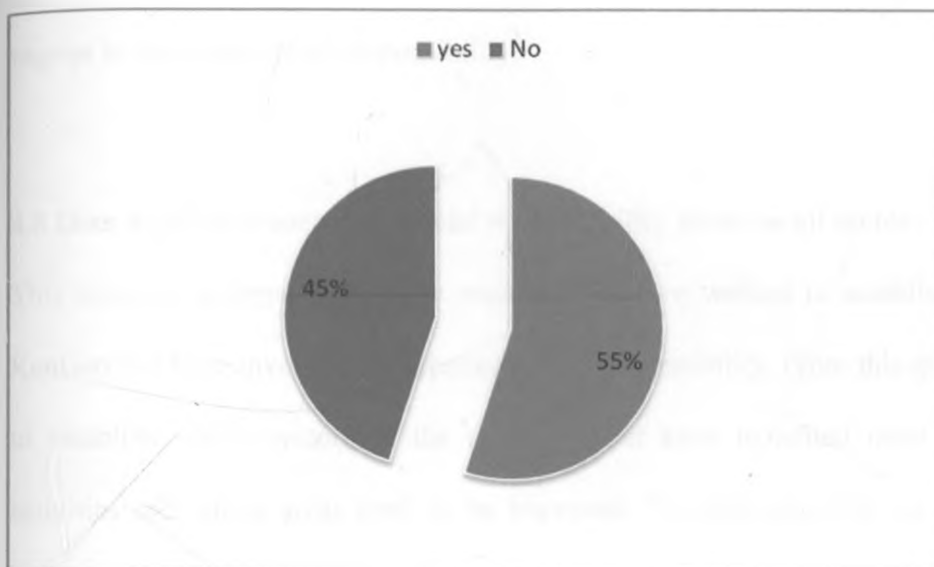
On the other hand those with contrary opinion said KenGen was not committed but was undertaking corporate social responsibility because it had budgeted for it. They argued that KenGen involvement in corporate social responsibility was a public relation exercise so as to appear as a caring organization and subsequently to buy in support of the local population.

4.7 KenGen involvement in CSR comes as a result of pressure from government or immediate members of the community

The above question wanted to establish what the respondents thought was the cause of KenGen's involvement is corporate social responsibility. The study wanted to find out what made KenGen be involved in corporate social responsibility, was it from its own volition or it was from pressure, we therefore asked the respondents to state whether KenGen's corporate social responsibility came as a result of pressure from government or the community where it operates. 55 percent of the respondents stated that CSR come up as a result of pressure from government

or immediate members of the community. While 45 percent were of the contrary opinion. Figure 4.8 below show how respondents answered the question of whether KenGen's involvement in CSR is a result of pressure from the government or immediate members of the community

Figure 4.8 Result of pressure from the government or immediate members of the community



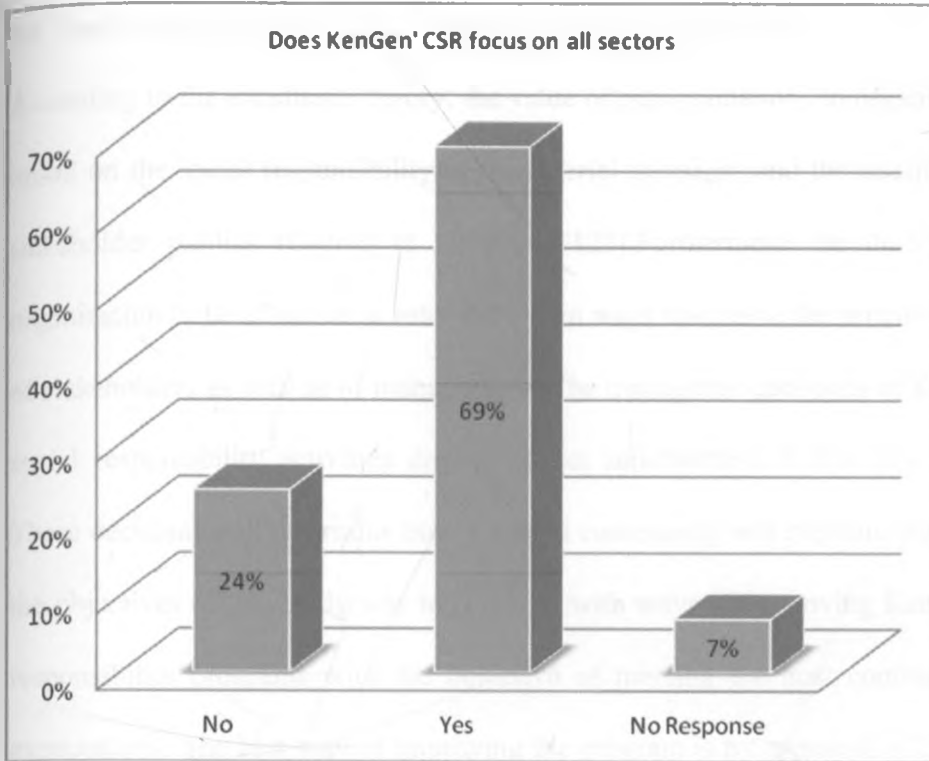
Source: Field survey 2012

Based on the findings in figure 4.8 above, we asked the respondents to state why they thought this was as a result of government pressure or immediate community, the respondents argued that KenGen being a state corporation has been tasked by the government to allocate part of its profits towards corporate social responsibility. This together with societal expectations pushed the company to take part in CSR. They further stated that KenGen knows that the society expects it to plough back part of its profit towards social challenges experienced by the host communities. Whereas those who said no were of the opinion that KenGen is a responsible corporate citizen committed to uplifting the lives of the local population where it operates, they

argued that even if there is a government directive to that effect, KenGen is not undertaking corporate social responsibility as a matter of compliance but as a way of doing responsible business. They further noted that KenGen has a moral obligation to assist the communities where it operates by engaging in corporate social responsibility initiatives. The respondents noted that this moral obligation drives it to be interested in the host community welfare and subsequently engage in corporate social responsibility.

4.8 Does KenGen's corporate social responsibility focus on all sectors of the economy

This question is important to the study because we wanted to establish the extent to which KenGen has been involved in corporate social responsibility. From this question we may be able to establish which sectors of the economy that have benefited most from KenGen's CSR activities and which areas need to be improved. To determine this we asked the respondents whether KenGen targets all sectors of the economy, 69 percent said No, 24 percent said Yes while the remaining 7 percent did not respond to this question. This is demonstrated in figure 4.9 below



Source: Field survey 2012

This implies that KenGen does not focus on all sectors of the economy. This may be attributable to the limited resources that the company has to invest in CSR. When the company focuses on fewer projects, it will be able to achieve more in terms of its impact on the community. This is opposed to spreading the limited resources across all sectors of the economy. The respondents stated that the company's CSR was mainly focused on education, water, transport services and healthcare with most people having benefited from water, transport services and education. However there were 7% of the respondents who did not answer this question. This may be because they didn't understand the question or they didn't understand the relevance of the question to the study.

4.9 Performance of KenGen's Corporate Social Responsibility

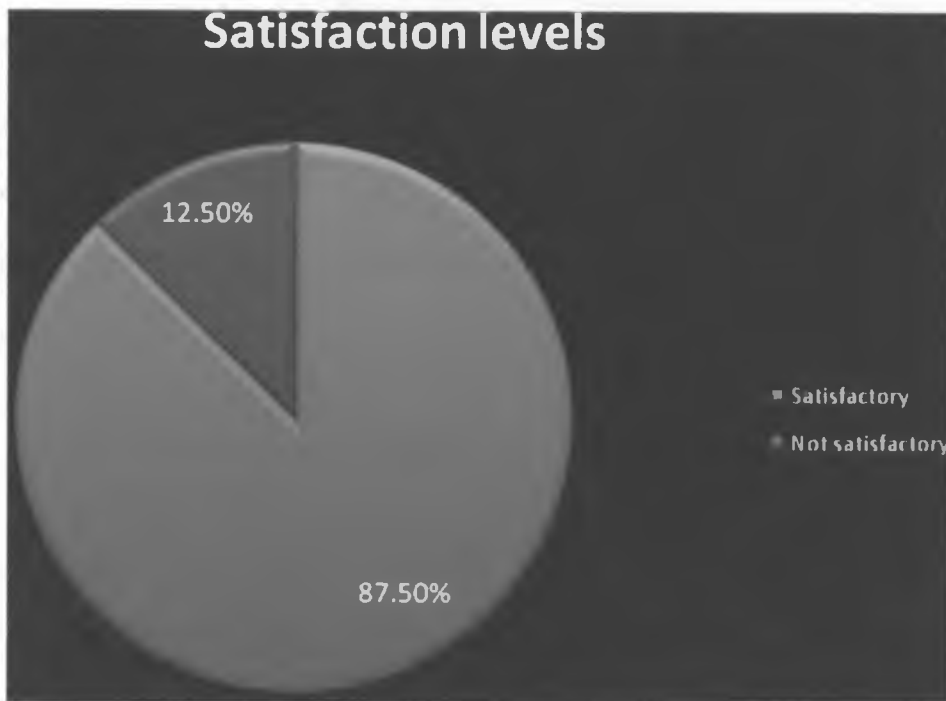
According to the excellence theory, the value of public relations to organizations and society are based on the social responsibility of managerial decisions and the quality of relationships with stakeholder publics (Grunig et al, 2000: 125). Furthermore the theory explain that for an organization to be effective, it must behave in ways that solve the problems and satisfy the goals of stakeholders as well as of management. The managerial decisions of KenGen on its corporate social responsibility activities directly affect stakeholders in this case the local community. These decisions will determine how the local community will evaluate their performance. One of the objectives of this study was to come up with ways of improving KenGen's corporate social responsibility programs with the objective of meeting the host communities' social services expectations. The best way of improving the program is by appraisal of the current programmes by the beneficiaries. Therefore the respondents were asked to assess the KenGen's CSR performance on activities. The table 4.10 below shows the respondents assessment of KenGen's CSR's initiatives

RESPONSE	NUMBER	PERCENTAGE
Very satisfactory	22	18.33
fairly satisfactory	35	29.17
Satisfactory	48	40.00
not satisfactory	15	12.50
Total	120	100.00

Source: Field survey 2012

From table 4.10 above it is clear that host communities are satisfied with KenGen's corporate social responsibility activities. This can be further presented in the figure 4.11 below showing the summation of very satisfactory, fairly satisfactory and satisfactory which brings the total satisfaction at 85.5% against not satisfactory at 12.5%.

Figure 4.11 Satisfaction levels of residents on KenGen's CSR



Source: Field survey 2012

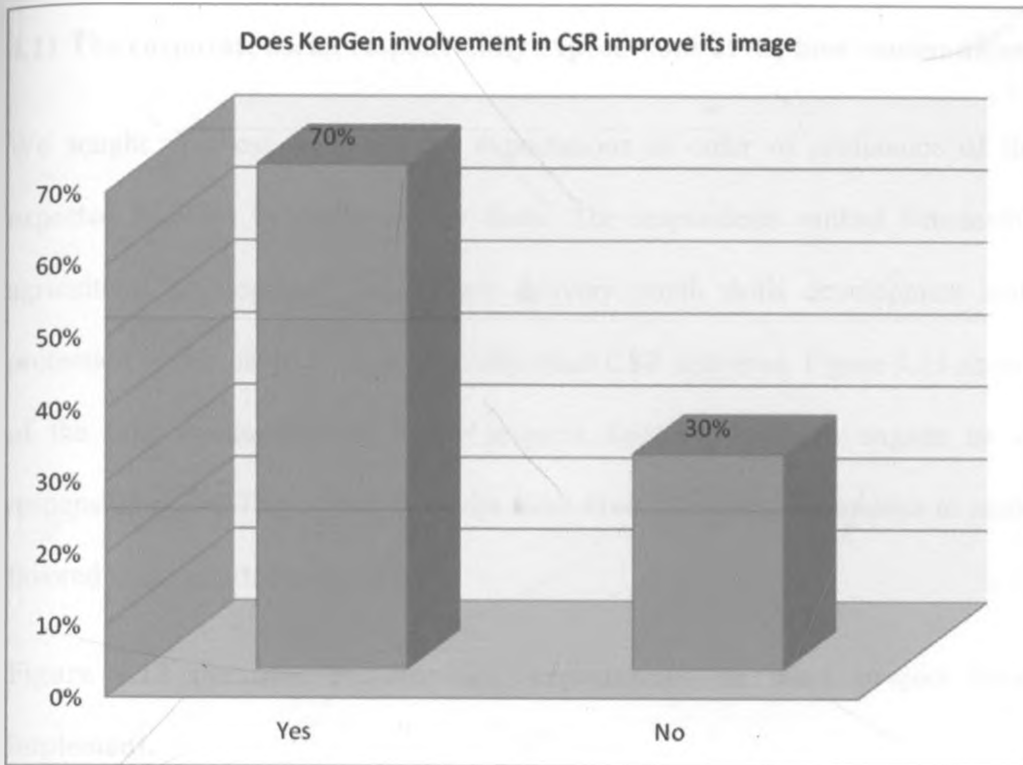
From the findings presented in table 4.10 and figure 4.11 respectively we can conclude that the host communities in Sondu, Olkaria and Seven forks are satisfied with KenGen's corporate

social responsibility activities are they are. However, for purposes of inclusiveness, the company needs to identify the needs of the minority who are not satisfied with the programmes it is currently undertaking. This will ensure that the communities expectations have meet fully. This is important because if their needs are not addressed this number may grow and the company may lose the goodwill it is currently enjoying from the host communities.

4.10 Does Corporate Social Responsibility improve KenGen's Image

As much as corporate social responsibility activities are meant to benefit the local communities, The Company also aims to gain from them. Organizations take part in these activities in order to be seen as caring partners. We wanted to establish if KenGen has benefited from engaging in corporate social responsibility activities, we asked respondents whether the company's involvement in CSR enhanced the company's image among the residence. Figure 4.12 below show respondents views when asked to state if KenGen's image improved by taking part in corporate social responsibility

Figure 4.12 Does KenGen involvement in Corporate Social Responsibility improve its image



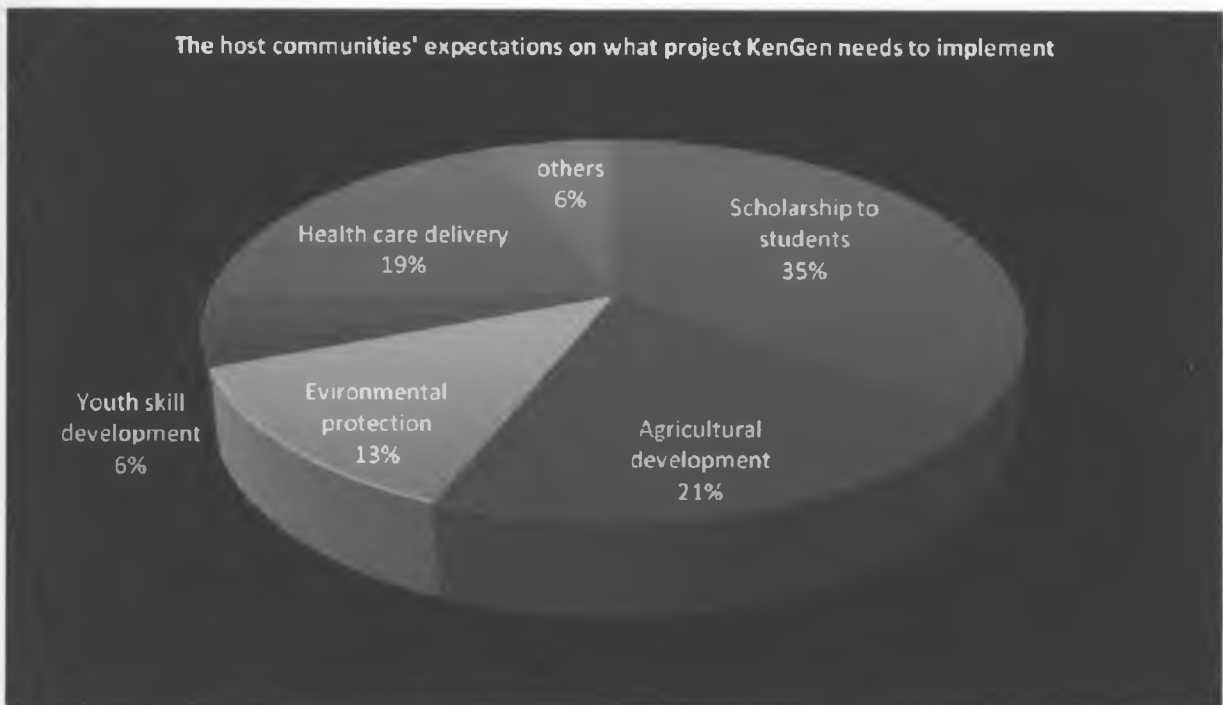
Source: Field survey 2012

A majority 70 percent stated that the company's image improved as a result of CSR, While 30 percent stated that it does not improve its image. The 70% said that the company improved in such areas as brand enhancement, attraction and retention of staff, attraction of potential investors and funding and cordial relationship with the surrounding community. While the 30% were of the opinion that it's involvement in corporate social responsibility activities had no impact on its image.

4.11 The corporate social responsibility expectations of the host communities

We sought the host communities' expectations in order of preference of the projects they expected KenGen to undertake for them. The respondents ranked Scholarships to students, agricultural development, health care delivery youth skills development and environmental protection in this order as their most important CSR activities. Figure 4.13 shows the preference of the host community on which projects KenGen needs to engage its corporate social responsibility on. This shows from the most favored being scholarships to students to the least favored being youth development

Figure 4.13 the host communities' expectations on what project KenGen needs to implement.



Source: Field survey 2012

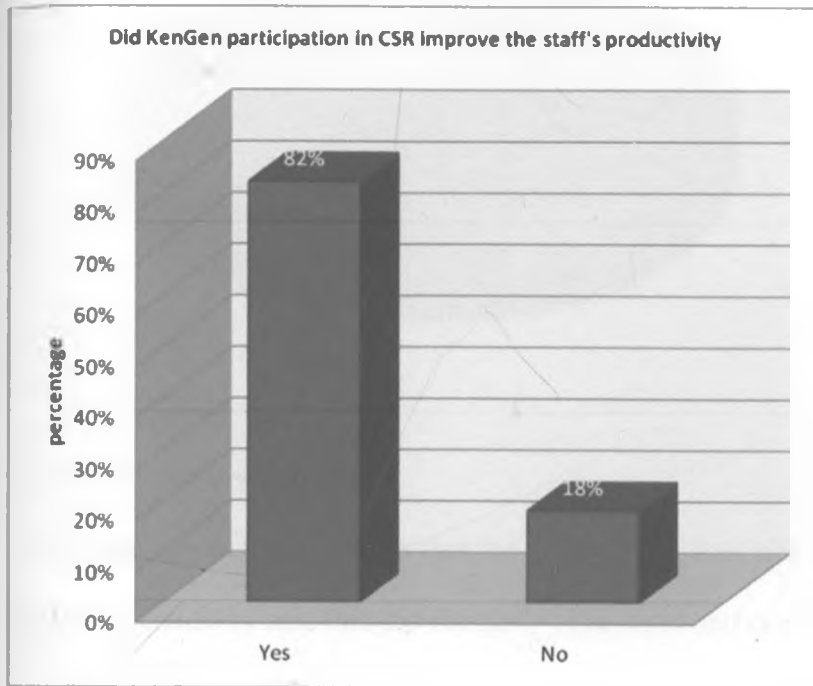
This information is therefore vital to KenGen's corporate communication department for purposes of planning for future corporate social responsibility activities. These findings will give them an indication of where to focus most of its CSR resources and budget and subsequently get value for money.

4.12 Does KenGen's CSR improve organization's productivity?

One of the important aspects of corporate social responsibility is increased productivity of the organization. An organization that is involved in social responsibility increases its productivity and profit margins because there is less industrial disruptions, costly litigations and staff turnover. Kaliski (2001:34) further notes that a second way that businesses can use ethical decision making to strengthen their businesses is by making decisions that affect its health as seen by those stakeholders that are outside of the business environment. Customers and Suppliers are two examples of such stakeholders.

We asked the staff to state if corporate social responsibility improved the productivity of the organization, 82 percent were of the opinion that this indeed improved their productivity stating that they enjoyed working for an organization that was socially responsible. When they see the company put the profits they have worked so hard out there to help the less fortunate they feel proud of themselves arguing that their effort is going towards a worthy cause. However 18 percent were of the opinion that this does not affect their productivity at such. They said their productivity will be improved by other motivational aspects such as pay rise and promotions.

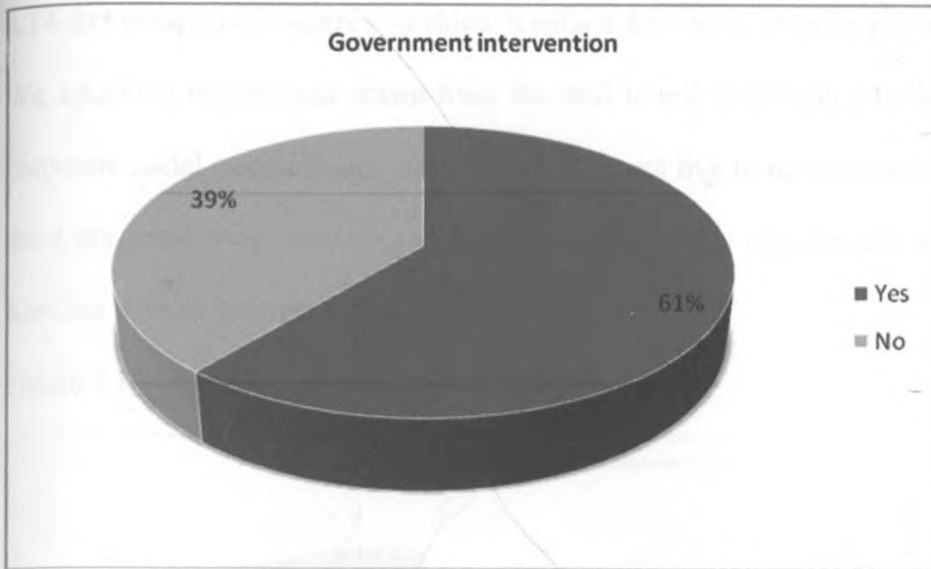
Figure 4.14 answers the question whether KenGen's participation in CSR improved their productivity.



Source: Field survey 2012

4.13 Does the government intervene in KenGen Corporate Social Responsibility?

We asked the staff of KenGen to state if the government intervenes in its corporate social responsibility. We were seeking to establish if the company is proactive in its corporate social activities initiatives or there is the government's hand in it. We therefore asked if the government intervenes in its CSR activities, 61 percent of the respondents were of the opinion that the government does not intervene while 39 percent of the respondents were of the opinion that it does. As demonstrated in Figure 4.15 below



Source: Field survey 2012

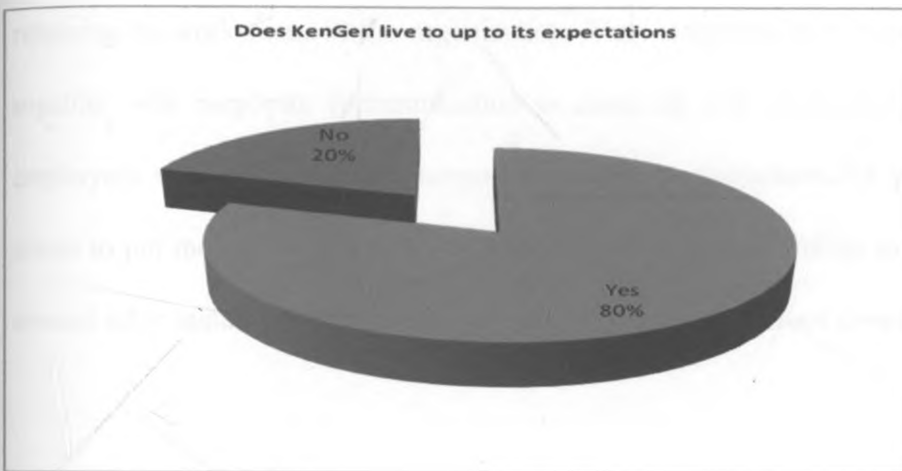
Those who were of the opinion that the government does not intervene in KenGen's corporate social responsibility said that the company believes in self regulation because it has a conviction that that is the right thing to do. They further argue that KenGen knows that it needs the local community because all its installations are in their locality. This according to them is cardinal as compared to waiting for the government to crack the whip before they act.

On the other hand those who think the government intervenes, points to a directive to all State Corporation asking them to set aside at least 1 percent of its net profit for purposes of corporate social responsibility. They argue that the resources being put now are as a result of that directive. They are also convinced that the state influences on the type of project the company may engage in saying that depending with the government's agenda for the areas the company is directed to assist in a particular area.

4.14 Are there areas where you think KenGen does not live to its expectations

We asked the respondents drawn from the staff to tell if according to them there is an area of corporate social responsibility that KenGen does not live to its expectation. 80 percent said yes there are some areas where KenGen does not live to its expectations while a 20 percent said KenGen lives to its expectations.

Figure 4.16 demonstrates these divergent views

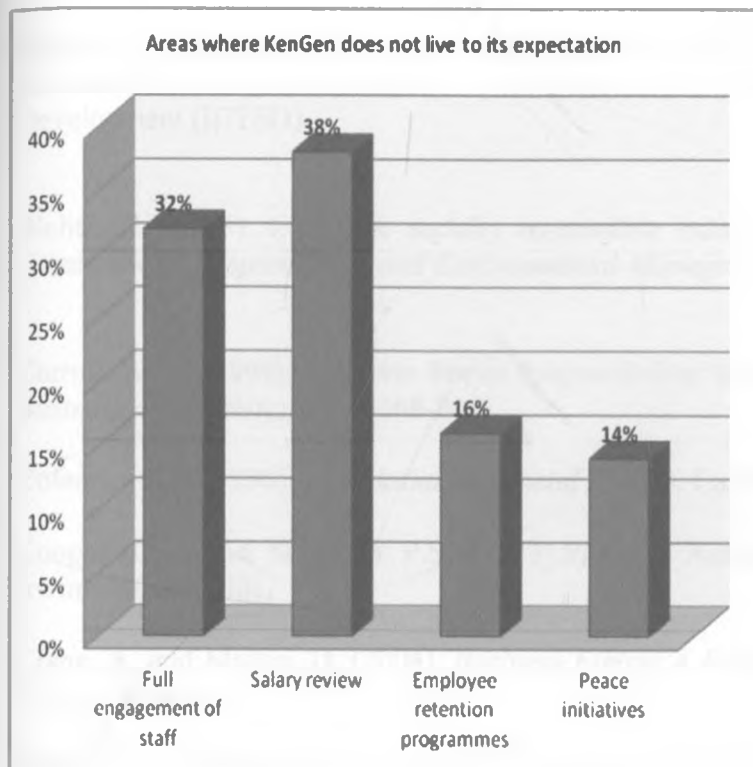


Source: Field survey 2012

It was important to ask this question so as to establish the gaps that maybe in the corporate social responsibility activities of KenGen. We went ahead and asked them the reasons for their responses. Those who said yes were contented with what KenGen is doing at the moment in its corporate social responsibility activities while on the other hand those who said no were of the opinion that KenGen needed to do more. They argued that the company needs also to put its staff as beneficiaries of some of the corporate social responsibility activities as important stakeholders. The staff talked about internal corporate social responsibility arguing that an organization needs to start from within before it going out to deal with the public.

38 percent of the respondents said the company needs to use part of its profits to review their salary insisting that employees are a very important constituency that needs to be taken care of while 32 percent said there is need for even further engagement of staff on matters of corporate social responsibility this engagement would seek their views on the activities and engage them as volunteers and experts in some issues of their competencies. On the other hand 16 percent were of the opinion that the company needs to start a corporate social responsibility with the aim of retaining its work force in the organization. They suggested that human resource should work together with corporate communication to come up with programmes that will motivate the employees to be with KenGen longer during their employment. 16 percent said the company needs to put more efforts in terms of corporate social responsibility to the warring communities around other installations of the company where the study did not cover.

The figure 4.17 below shows some of recommendations that were made by staff on issues KenGen needs to take up as its corporate social responsibility.



Source: Field survey 2012

4.15 conclusions

This chapter discussed the findings of the data analyzed from 120 questionnaires completed by the respondents. The objective of the study was to assess the effectiveness of KenGen's CSR initiatives in bridging the gap in enhancement of social services among the host communities. The results after analysis generated frequency tables, graphic presentations, inferential statistics, % distribution table and cross tabulation tables. The data collected was analyzed using both descriptive and inferential statistics with results further discussed in chapter 5.

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CHAPTER 5: Summary, Recommendations and Conclusions

5.1.	Introduction.....	89
5.2.	Recommendations.....	96
5.3.	Conclusions.....	99
5.4.	References	101

5.1 Introduction

This chapter summarizes the findings of the research proposal and results presented in chapter four of the study as obtained from the field, as well as the conclusions that can be derived from the gathered and collected data. The chapter offers recommendations for actions towards policy changes as well as further studies to be conducted in this area of corporate social responsibility

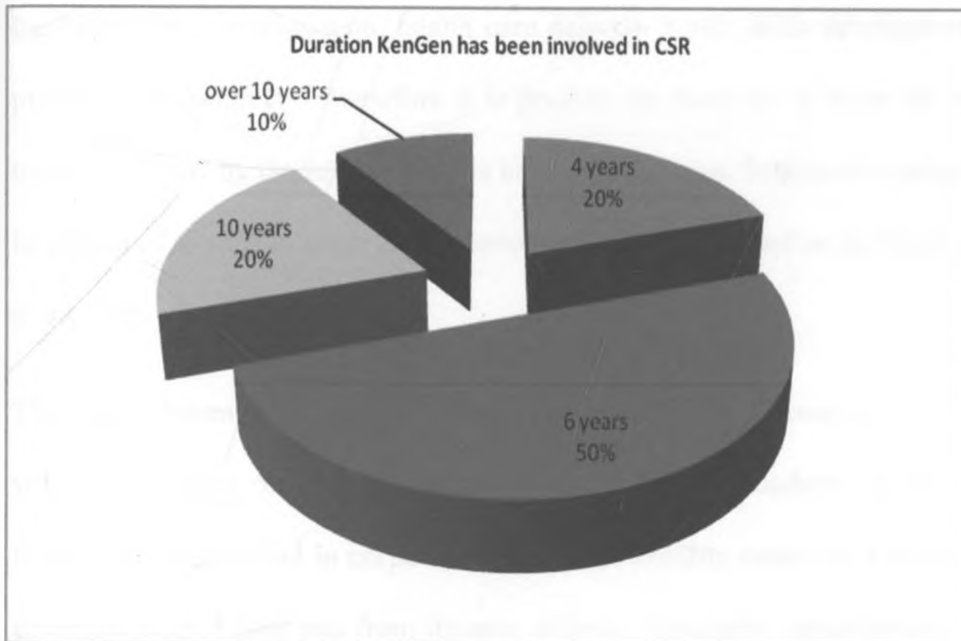
KenGen has been involved in corporate social responsibilities in Olkaria, Sondu and Seven forks for a period of 4-10 years. This is demonstrated when the respondents are asked to state the time frame within which KenGen has been involved in corporate social responsibilities within their residence. This is clearly demonstrated by table 5.1; a majority of respondents under study (60 percent) stated that the company has been involved in such activities for a period ranging from 4-10 years. This was further reinforced by respondents who are employees of KenGen who stated that the company has been involved in corporate social responsibility for a period of 4 years-10 years with majority(50 percent) settling for 6 years as demonstrated in figure 5.1.1 below. This is contrasted to 15 percent and 10 percent of the respondents from host community and staff respectively stated that the company had been carrying out corporate social responsibilities in the area for over 10 years. The amount of time a corporate organization spends in a given area determines the impacts of its CSR activities on the host community. Though 4-10 years that KenGen has been involved in the areas under study is sufficient to result in the impact of such activities being felt by the intended beneficiaries in this case the host communities, a longer period of time could have resulted in a greater impact.

Table 5.0: Time frame within which KenGen has been involved in CSR

PERIOD IN YEARS	FREQUENCY	%. (PERCENTAGE)
0-4	24	20
4-10	72	60
Over 10	18	15
Others	6	5
TOTAL	120	

Source: Field survey 2012

Table 5.1.1 duration KenGen has been involved in CSR (KenGen staff)



Source: Field survey 2012

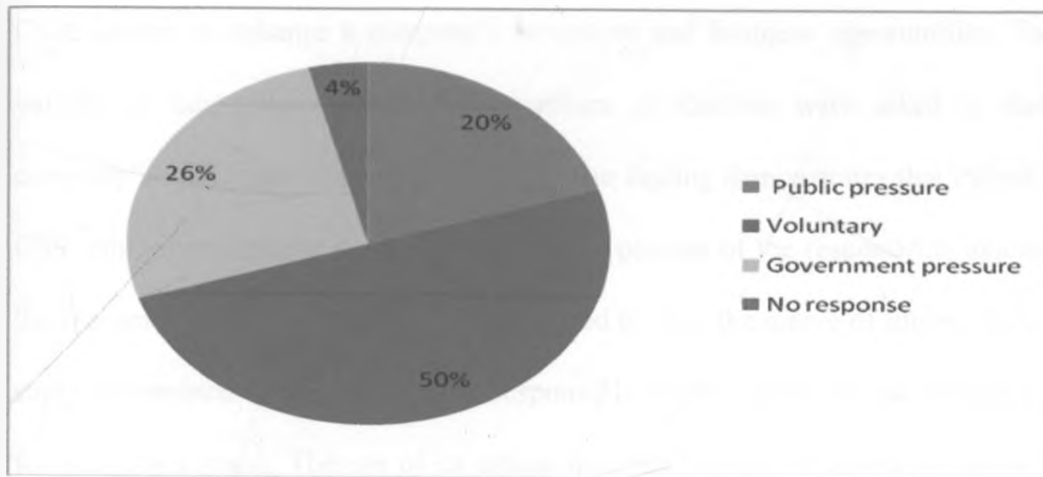
KenGen involvement in corporate social responsibilities has an impact on the residence of Sondu, Seven forks and Olkaria. The respondents were asked whether KenGen involvement in corporate social responsibilities had any positive impact on the local community, 65 percent

agreed that indeed, the company's involvement in corporate social responsibilities had an impact on their living standards. On the other side 35 percent had a contrary opinion; they were of the view that KenGen's involvement in CSR has not brought any positive effects. Through KenGen's corporate social responsibilities, there has been provision of water, health care facilities, housing, educational bursaries and sponsorship of bright and needed students, electrification, environmental protection and agricultural development. Most people have benefited from educational bursaries and water facilities. The people of the areas under study however ranked Scholarships to students as the most important of all CSR activities, followed by Agricultural development, health care delivery youth skills development and environmental protection respectively. Therefore it is prudent for KenGen to focus its energies on areas that have been rated by the respondents as important to them. Scholarship programs should therefore be enhanced to rope in more beneficiaries because this is rated as the most important social need at the time.

The study determined that the company's involvement in corporate social responsibilities is voluntary. Figure 5.1 below show responses from respondents to the question of whether KenGen's involvement in corporate social responsibility comes as a result of pressure from the government or it does this from its own volition. Generally, organizations obtain raw materials, labour and generate revenues from the environment in which it operates. For instance, KenGen uses natural resources from it have to generate electricity. In Sondu and Seven forks KenGen uses water to generate power while in Olkaria it uses geothermal power. They thus feel the need to give back to the environment through corporate social responsibility. These findings resonates with analysis done by McIntosh et al (2004), who observes that Corporate Social Responsibility (CSR) is a concept whereby companies decide voluntarily to contribute to a better society and a

cleaner environment, by integrating social and environmental concerns in their business operations and in their interaction with their stakeholders. Though the government and the public may exert pressure to compel organizations to take part in corporate social responsibilities, it is upon the organization in question to decide to undertake corporate social responsibilities. However, corporate social responsibility in areas such as environmental protection is a requirement by the government.

Figure 5.1: Whether involvement in CSR is voluntary or due to pressure from government



Source: Field survey 2012

Furthermore, the above is backed up by theory to explain that social responsibility should be voluntary; it is about going above and beyond what is called for by the law (legal responsibility). It involves an idea that it is better to be proactive towards a problem rather than being reactive to a problem. Social responsibility means eliminating corrupt, irresponsible or unethical behavior that might bring harm to the community, its people, or the environment before the behavior

happens. This theory states that corporate social responsibility is instrumental in creating understanding between the organization and its publics giving guidance on the underlying reason why corporate social activities are important aspect in KenGen's areas of operations.

In today's society a business must maintain ethical principles in order to be successful (Kaliski, 2001:54). Like KenGen can emulate the use of ethical decision making to strengthen its business operations.

CSR, known to enhance a company's reputation and business opportunities. To determine the validity of this statement the staff members of KenGen were asked to state whether the company's CSR improves its productivity. The finding demonstrates that indeed the company's CSR initiatives improve its productivity as 60 percent of the respondents asserted so. Some of the reasons cited by the employees when asked to state the nature of impact were as follows; the study determined that being socially responsible creates goodwill and creates a positive image for KenGen's brand. The use of its ethical decision making increased productivity. This can be done through programmes that employees feel directly enhance their benefits given by the corporation, like better health care or a better pension program. Furthermore being socially responsible created a sense of trust and as a result it enhances a good reputation which according to them is the most valuable assets for KenGen. In fact, without these, a company wouldn't even have a business. KenGen has natured this assets by being socially responsible.

It is however crucial that the company devise the right corporate socially responsible program for

the host community. When used properly, it will open up a myriad of new relationships and opportunities. Not only does the company's business grow, but also will the company's culture and subsequently its image will be enhanced immensely. It will become a culture which the company, its staff and the wider community genuinely believe in. This culture can turn around the fortunes of the company making it a model organization in the region where its employees and other stakeholders are proud to be associated with. Corporate socially responsibility increased employee commitment, performance and job satisfaction.

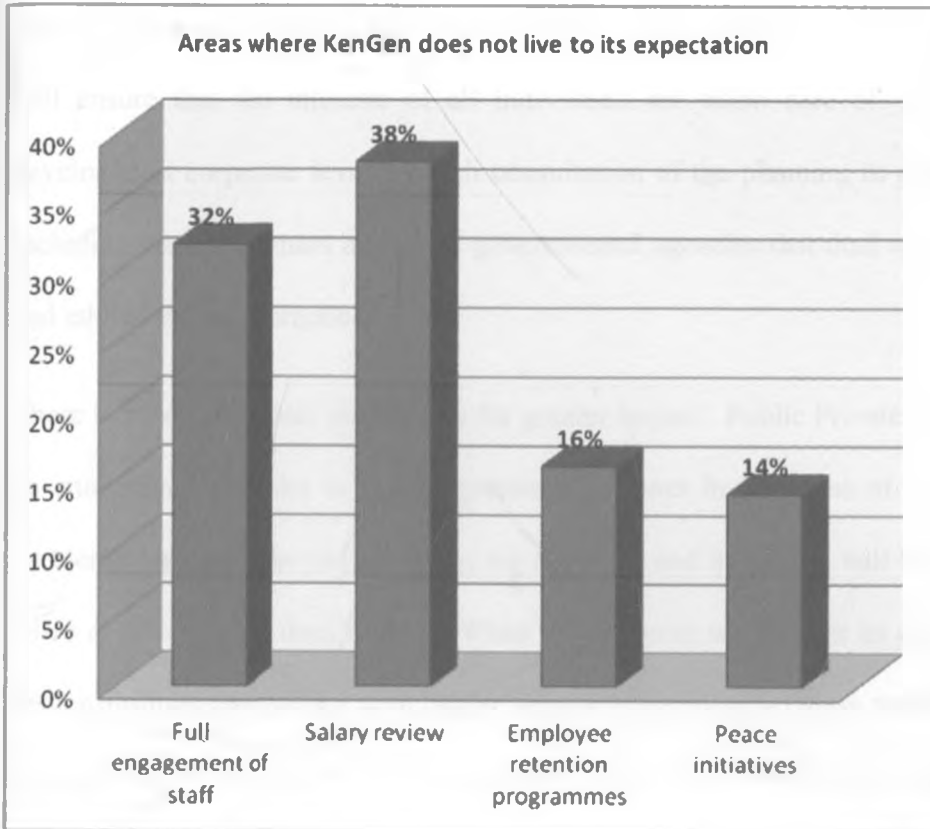
Generally, all human beings want to do 'good' (and perhaps be recognized for it). Their lives become meaningful when they realize their work has made a positive difference in some way. It makes all their striving worth it. In fact, a 2003 Stanford University study found MBA graduates would sacrifice an average \$US13700 cut in their salary to work for a socially responsible company. By attracting, retaining and engaging staff, 'doing good' for others reduces the company's recruitment costs and improves work productivity and enhances the image of the company.

Customers are attracted to socially responsible companies. Branding the company as 'socially responsible' differentiates it from its competitors. Developing innovative products that are environmentally or socially responsible adds value and gives people a reason to buy from the company

Corporate Social Responsibility attracts investors. Investors and financiers are attracted to companies who are socially responsible. These decision-makers know this reflects good

management and a positive reputation. In fact, it may be the deciding factor in choosing to support a company or not. Being socially responsive helps a company to be viewed in a positive light.

Corporate Social Responsibility encourages professional (and personal) growth. The company's staff can develop their leadership and project management skills through a well-designed corporate social responsibility program. These program will enable the employees to exercise other skills that they don't use on their day to day activities such as conflict resolution skills, group dynamics inter rational relations among other positive aspect that may touch an employee heart and make them better people. This may be as simple as team building exercises, encouraging the employees to form relationships with people they would not normally meet. As pointed out by the staff in **figure 5. 2 Below employees really value recognition.**



Source: Field survey 2012

From figure 5.1 above it is clear that if employees needs are addressed the company and subsequently the employees' morale and subsequently their productivity will be enhanced

5.2 Recommendations

The study recommends development of age-appropriate curricula to engage all organizations' at all levels in corporate social Responsibility. This will ensure that all age brackets are taken care of when corporate are undertaking their corporate social responsibility planning and implementation. The age appropriate curricula approach will ensure that when corporate are

engaging in any corporate social responsibility it takes care of all the age groups. This approach will ensure that the interests of all individuals are taken care of. This curricula should be developed at corporate level through consultation of the planning in public and private sectors including the government and other governmental agencies that deal with enforcement of social and ethical business practices.

There is need for greater partnership for greater impact. Public Private Partnership (PPP) should be encouraged in order to realize greater milestones in the areas of CSR. When like minded partners come together the impact of the activities and initiatives will be greater as compared to when each corporate does it alone. When this happens we will see an expanded corporate social responsibilities programme with bigger impact in the society. These partnerships will ensure that organization at any level of the corporate ladder will strive to be part of corporate social responsibility. Public private partnership should be encouraged even if there is no disaster but should be natured to provide long term solution to societal problems that the government is unable to deal with. Through these we will witness a society that has lesser social inadequacies. Moreover this will lead to resource optimization thereby avoiding repetitions of projects by different organizations.

KenGen should engage in fewer projects at a given period of time, from the study it was established that KenGen was engaged in more than three activities in its CSR initiatives, although it is good to spread to almost all sector of the economy the impact will not be the same if this resources were used on much fewer projects within this area. The fewer the projects that KenGen is involved in the better the result and consequently the greater the impact. Through proper

planning, KenGen is able to come up with long term solutions to tackle social problems affecting the community. The company needs focus on the very pressing need at a time in order to achieve greater impact.

More consultations and engagement should be encouraged between the community and the company throughout the formulation, planning and implementation of the CSR plan. This will result in programs and projects that are beneficial to the community and the company. . This consultation will enable the company to identify real issues afflicting the society that needs to be taken care of by corporate social responsibility. This way the company will spend its budgeted resources on much needed project with greater impact. This consultation should start from within the company taking care of its staff views on the best way to carry out these programmes. A two way symmetric communication model should be adopted where high level participation is encouraged. Although this may take longer but the end product may be worth the time spent

The government and the private sectors should come together and develop a CSR master plan with key deliverable for corporate organizations to plough back part of their profits to society. These initiatives should be coordinated so as all sectors of the economy can benefit. This master plan should be nurtured in business ethics that organizations should observe as they do their business. This should move slowly with further consultation into a legislation requiring all corporate organizations to practice responsible business and furthermore take part in corporate social responsibility

5.3 Conclusions

From these findings, it can be concluded that KenGen's corporate responsibility has played a positive role to the residence of Olkaria, Seven Forks and Sondu by enabling them to access education through scholarships and KenGen supported schools, water facilities, health facilities, agricultural development and transport services. These corporate social responsibility activities have demonstrated impact on the lives of communities that live around KenGen installations in the areas that the study was conducted. From those findings, KenGen has been instrumental in bridging the gap that was in there before these interventions were initiated.

From the research, KenGen was able to support the communities living around it by being socially responsible. This in itself has been able to make the communities to view the company in a different light; the study showed that the community members viewed it as a partner who is able to assist in assisting the community in the time of need. Through these initiatives the company has been able to touch the lives of many, through scholarships and subsidized education in their schools, KenGen has given children a future. Without it these children would not have seen a class room.

Through these partnerships KenGen has been able to provide clean and reliable drinking water to the residents and their livestock. Without these watering points the residents were exposed to hazards such as crocodiles and other water born diseases. This reliable watering points for their animals has eliminated the conflict that existed when pastoralists communities were fighting over the control of watering points for their livestock.

All this services that KenGen has provided to the host community is the responsibility of the government. However because of the inability of the government to reach all its constituents and provide them with services, KenGen being a responsible citizen moved in to bridge the gap by providing these services.

Although it has not meet all the expectations of the host community in the provision of this services, the community has a sense of appreciation to the fact that this measures have indeed had an impact in their lives and this impact is indeed positive in nature. Therefore the role of KenGen in provision of social services as part of its corporate social responsibility has had a positive impact in the host community

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APPENDIX 1

HOST COMMUNITY QUESTIONNAIRE

I am student at the University Of Nairobi, School Of Journalism. I am pursuing Masters of Arts in Communication Studies. As part of the coursework to fulfill my degree requirements, I am required to undertake a research for my thesis on the Role of KenGen's CSR activities in enhancing social services amongst the host communities: I am therefore kindly requesting you to answer the following questions to form part of the data for the research project. The information that is going to be given will be treated with the utmost confidence.

Please tick in the box provided and fill your answers in the place provided.

Personal data of the correspondence

1. What is your gender, (please tick as appropriate)

Male () Female ()

2. Where do you live: Seven Forks () Olkaria () Sondu ()

3. How long have you lived in the location stated above?

0 – 4 yrs () 4 – 10yrs () 10 and above () others please
specify.....

4. Age:

18 - 30 () 30 - 51 () 50 and above () others please
specify.....

5. Educational Qualification:

Primary ()

Secondary ()

College ()

University ()

6. Occupation.....

7. How long has KenGen been involved in corporate social responsibility?

0 - 4 yrs () 4 - 10yrs () 10 and above () others please specify.....

8. Does KenGen's involvement in social responsibility have any effect on the local community?

Yes () No ()

If Yes state why.....
.....

.....
.....

If No state why.....

.....
.....
.....

9. Are you invited as host community for consultation in matters relating to Corporate Social Responsibility in your area?

Yes () No ()

If yes state why.....

.....
.....
.....

If no state why.....

.....
.....
.....

10. Do you think KenGen is totally committed to corporate social responsibility in improving the lives of the host community?

Yes () No ()

If yes state why.....

.....
.....
.....

If no state why.....

.....
.....
.....

11. Does the corporate social responsibility project come up as a result of pressure from government or immediate members of the community where KenGen operates?

Yes () No ()

If yes state why.....

.....
.....
.....

If no state why.....

.....
.....
.....

12. Does the company's corporate social responsibility programmes focus on all sectors of the economy/social lives?

Yes () No ()

If Yes kindly name the areas.....

.....
.....

If No state why.....

.....
.....

13. In what area of corporate social responsibility activity of the company have you benefited from the most? Please name them.....
.....

14. How can you assess KenGen's corporate social responsibility performance on activities?

Very satisfactory ()

Fairly satisfactory ()

Satisfactory ()

Not satisfactory ()

15. Is KenGen's involvement in corporate social responsibility activities come as a result of public pressure or voluntary?

Public pressure () Voluntary () Government Pressure ()

16. Do the company's social responsibility activities in the local communities enhance the company's image?

Yes () No ()

If yes state why.....
.....
.....

If no state why.....

.....
.....

17. In order of preference, what do you expect the organization to do for your community?

Award of Scholarship to students ()

Agricultural development ()

Environmental protection ()

Youth skill development ()

Health care delivery ()

Name others not mentioned

What in your view is your preferred preference.....

.....

18. Are there any CSR areas where you think the organization does not live up to expectation?

Yes ()

No ()

If yes which one.....

.....

.....

If no why.....

.....

.....

APPENDIX II

INTERVIEW SCHEDULE FOR KENGEN STAFF

I am student at the University Of Nairobi, School Of Journalism. I am pursuing Masters of Arts in Communication Studies. As part of the coursework to fulfill my degree requirements, I am required to undertake a research for my thesis on the Role of KenGen's CSR activities in enhancing social services amongst the host communities: I am therefore kindly requesting you to answer the following questions to form part of the data for the research project. The information that is going to be given will be treated with the utmost confidence.

The information will be treated with utmost confidence and the source will not be revealed.

(Please tick in the box provided and fill your answers in the place provided)

Personal data of the correspondence

1. Gender

Male () Female ()

2. What is your designation in KenGen.....

3. How long have you worked for KenGen?

0 – 5 yrs () 6– 10yrs () 10 and above () others please specify.....

4. Are corporate social responsibility activities incorporated into the KenGen's policy?

Yes () No ()

5. How long has KenGen been involved in corporate social responsibility?

(Please Specify)

6. Is KenGen totally committed to corporate social responsibility?

Yes () No ()

If yes state why.....

.....

.....

If no state why.....

.....

.....

7. Does your corporate social responsibility project come up as a result of pressure from government or immediate environment where your organization operates?

Yes () No ()

8. Does your organization invite members of the host community for consultation in matters relating to Corporate Social Responsibility?

Yes () No ()

9. Does KenGen's involvement in social responsibility have any effect on the local community?

Yes () No ()

If Yes state why.....

.....
.....
.....

If No state why.....

.....
.....
.....

10. Does the organization's involvement in social responsibility have any impact on the company's image? Yes () No ()

If yes what is the nature of the impact?

.....

If no, state why.....
.....

11. Does KenGen's corporate social responsibility improve the organizations productivity?

Yes () No ()

If yes state why.....
.....

If no state why.....
.....

12. Does your company's corporate social responsibility programmes focus on all sectors of the economy?

Yes () No ()

If yes state how.....
.....

If no state why.....
.....

13. Does government intervene in your corporate social responsibility activities?

Yes () No ()

If yes state how.....

.....

If no state why.....

.....

14. Are there areas of CSR where you think the KenGen does not live up to expectation?

Yes () No ()

If Yes state what and why.....

.....
.....
.....

If you no state why.....

.....
.....
.....

-END-

THANKS FOR YOUR COOPERATION