CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN KENYA AIRWAYS

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DECLARATION

This research project is my original work and has not been presented for any academic award in any other institution.

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D61/70867/2008

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

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DEDICATION

To almighty God, who has been my strength and divine inspiration in everything I do.

To my mother, Peris Wanjiku Muhia and my father John Muhia who taught me at a tender age, the virtue of hard work and shaped me to who I am today. They saw my strengths and capabilities and made me understand that I can do anything that I purpose to achieve in life through determination.

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ABSTRACT

Corporate social responsibility practice is emerging as one of the most dynamic concepts not only in the world over today but also in Kenya. Studies carried out both locally and internationally have affirmed that those organisations involved in CSR end up benefitting in the long run from the customer and staff loyalty. Given the dynamic and complex nature of the airline industry, Kenya Airways recognises that there is great need to prioritise the needs of all the stakeholders in order to survive in the long run.

The objective of the study was to establish the corporate social responsibility practices in the airline. The research was conducted through a case study which relied on both primary data and secondary data. The primary data was conducted by interviewing top level managers and middle level managers while the secondary data was collected through the company records, press releases, annual financial statements and investor briefings. The study revealed that the airline is indeed involved and committed to CSR. It has a CSR policy which is well articulated in the company strategy. It has also entrenched CSR in the mission statement to ensure alignment between the varying interests of the stakeholders and the goals of the organisation. The main areas of focus are health, education, water and environment. KQ's core purpose in CSR is contributing to sustainability development in Africa in order to transform lives. It has a sense of moral obligation to create a positive change in the society. By doing so, it is able to enhance its corporate image and visibility.

The researcher recommended that future studies could be done to explore the CSR practices in the airline industry. Further, research could be done to evaluate whether the CSR practices that the airline undertakes have any impact on its financial performance or even the relationship between CSR and the company's competitive advantage in the airline industry. Finally, a survey could be done to evaluate the stakeholder's perception of the CSR practices in KQ.

CHAPTER ONE: INTRODUCTION

1.1   Background of the Study

Organizations are defined as "social entities that are goal oriented, are designed as deliberately structured and coordinated activity systems and are linked to the external environment" (Daft, 2001, p.12). One of the most important organizational elements highlighted by this definition is that organizations are indeed open systems, thus they must interact with the environment in order to survive. "The organization has to find and obtain needed resources, interpret and act on environmental changes, dispose of outputs, and control and coordinate internal activities in the face of environmental disturbances and uncertainty" (Daft, 2001, p.14). The fact that organizations are open systems means that although they must make a profit in order to survive, they must balance their desire for profit against the needs and desires of the society within which they operate.

In striving to satisfy their goals and achieve their objectives, they cannot operate in isolation from the environment which they are part of. They require the use of factors of production and other facilities of society. The economic efficiency of organizations is affected by governmental, social, technical and cultural variables. In return, the society is in need of goods and services created and supplied by organizations including creation and distribution of wealth. Organization's survival is therefore dependent upon a series of exchanges between it and its environment. These exchanges and continual interaction give rise to a number of broader responsibilities to society in general (Mullins, 1985).

According to Mitigoa (2006), companies must stay on top of this complex environment. They need to understand and track a wide range of reputation issues, from corporate governance to environmental impact all of which can have an impact on its ability to survive. Hence, despite the fact that in market economies business organizations are traditionally allowed some degree of discretion organized societies around the world did indeed establish principles and develop rules or standards of conduct in order to guide businesses in their efforts to earn profits in ways that do not harm society as a whole (Smith and Johnson, 1996).

According to the respondents, CSR is one of the key strategies in Kenya Airways. The airline recognizes the fact that by engaging in CSR it has not only managed to sustain its position as one of the most respected airline's both in Kenya and Africa but also won the company of the year award (COYA) recently. CSR enhances the airline's competitive edge in the turbulent environment which it operates in due to the enhanced corporate image. The airline also acknowledges the need to entrench CSR in its mission statement to ensure alignment with the overall corporate strategy, thus minimizing any potential conflicts between the stakeholders and the shareholder.

1.1.1 Corporate Social Responsibility

Johnson, Scholes and Whittington (2005) defines corporate social responsibility as the obligation/ responsibility that an organization has not only to its stockholders but also towards the community. In pursuit of an organization's goals and strategies, management should always take the effect of its decisions and actions on the society at large in to consideration to ensure that the society's wellbeing is upheld and improved.

Corporate social responsibility (CSR) has attained a high profile in the academic domain. It has also achieved prominence in political and business debate since the early 1990s due to the activities of pressure groups and also the emergence of the "market for virtues" such as socially responsible investment which create further pressures to adopt corporate social responsibility initiatives. Moreover, it has spread geographically from its original US setting to become a global concept. This is mainly in response to corporate scandals and also due to the realization that development which is only centered on economic growth paradigms is unsustainable. As well, many consider it an absolute necessity that organizations define their roles in society and apply social, ethical, legal and responsible standards to their businesses (Lindgreen and Swaen, 2004).

In addition to the prime requirement to deliver profits to shareholders, organizations are frequently subject to wider stakeholder interests and the need to demonstrate a balanced perspective. As a result, they are developing and updating their programs and policies, and attempting to measure their social and environmental performance, whilst at the same time engaging in consultations with stakeholders and during this process, communicating their values to employees, environmental groups, local communities, and governments (Pearce II and Doh, 2005). Carroll (1991) concludes that in addition to their economic and legal obligations towards their owners and governments, organizations have to take a more proactive role regarding their social performance.

Porter and Kramer (2006) cited that an organization's involvement in CSR should not only be guided by how worthy a cause is but also by the shared value that both the organization and the stakeholders derive from it. That is a meaningful benefit for society that is also valuable to the business. The researcher established that by engaging in CSR, the airline continues to enjoy great benefits through increased visibility thus enhancing its corporate image. It has also gained a competitive edge in the turbulent environment in which it operates and this has led to gradual expansion and growth beyond Kenya over the years. With the expansion, its customer base has increased due to its ability to attract new customers and retain the loyalty of the existing customers.

1.1.2 The Airline Industry

The airline industry plays a significant role in economic development of any country .The major contribution being provision of air transport services to passengers, cargo and mail. A country such as Kenya which relies heavily on foreign earnings through the export of its horticultural produce is a direct beneficiary of the airline services. The movement of people and goods for investment is also made possible through the airline services. Tourism is one of the main contributors to the national income and the movement of tourists is also made easy by the airlines which operate in the various part of the world including Kenya Airways. Over and above this, airlines also provide direct employment to many people and the direct contribution to the exchequer cannot be overemphasized (Chemayiek, 2005).

Kenya's airline industry is regulated by the Kenya Civil Aviation Authority, a state corporation which was established in 2002 by the civil aviation (Amendment) Act, 2002.

Its primary functions are regulating and overseeing the aviation safety and security, economic regulation of air services, development of civil aviation, provision of air navigation services and training of aviation personnel. Its operations are guided by the provisions of the convention on international civil aviation and the related ICAO Standards And Recommended Practices (SARPs) and the Kenya civil Aviation Act, Cap 394, the civil aviation regulations, procedure and practices. The functions of the KCAA were previously performed by the Civil Aviation Board (CAB) and the Directorate of Civil Aviation (DCA) (http://www.kcaa.or.ke).

1.1.3 Kenya Airways Co. Ltd

Kenya Airways is the flag carrier airline of Kenya and started operations in 1977.It has fast become a leading international airline travelling from Nairobi to destinations all over the world. Its main base is in Jomo Kenyatta international airport, Nairobi. The airline was established after the break-up of the East African Community and the consequent demise of East African Airways. It was wholly owned by the Kenyan government until April 1996(www.kenya-airways.com).

The first attempt to privatize the airline was made in 1986 through sessional Paper Number 1 which was published by Kenya government, outlining the country's need for economic development and growth. The government named Mr. Philip Ndegwa as Chairman of the Board in 1991, with specific orders to privatize the airline. In 1992, the Public Enterprise Reform paper was published, giving Kenya Airways priority among national companies in Kenya to be privatized (www.kenya-airways.com).

In the fiscal year 1993 to 1994, the airline produced its first profit since the start of commercialization. Also, in 1994, the International Finance Corporation (IFC) was appointed to provide assistance in the privatization process. In 1995, Kenya Airways restructured its debts and a made a master corporation agreement with KLM that bought 26% of the shares in Kenya Airways and became the largest single shareholder. In 1996, shares were floated to the public, and the airline started trading on the Nairobi Stock Exchange (www.kenya-airways.com).

1.2   Research Problem

Corporate social responsibility is emerging as one of the most dynamic, challenging and complex subject business leaders face today and it is arguably the most critical (A&C Black, 2006). For a period of time, the society was content with businesses doing no harm but the case the world over at present is pressure and more pressure for companies to do more especially in the wake of massive resources at their disposal and threatening societal issues that need urgent attention (Steiner, 1974). In his study, Mitigoa (2006) argues that corporate reputation has become progressively broader and more complex. It extends beyond the quality of products and services, treatment of employees and brand values to encompass ideas of CSR and citizenship.

The aviation industry plays a significant role in the economic development of any country. It is one of the most competitive and strategic industries in the world. Kenya Airways (KQ) being Kenya's flag bearer has grown to become a major force in the Kenya aviation industry, and is ranked among other highly successful and respected airlines in Africa and across the globe. Despite ruthless competition from larger

established international airlines, KQ has not only managed to survive, but has continued growing and remained profitable.

Given the importance of corporate social responsibility, much has been written on it both locally and internationally as a topical issue, cases for and against CSR, the levels and determinants of CSR, management perception and stakeholder analysis by (Clarkson, 1995; Freeman, 1984; Maignan, Ferrell, and Hult, 1999). Researchers have also given special attention to the link between CSR and a company's financial performance, a firm's corporate strategy and also the link between CSR and competitive strategy (Tsoutsoura, 2004; Waddock and Samuel, 1997). Locally, research has been done on CSR practices in Safaricom, foreign multinational corporations and Kenyan public universities among many others by (Kwalanda, 2007; Kiko, 2008; Otachi, 2005) respectively. Mulei (2011) conducted research on corporate governance in Kenya Airways. While these studies focused on CSR practices and Kenya Airways, none has focused on CSR practices in the airline. According to Pearce and Robinson (1997), each firm regardless of size must decide how to act in a socially responsible manner by fulfilling its perceived social responsibility. Tsoutsoura (2004) echoed this by noting that each company has a unique way of implementing CSR, depending on its size, the particular industry involved, the firm's business culture, stakeholder demands, and how historically progressive the company is in engaging in CSR.

According to Kwalanda (2007), CSR has become an important aspect of business that any business leader can't afford to ignore. She further asserts that companies should

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engage in it with a view to creating competitive advantage in the long run rather than merely giving back to the society in fear of being reprimanded. In his study, Chemayiek (2005) emphasizes on the need for Kenya Airways to keep the customers satisfied in order to maximize the wealth of the shareholders. However, focusing on customer satisfaction only without giving attention to all the other environmental forces which affect and are affected by its operations would only lead to success in the short run because the airline does not operate in a vacuum. If the airline balanced its economic goals with the political, legal, ethical and philanthropic aspects, it would be in a position to survive in the long run, enhance its corporate image and increase its competitive advantage in the turbulent environment. What are the corporate social responsibility practices in Kenya Airways?

1.3   Research Objectives

The objective of this study was to establish the corporate social responsibility practices in Kenya Airways.

1.4   Value of the Study

The results of this study will be of benefit to policy makers who could use the findings to set guidelines and benchmarks for environmental conservation .They could also be of importance in coming up with appropriate tools for conducting social audits on organizations.

Corporate managers in Kenya will also find this research useful when formulating organizational policies on CSR. In addition, the study will enlighten entrepreneurs and managers who don't give back to the society on the importance of CSR.

Finally, the findings of this study could be of benefit to academicians, students and researchers since it will add to the current scope of knowledge and theory in CSR. They could therefore use it as a basis for further research in CSR and strategic management in general.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a summary of the studies conducted by various scholars on corporate social responsibility (CSR). Section 2.2 explores the concept of CSR, 2.3 the development of CSR, 2.4 the concept of stakeholders and finally section 2.5 covers corporate social responsibility (CSR) practices.

2. 2 Concept of Corporate Social Responsibility

While the term CSR may appear to be relatively new to the corporate world, the literature reveals that the evolution of the concept itself has taken place over several decades. The fact that the terminology itself has changed over this time also suggests that the meaning ascribed to concepts such as CSR will continue to evolve in tune with business, political and social developments. The impact of globalization and mass communication also means that while definitions will reflect local situations, they will also be strongly influenced by global trends and changes in international law (Thomas and Norwak, 2005).

The concept and business awareness of CSR has evolved considerably since it first emerged in the 1950s (De Bakker, Groenewegen, and Den Hond, 2005). Over this time, the concept has developed from relatively uncoordinated and voluntary practices into more explicit commitments in response to stakeholder pressures and eventually into ongoing future commitments. With these changing perspectives of CSR a significant body of

literature has been produced but the problems of definition remain (Clarkson, 1995). There seems to be an infinite number of definitions of CSR, ranging from the simplistic to the complex, and a range of associated terms and ideas (some used interchangeably), including 'corporate sustainability, corporate citizenship, corporate social investment, the triple bottom line, socially responsible investment, business sustainability and corporate governance' (Prime Minister's Community Business Partnership, 2007).

Kotler and Lee (2005) also revealed the following shopping list of related concepts; corporate social responsibility, corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship, and corporate societal marketing. While some may argue over the distinctions among these terms, at the core they all point towards the same fundamental principle: that a company is responsible for providing more benefits than just profits for shareholders. It has a role to play in treating its employees well, preserving the environment, developing sound corporate governance, supporting philanthropy, fostering human rights, respecting cultural differences and helping to promote fair trade, among others. All are meant to have a positive impact on the communities, cultures, societies and environments in which companies operate as well as all the stakeholders (The Economist Intelligence Unit, 2005).

Carroll (1983) defines the social responsibility of business as the economic, legal, ethical, and voluntary or philanthropic expectations that society has of organizations at a given

point in time. He asserts that companies should fulfill all of the four dimensions at all times, and explains these four dimensions as a pyramid: economic aspects as the foundation followed by legal, ethical, and philanthropic factors (Carroll, 1991). Carroll's definitions concerning CSR have been influential for the conceptual development and empirical studies on CSR and related themes.

All the various definitions and perceptions of CSR converge on the understanding that CSR is a concept whereby organizations integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. In addition, while the economic, legal, ethical and discretionary expectations placed on organizations may differ, it is probably accurate to say that all societies at all points in time have had some degree of expectation that organizations would act responsibly.

2. 3   Development of Corporate Social Responsibility

The history of social and environmental concern about business is as old as trade. Commercial logging operations together with laws to protect forests can both be traced back almost 5,000 years. In Ancient Mesopotamia around 1700 BC, King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused deaths or major inconvenience to local citizens. In Ancient Rome senators grumbled about the failure of businesses to contribute sufficient taxes to fund their military campaigns, while in 1622 disgruntled shareholders in the Dutch East India Company started issuing pamphlets complaining about management secrecy and "self-enrichment" (www.brass.cf.ac.uk).

Around the beginning of the twentieth century a backlash against the large corporations began to gain momentum. Big business was criticized as being too powerful and for practicing antisocial and anticompetitive practices. Laws and regulations, such as the Sherman Antitrust Act, were enacted to rein in the large corporations and to protect employees, consumers, and society at large. An associated movement sometimes called the "social gospel," advocated greater attention to the working class and the poor. The labour movement also called for greater social responsiveness on the part of business. Between 1900 and 1960 the business world gradually began to accept additional responsibilities other than making a profit and obeying the law (http://www.referenceforbusiness.com).

The impact of business on society and the environment assumed an entirely new dimension with industrialization. The "corporate paternalists" of the late nineteenth and early twentieth centuries used some of their wealth to support philanthropic ventures. By the 1920s discussions about the social responsibilities of business had evolved into what we can recognize as the beginnings of the "modern" CSR movement. The modern era of CSR thus started in the 1950s, although the notion of the social responsibility of business appeared in the 1930s (Carroll, 1999).

Bowen (1953) who is recognized as the "Father of Corporate Social Responsibility" expressed a foundational definition of the social responsibility of business as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society". The second founder of CSR Davis (1973) formulated the "Iron Law of

Responsibility," by stating that "companies' avoidance of social responsibility leads to gradual erosion of social power" (Carroll, 1999). Davis (1973) then defined social responsibility as "the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm" (p. 313). In addition, Davis (1973) stated that "Social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do" (p. 313).

2. 4   Concept of Stakeholders

Gray, Owen and Adams (1996) defined CSR as a stakeholder oriented concept that extends beyond the boundaries of the organization, driven from an ethical understanding of the responsibility of the organization for the impact of its business activities, seeking in return the willingness of society to accept the legitimacy of the business. This definition emphasizes that corporate social responsibility should result in a win-win situation for both the organization and its stakeholders. Therefore, the concept of stakeholders is central to that of CSR. In his book, Freeman (1984) cited that when the word 'stakeholder' appeared in an international memorandum at the Stanford Research Institute back in 1963 during the formative stages of the stakeholder theory, they were defined as *'those groups without whose support the organization would cease to exist'* (p.31). The core concept, in other words was 'survival' without the support of these key groups, the firm will not survive.

Stakeholders may be defined as "groups and individuals who can affect, or are affected by the achievement of an organization's mission" or alternatively "those groups who

have a stake in or a claim on the firm"(Freeman, 1984). Johnson et al. (2005) stresses that both parties depend on each other by defining stakeholders as individuals or groups who depend on the organization to fulfill their own goals and on whom in turn the organization depends. The concept of stakeholders may be given a wider perspective as simply all those entities with a "critical eye" on corporate actors (Bomann and Wiggen, 2004). Stakeholders thus form a link between the aims and ambitions of the organization and the expectations of society (Whetten, Rands, and Godfrey, 2002).

There are two categories of stakeholders, inside and outside stakeholders. The insiders are the employees, board of directors and the stockholders. The outsiders are all the other groups that the firm's actions affect. It includes the customers, suppliers, government, unions, competitors, local community, financial institutions and the general public. Past study indicates that the board of directors no longer believes that the stockholder is the only constituency to whom they are responsible (Pearce and Robinson, 1997).

Johnson et al. (2005) divided the external stakeholders in to three categories in terms of the nature of their relationship with the organization; stakeholders from the market environment who include the suppliers, competitors, distributors and shareholders. These shareholders have an economic relationship with the organization and influence the Value creation process as members of the value network. The second category comprises of the stakeholders from the social political environment such as policy makers, regulators, government agencies who influence the social legitimacy of the strategy. The final category comprises of the stakeholders in the technological environment such as key

adapters, standard agencies and owners of competitive technologies who will influence the diffusion of new technologies and the adoption of industry standards.

The three sets are rarely of equal importance in any specific situation. Since their expectations are different, it is quite normal for conflict to exist. Thus compromise will need to be reached between expectations that can't be achieved simultaneously. Individuals may belong to more than one group and stakeholders groups will 'line up' differently depending on the issue and the strategy at hand (Johnson et al., 2005).Outsiders often demand that insiders claims be subordinated to the greatest good of the outsiders, e.g. pollution, disposal of solid and liquid waste and conservation of natural resources should be principle considerations in strategic decision making .Insiders on the other hand believe that the competing claims of outsiders should be balanced against one another in a way that protects the company mission (Pearce and Robinson, 1997).

These expectations and pressures keep changing and the situation is further complicated by the need for managers to resolve the interests of different stakeholders and to integrate this within the managerial decision-making process. Managers must therefore make decisions about the extent of their responsibilities and the nature of the stakeholders to whom they are both responsible and accountable. Therefore, in defining or redefining the company mission, strategic managers must recognize the legitimate rights of the firms' claimants who include not only the stockholders and employees but also the outsiders affected by the firm's actions Each of these interest groups has justifiable reasons for

expecting and often for demanding that the firm satisfy their claims in a responsible manner (Pearce and Robinson, 1997).

A mission statement which is developed with all stakeholders in mind provides the management with unity of direction, transcending individuals, parochial and temporary needs. It promotes a sense of shared expectations among all levels and generations of employees. It consolidates values over time, across individuals and interest groups .It projects a sense of worth and intent that can be identified and assimilated by outside stakeholders. Finally, it asserts the firms commitment to responsible action in symbiosis with preservation and protection of the essential claims of inside stakeholders' survival, growth and profitability (Pearce and Robinson, 1997).

Given the conflict amongst the various stakeholders, Johnson et al. (2005) suggested that organizations may need to manage them through stakeholder mapping. Stakeholder mapping identifies their expectations and power and helps in understanding political priorities. It underlines the importance of how interested each stakeholder group is to impress its expectations on the organization's purposes and choice of specific strategies and whether stakeholders have the power to do so. Stakeholder mapping is brought out through the power/interest matrix which classifies the stakeholders in relation to the power they hold and the extent to which they are likely to show interest in supporting or opposing a particular strategy. The matrix also shows the type of relationship which organizations typically establish with stakeholder groups in the different quadrants and

helps in establishing who the blockers and facilitators of a particular strategy is likely to be and how to manage them (Johnson et al., 2005) .

2. 5   Corporate Social Responsibility Practices

Successful organizations do not engage in CSR to merely give away but they give back to society with a view to get payback in the long run without letting the pressures of short term profits distract them. They dedicate time to have it entrenched in their strategy since they understand its critical role in business (Porter and Kramer, 2006). According to Tsoutsoura (2004), it is crucial that the CSR principles are entrenched in the corporations' values and strategic planning to facilitate successful implementation. The CSR strategy should also be aligned with the company's specific corporate objectives and core competencies.

In implementing CSR, organizations should articulate a relevant CSR philosophy based on the scope and reach of the business and incorporate it in the mission and the vision; appoint an executive leader as the CSR officer to be the cheerleader, watchdog and the subject matter of initiatives; incorporate CSR in the long-range strategic planning to guarantee continuity and commitment; constantly communicate the results of the ongoing efforts to all the stakeholders and publicly celebrate the successes .Finally they should use the same kind of energy, initiative and commitment to develop, integrate and implement CSR programs as it does for the other core business of the firm (Gustasfon, 2006).

Backman (1975) was one of the first scholars to present various examples of social responsibility practices, which many companies currently pursue: Employment of minority groups, reduction in pollution, greater participation in programs to improve the community, improved medical care and improved industrial health and safety. These and other programs designed to improve the quality of life are covered by the broad umbrella of social responsibility. In the 1980s Milton Friedman argued that companies have to use their resources to create better products, generate jobs, and increase the living standards. Friedman also states that companies accomplish their moral obligations by obeying the law and focusing on profitability.

Hill, Stephens, and Smith (2003) conducted a research among some of the most prominent corporations to identify the CSR practices which a socially responsible entity pursues. According to the conclusion of this study a company is socially responsible when it has high ethical standards, makes significant investments of money and other resources to assist communities, allows diversity in its workforce, provides a good environment for its employees, shows compassion for the disadvantaged, has a strong commitment to charitable giving, and strives to do business in a manner to minimize the impact on the environment. Being socially responsible entails a high awareness of societal needs. According to Smith (2003), the respect of human rights is one of the most important corporate social responsibility practices.

Johnson et al. (2005) categorizes CSR practices in to internal and external practices. The internal practices include employee welfare, working conditions, job design and

intellectual property, which is observed by respecting the private knowledge of individuals and not claiming corporate ownership. On the other hand, the external practices include the green issues, products safety, markets and marketing, suppliers, equal opportunity employment, upholding human rights and engaging in community activities. Finally, they propose that CSR practices be systematically reviewed through social auditing. It can take several forms ranging from social audits undertaken by independent external bodies through aspects of social agenda that are now mandatory in company reporting to voluntary social accounting by organizations themselves.

CHAPTER THREE: RESEARCH METHODOLOGY

3. 1   Introduction

This chapter will cover the methodology and procedures which were followed in conducting the research work. It includes the research design, the means through which data was collected and the data analysis method that was used.

3. 2   Research Design

This study was conducted through a case study. A case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence (Robson, 2002). The main objective of this study was to carry out an in-depth investigation of corporate social responsibility practices in Kenya Airways.

Researchers have used the case study research method for many years across a variety of disciplines. Locally, the case study has been successfully conducted by Chemayiek, (2005); Kwalanda, (2007); among others. According to Morris and Woods (1991), use of a case study is helpful when a researcher wishes to gain a rich understanding of the context of the research and the process. Cooper and Emory (1995) also cited that a case study allows for details to be obtained from multiple sources of information and evidence to be verified through in-depth probing. It was deemed the best design to fulfill the objectives of the study because it was expected to enable the researcher have an in-depth understanding of corporate social responsibility practices in the airline.

3. 3   Data Collection

To meet the objectives of this study, the researcher relied on both primary and secondary data. The primary data was collected using an interview guide in the form of face to face interviews with the respondents. An interview guide is a set of questions that the interviewer asks when interviewing (Mugenda and Mugenda, 2003).

Face to face interviews creates an opportunity for follow up through gentle probing. A researcher can therefore elicit more in-depth responses or fill in information if the participant does not understand the question. The secondary data on the other hand was collected from company records, the company's website, the company's facebook page, the vision and mission statements, investor press releases and the annual financial performance records.

 The data was collected by interviewing the top level managers since CSR decisions are top management's decisions and middle level managers who implement the CSR strategies. To ensure proper presentation, the respondents who were interviewed were drawn from different functions. The interview guide which was used to collect the secondary data (appendix 11) consists of open ended questions covering issues on corporate social responsibility.

3. 4   Data Analysis

The data collected was analyzed through content analysis as it was qualitative in nature. Strauss and Corbin (1997) define qualitative analysis as a research for general statements about relationships and underlying themes. The researcher made inferences from the detailed conversations and observations which were made during the interview process with the respondents.

This is supported by Mugenda and Mugenda (2003), who define content analysis as the systematic qualitative description of the composition of objects or materials of the study. It involves observation and detailed description of objects, items or phenomena that comprise the study. Bryman (2004) asserts that qualitative content analysis is "probably the most prevalent approach to the qualitative analysis of the documents" and that it "comprises a searching out of underlying themes in the materials being analyzed" (p.392).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4. 1   Introduction

The chapter discusses the various corporate social responsibility practices which Kenya Airways pursues and the results and discussion of the findings of the research following interviews with senior managers and middle level managers.

4. 2   Corporate Social Responsibility Practices in Kenya Airways

The study established that Kenya Airways has a CSR policy, which is well articulated in the overall corporate strategy to ensure alignment and eliminate potential conflict which may arise between the stakeholder goals and the shareholder goals. The importance of corporate social responsibility in Kenya Airways is emphasized as one of the key issues by entrenching it in the mission statement, which states that Kenya Airways endeavors to maximize stakeholder value by consistently providing the highest level of customer satisfaction, upholding the highest level of safety and security and maximizing employee satisfaction whilst being committed to corporate and social responsibility.

For smooth execution of the CSR strategy, Kenya Airways constituted a corporate social responsibility (CSR) committee charged with spearheading and managing the organization's CSR strategy. This committee was constituted through an open balloting from all KQ staff that showed interest by entering their names for a draw. The chairman of this committee is the CEO, who is supposed to report to the board at regular intervals

informing the directors of the matters it has reviewed and making recommendations when considered appropriate as and when requested.

The duties which the committee is tasked with are ensuring that its representation encompasses all relevant functions and divisions of Kenya Airways. It should also review and ensure that Kenya Airways prioritized need areas are focused on in the implementation of CSR projects and initiatives by coming up with a suitable CSR management framework covering each of Kenya Airways areas of activity, gathering and recording information about all existing CSR projects and initiatives taking place in the company.

The committee should also constantly monitor and review the progress made in achieving the targets and ensuring that action is taken where necessary. This is achieved by developing indicators and measures that are used to ascertain performance against prioritized CSR impact areas and approving improvement targets against these, alongside specific responsibilities. The committee gets to evaluate the links between Kenya Airways overall performance and the company's social and environmental performance.

Finally, Kenya Airways recognizes the importance of involving and constantly communicating the company's CSR responsibilities and achievements internally and externally to both the staff and the other external stakeholders respectively. External communication is done through reports such as press releases, monthly CEO newsletter, annual CSR Report to be presented to all stakeholders and the CSR content contained in

the Group's financial reports. The press releases are also sent to the company's website and its facebook page.

Kenya Airways believes in transforming lives. This is achieved by building relationships with customers, giving back to the community, managing safety and security risks, attracting and retaining talented staff and maintaining the company's visibility and reputation. The intended outcome of all the CSR practices the organization undertakes is to create a positive change in society and support improvement in the lives of individuals. The practice of corporate social responsibility is centered on four main areas which include educational infrastructure, water accessibility, environmental sustainability and health.

4.2.1 Education

Kenya Airways has identified education as a means of promoting sustainable growth in the continent of Africa and for this reason it gives back to the community across Africa by investing in education infrastructure, which is key in poverty reduction. It is committed to improving education facilities and infrastructure to facilitate the creation of a conducive learning environment. It recognises the importance of raising education standards in the country so as to create skilled manpower relevant in today's employment arena. This is done through an initiative called "adopt-a-school programme" which has enabled the airline transform schools by revamping and renovating educational facilities.

Amongst the activities it undertakes in schools include building classrooms to ensure smooth learning, renovation of old classrooms, supplying desks, building administration

blocks and other facilities in the schools, donating tractors to youth polytechniques around Kenya , donating water tanks and sinking boreholes for the schools located in the arid and semi-arid areas and most importantly, Kenya Airways gives special attention to schools with special needs like Dzorwulu school for the mentally challenged , Ikuu special school for autistic and mentally handicapped children and Kasarani tree special school Nairobi.

KQ also recognizes the importance of bringing up a generation which is computer literate. They supplied computers to Kalotwari school in Kapenguria in 2008, constructed a computer lab for Kasagam secondary school costing two Million in 2009 and free transportation of computers to schools. Under the KQ / Boeing initiative in the year 2005, twenty six computers were distributed to five secondary schools, five computers, five printers and a photocopier were donated to Utalii College whilst twenty additional computers were donated to SOS Village Buru Buru. KQ also partnered with World space for remote teaching capability in Northern Kenya. Under a three year partnership, KQ also supported two hundred and twenty primary schools in North Eastern province.

Figure 4.1: Education exchange program

Kenya Airways, has partnered with the Zambian Ministry of Education to promote the "Education for All Campaign". The partnership will see Zambian pupils fly to Nairobi from Lusaka for an education exchange programme.

Source: 2010/2011 Full year investor presentation (p.23)

4.2.2 Water

Kenya Airways recognises the importance of water to a developing nation .It has therefore undertaken various projects in order to facilitate the provision of safe and adequate water supply to communities that live in arid and semi-arid areas. Every year, Kenya Airways sinks boreholes, digs shallow wells, installs storage water tanks in other areas and also assists in the implementation of rain water harvesting projects. The organisation allocates a budget of approximately 2.5Million annually towards this cause.

Key among many of the water projects which the airline has funded include digging seven shallow wells in Makueni, piping water in Taveta over a distance of 2.5kilometres and construction of tanks for easy access to the basic commodity in various places like Esupetai primary school and Epworth community in Zimbabwe.

4.2.3 Health

Health is also part of the corporate social responsibility initiatives that Kenya Airways supports every year. This is done through an initiative dubbed the "the Bombay ambulance", which provides support for the needy patients travelling overseas for medical treatment. It normally discounts tickets to needy patients travelling to Johannesburg, Mumbai, Amsterdam, Cairo and London. In the last five years, the airline has assisted a total of one hundred twenty six patients.

In addition to this initiative, Kenya Airways also offers support when there are emergencies in the community. For instance, during the financial year 2009/2010, the airline supported the Haiti earthquake victims, the Uganda landslide victims and Ngongo la Mboto bombing victims in Tanzania. It has also played a role in the other emergencies which have occurred in Kenya in the recent past like petrol tanker fire in Molo where it provided free transport for nine specialist doctors from India and also ferried much needed medical equipment for reconstructive surgery for the victims. The other emergency in Kenya was the Kenyans for Kenya initiative which took place last year to support the famine stricken communities.

Figure 4.2: Kenya Red Cross receives a donation for national famine relief

Source: 2012/2011 Full year investor presentation (p.18)

4.2.4 Environment

Kenya Airways recognizes the impact of the airline's activities on the various sectors of the environment. Its strategy is to work towards minimizing the negative environmental effects of its activities and address major and related environmental concerns including climate change, air quality, noise and waste. This area of focus therefore has the bulk of the CSR budget. At the core of its environmental sustainability initiatives, it endeavours to become a carbon neutral company in line with the commitment by (International Air Transport Association) IATA. In aiding reduction of carbon emissions, Kenya Airways

has employed technological and operational measures, including, continuously investing in fleet modernization and development. This is because new and well designed aircrafts are more fuel efficient, and thereby reduce carbon emissions.

On the ground, Kenya Airways continues to acquire new and environmentally friendly ground handling equipment including, electric tow tractors and LPG propelled forklifts which emit very minimal environmental pollutants. Operationally, Kenya Airways employs fuel saving techniques, including optimal flight levels, continuous descent approach, optimal fuel take off, idle reverse on landing and single engine use during taxing and out, hence less fuel burn.

Kenya Airways also launched a new voluntary Carbon Offsetting Program aimed at providing a channel for its customers to contribute towards reducing the effect of carbon emissions, by supporting environmental sustainability initiatives. Under this unique initiative developed in cooperation with IATA, the airline now offers its passengers the opportunity to participate directly in offsetting the Carbon dioxide (CO_2) emissions related to their flights.

As regards environmental conservation, Kenya Airways launched an initiative dubbed "plant a future" campaign in the financial year 2006/2007 in partnership with KLM, Rolls Royce, Coca cola and Khetshi Dharamshi .The initiative entails enhancing the Ngong hills ecosystem restoration program to clean the ecosystem and to promote water catchment. So far under the program, over 750,000 trees have been planted.

Recently, Kenya Airways joined the UNEP's Climate Neutral Network (CN Net), an initiative of the United Nations Environment Programme (UNEP). CN Net is at the forefront of the movement towards a global transition to low carbon economies and societies. Under this cooperation with UNEP, Kenya Airways will have the opportunity to implement further the existing strategies for the reduction and the offsetting of greenhouse gas emissions. The Company will also have access to climate neutral tools and resources and will be part of a forum to exchange knowledge and best practices in addressing the causes of climate change.

Figure 4.3: Tree planting in Ngong' forest under the "plant a future" campaign

Source: 2010/2011 Full year investor presentation (p.24)

Figure 4.4: CSR budget distribution among the four areas of focus
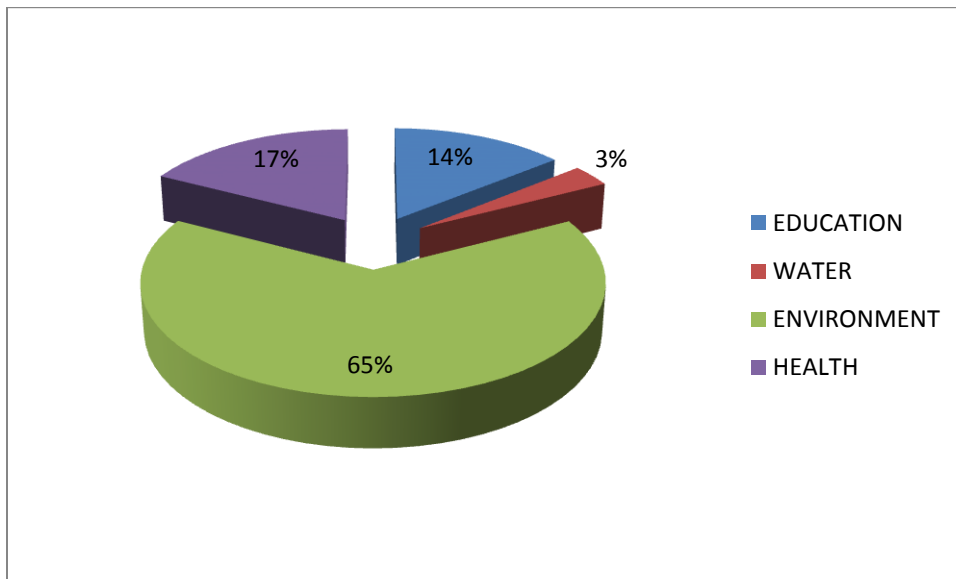
Source: Research Data

4.2.5 Employee Relations Strategy

Employees are also key stakeholders for Kenya Airways. It is therefore very important that the conditions under which they work in remain favorable, because they determine how all the other stakeholder groups are handled due to the direct link they have with the stakeholders. They are regarded as the organization's ambassador. Kenya Airways has over 4,000 employees, who include pilots, cabin crew, accountants, marketers as well as casual among many other ranks.

The respondents cited that employee turnover is low since management has always ensured that they are well taken care of in terms of salaries, other allowances and the general conducive working environment. The Human Resource (HR) Department works

towards making Kenya Airways the employer of choice. Their aim is to ensure that the organization gets the "right people in the right roles". This is achieved by attracting, developing, retaining and motivating high calibre staff within the organization. Management continually provides HR solutions to the business in addition to creating a conducive working environment which enables the employees to deliver the company strategy and goals.

Though the unionised employees express dissatisfaction with the management style of leadership which has recently led to publicized strike notices and slowdown in operations in the past, management has taken the initiative to work closely with the union to address all the concerns of union employees. Line managers and union representatives also attended a training programme "Strengthening Our Pride" in a bid to foster better relationships and in dealing with day to day people issues across the company.

Kenya Airways also conducts regular employee opinion survey, the findings of which are used to proactively engage staff on the various issues that they raise. This is aimed at fostering positive relations with all KQ people. It also organises for team building exercises which promote interaction between management and the members of staff. Annually, the family fun day is held which is a day reserved for employees and families to have an opportunity to bond, unwind, relax and have fun.

The organisation involves the employees in the implementation of CSR strategy. The members of the CSR committee which is chaired by the chairman are appointed through the ballot, targeting all the departments and ranks. In the financial year 2009/2010, an

initiative called "double your effort" was launched. Through it, KQ staff proposes and fundraise for CSR projects by department and obtain a top up of a similar amount from the KQ CSR budget.

Table 4.1: Double your effort campaign

DEPARTMENT	PROJECT DETAIL	SUPPORTED CAUSE	DEPARTMENT CONTRIBUTIONS	COMPANY	TOTAL (KSHS)
Commercial-flying blue	AIC girls primary		61,300/-	61,300/-	122,600/-
Internal Audit	Laverna primary	Purchase of beds	90,000/-	90,000/-	180,000/-
Information systems	Nyauu primary	Construction of toilets	54,000/-	54,000/-	108,000/-
Finance	Esageri school of the deaf	Renovation of classrooms	200,000/-	200,000/-	400,000/-
Human resources	Mutulani school	Purchase of beds	103,900/-	103,900/-	207,800/-
		Total	**509,200/-**	**509,200/-**	**1,018,400/-**

Source: Kenya Airways annual report and accounts year 2009/2010 (p.34)

4.2.6 Training and development programmes

The airline is pursuing a policy of investing in the training and development of its staff. It continually invests a lot of money in its people through sponsoring programmes, facilitating training in technical skills and implementing development programs for them. These trainings target every member of staff including the casual employees.

The airline has also put in place a training campus which was established under the banner of "pride centre". A curriculum is offered to ensure the mission and vision is shared from top to bottom. Other trainings like bullet-proof, exchange work programmes with partners like KLM are also offered.

Figure 4.5: Pride centre is opened by Hon. Amos Kimunya

Hon. Amos Kimunya - Minister of Transport officially opens Pride Center 2

Source: 2010/2011 full year investors presentation (p.14)

4.2.7 Rewards and Policy

In order to attract, retain and motivate high performing staff, the airline performs a number of benefits surveys. This ensures that its reward and remuneration practices remain both competitive and linked to the markets in which it operates. It has also continued to review and enhance "other people policies" with a view to align them to changing legal requirements and best practice.

To enhance employee retention, the airline gives long service awards to employees who have served the company for long. In addition, during the financial year 2009/2010, the airline launched an initiative called "the Embakasi housing project" which was geared towards the provision of decent affordable accommodation and to offer close proximity to JKIA for Kenya Airways employees. The key focus of the project is to house staff members who work on shift and at odd hours and also to assist the staff to acquire property in their working life.

4.2.8 Health and well-being programme

Kenya Airways works towards enhancing customer care and engaging staff in matters to do with their health and safety in the workplace. The Employee Assistance Programme (EAP) was launched in August 2007 to address HIV/AIDS prevention and to care for both the employees and their dependants. The company contracted a network to enable patients have access to the most current and effective management of HIV in terms of medication, investigations and medical expertise at a reasonable cost. Free HIV related counselling is provided in addition to regular training of clinicians on specialized HIV management. The company has also been working with the National Organization of Peer Educators (NOPE) to establish a number of HIV workplace interventions in the work place. This wellness programme also addresses issues such as stress and drug addiction. The airline has an in-house counsellor who is available on designated days to offer counselling services.

Other services initiated include sourcing air evacuation services for staff in remote areas and outstations. A biometric solution was finalized to help facilitate patient identification

and track allocations efficiently. The company also acquired two state of the art ambulances for use in emergency services pertaining to staff and Kenya Airways passengers. Medical education to staff and dependants is regularly conducted one of them being a seminar for mothers and housekeepers covering the weaning of infants, first aid in the home and home hygiene which was conducted recently.

4.2.9 CSR Strategic Alliances

In its quest to engage in community investment, Kenya Airways recognizes the need to partner with its key stakeholders to achieve its purpose for Africa. This is done by fostering global partnerships to ensure peace and security though various initiatives. It also engages in developing strong community partnerships by focusing on the four key pillars.

The key partners the airline has fostered alliances with include (United Nations Environmental Program) UNEP, National Environmental Management Authority (NEMA), Kenya forestry conservancy, Kenya Wildlife Services (KWS) and any other organization that may have a similar commitment towards corporate social responsibility.

Table 4.2: CSR Strategic alliances

Area of focus	Key Flagship event and the roles	Strategic Partner
Environment-plant a tree initiative	Creating environmental awareness and public education on environmental conservation	UNEP
Environment-plant a tree initiative	Monitor and evaluate the impact of the tree initiative on the environment	NEMA, Kenya Forestry conservancy and KWS
Health - Haiti earthquake disaster victims	Collecting cash in terms of loose change from in-flight passengers	Red Cross
Health, water, environment and education	Changing lives campaign	Customers, AMREF and Rotary club of Nairobi
Customer appreciation	Rewarding frequent customers – flying blue customer service	KLM and Air France
Environment	Plant a future initiative – contributing funds	KLM, Rolls Royce and Coca cola
Peace and security program - Make peace happen campaign	Communicate to the public and support financially(2010 year of peace and security	The Africa Union Commission
Education	Education for all campaign - education exchange program for Zambian pupils in Nairobi	Zambian Ministry of education

Source: Research data

4. 3   Discussion of Results

The objective of the study was to establish the corporate social responsibility practices in Kenya Airways. The research was conducted through a case study which relied on both primary data and secondary data. The primary data was conducted by interviewing top level managers and middle level managers while the secondary data was collected through the company records, press releases, annual financial statements and investor briefings.

4.3.1 Comparison with theory

The study established that CSR is one of the key priorities in KQ. The airline recognizes that in order to survive in the turbulent environment in which it operates, it has to balance the needs of its shareholders with those of the community. It has a moral obligation towards the society. This is in line with the definition of CSR by Johnson et al. (2005) as the obligation/ responsibility that an organization has not only to its stockholders but also towards the community. Carroll (1991) also cited that in addition to their economic and legal obligations towards their owners and governments, organizations have to take a more proactive role regarding their social performance.

The airline has shown commitment towards CSR by entrenching it in the company mission statement. It has a CSR policy which is well articulated in the overall corporate strategy. Porter &Kramer (2006) asserted that a firms' CSR strategy should be aligned with the company strategy. The airline's involvement in CSR is motivated by the desire to transform lives by creating a positive change in the society, the need to build

relationships with customers, giving back to the society and maintaining the company's visibility and reputation. This complies with its mission to maximize the stakeholder's values whilst being committed to CSR.

According to the findings of the study, Kenya Airways partners with its stakeholders and other partners who have an interest in CSR. Infotrack East Africa concurs that organizations require implementing partners for their CSR programs since the activities are often not within the company's core competence. By coming together, they are able to complement each other on their strengths and weaknesses hence achieving maximized benefits (http://www.infotrackea.co.ke).

The other aspect of CSR in KQ which came out in the findings is the fact that most of the CSR initiatives it undertakes are open ended in nature as they surpass one financial year. According to Infotrack East Africa, CSR activities are likely to be more effective both to the target beneficiaries and the initiating organization when carried out either as high impact projects, timed or open ended programs than when done as one off events. Programmatic CSR activities eventually cultivate loyal partners and a grateful clientele thereby developing a highly productive and sustainable relationship between the initiating organizations, partner donors both individual and corporate as well as beneficiaries in the community (http://www.infotrackea.co.ke).

4.3.2 Comparison with other studies

The study established that KQ constantly communicates with its stakeholders through press releases and the monthly CEO newsletter and involving them in the CSR activities.

The airline also recognizes the importance of involving and constantly communicating the company's CSR responsibilities and achievements to the staff. This is in agreement with Mulei (2011) who found out that the company has in place policies, systems and rules where they can register interests and raise concerns or any issues for both internal and external stakeholders.

The study revealed that the airline's approach to CSR is strategic. There is need to align the needs of the stakeholders with those of the shareholders for sustainability in the long run. The importance of corporate social responsibility in Kenya Airways is emphasized as one of the key issues by entrenching it in the mission statement, which states that Kenya Airways endeavors to maximize stakeholder value by consistently providing the highest level of customer satisfaction, upholding the highest level of safety and security and maximizing employee satisfaction whilst being committed to corporate and social responsibility. This is supported by Mulei (2011) in his study on corporate governance in Kenya Airways. He cited that CSR is one of the key strategies entrenched in the mission statement

The findings of the study also pointed out that KQ really values its employees .The company spends a hefty amount annually on people development, retention, training and health. It also conducts surveys to have a feel of the employee's needs. Kweyu (2010) also found out that KQ seeks to maximize employee satisfaction by streamlining recruitment process and compensation packages in order to motivate and retain them.

The respondents mentioned the various ways which the airline addresses the needs of the customers in a bid to retain them and attract new customers. The airline came up with an initiative dubbed as flying blue to enhance customer loyalty. The customers who travel frequently earn points which when accumulated can earn them extra and personalised services. Chemayiek (2005) emphasizes on how the airline benefits by retaining the customers loyalty.

For smooth execution of the CSR strategy, Kenya Airways constituted a corporate social responsibility (CSR) committee charged with spearheading and managing the organization's CSR strategy. This committee was constituted through an open balloting from all KQ staff that showed interest by entering their names for a draw. The chairman of this committee is the CEO, who is supposed to report to the board at regular intervals informing the directors of the matters it has reviewed and making recommendations when considered appropriate as and when requested. Kwalanda (2007) supports the need to formalize the execution of CSR strategy by forming a CSR taskforce whose role is execution, monitoring and constant evaluation of the CSR strategies.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5. 1   Introduction

This chapter provides a summary of the findings, conclusion and details of recommendations for the research in line with research objective and the research question outlined in chapter one of this study. The section concludes by giving limitations of the study and makes suggestions for further research.

5. 2   Summary of Findings

The objective of this study was to establish the corporate social responsibility practices in Kenya Airways. The data was collected through both primary data and secondary data. The primary data was collected by way of interviews with the top level managers and the middle level managers. The secondary data on the other hand was collected through the annual reports, press releases, the airline's website and investor presentations. The qualitative data collected was then analyzed through content analysis.

The research established that the company formed a CSR committee whose main roles are overseeing the implementation process, evaluating and monitoring the progress made in achieving the CSR goals. The committee is also meant to report to the board regularly. At the implementation level, the company is keen to establish partnerships with its key stakeholders and other organizations which have the same interests in corporate social responsibility. The airline's main areas of focus include educational infrastructure, water

accessibility, environmental sustainability and health. Various initiatives have been launched in the past few years under the four areas in partnership with other organization like "adopt a school" initiative under education infrastructure, "Bombay ambulance" initiative under health and "plant a future" initiative under environment conservation. The CSR budget is allocated to these four areas annually. In addition, some money is allocated to any other emergency which may occur that the airline deems fit to sponsor in line with its CSR strategy.

The study also established that the airline is keen on involving the employees and the customers in its social practices. The airline identified an opportunity in February 2008 to involve the passengers in a key charitable campaign called the "changing lives" campaign. The initiative's sole purpose is to change the lives of the less fortunate in the society. Passengers are requested to deposit their leftover coins into sachets provided by the planes. The airline then sorts and redirects the money to carefully selected charity programs which are aligned to its focus areas. In a bid to get involved in the implementation process of CSR strategies, Kenya Airways came up with an initiative called "double your effort" campaign where every department in the organization contributes towards a project and the amount is then doubled by the organization.

The customers and employees form part of the wider stakeholder group. By involving them and aligning its strategies to their needs, the company is able to address the conflicts which may arise in its operation between the shareholder goal of wealth maximization and the various stakeholder goals. The other solution to the potential conflicts which the

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company has identified is ensuring that the CSR strategies are entrenched in the company mission and their alignment with the corporate strategy.

5. 3   Conclusion

This research project has reviewed corporate social responsibility practices in Kenya Airways comprehensively in an attempt to answer the research question and meet the research objective of the study. The researcher established that Kenya Airways has been consistently voted among the top ten airlines in the world and recently scooped top awards at the Africa Investor (Ai) Tourism Investor awards and was declared the "business airline of the Year." This is indeed due to its commitment to all its stakeholders by prioritizing CSR.

CSR demands that good corporate leadership and governance should strive to maintain a balance between the organizational interests and those of stakeholders in order for the organization's business to be conducted in a profitable and sustainable manner. CSR therefore is not just a goodwill gesture by organizations wanting to look good to the public in order to hike their profits. It is a prerequisite for good corporate leadership and governance as well as sustained operation and profitability.

CSR is a corporate competitive marketing strategy that ensures high organizational and product visibility thereby branding the business as an organization that cares about its consumers, the community it does business with and other stakeholders. It is an effort by organizations to deploy their resources in a way that helps the organizations build a mutually productive and sustainable business relationship between them and the

communities with which they do business. If well implemented, CSR is a win-win initiative for both the organization and the CSR beneficiaries. According to Porter and Kramer, 2006, the essential test that should guide CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value. It should therefore result in a meaningful benefit to the society that is also valuable to the business.

5. 4   Implications of the study

The government is one of the key stakeholders of the airline, through the taxes levied on jet fuel and other products, the effects of the fiscal regulations and also political risk which has a direct effect on the tourism industry that Kenya Airways relies on. This therefore dictates that the organization's CSR strategy be well aligned with the broad national objectives of the country. The airline can achieve this by getting the input of the policy makers when making CSR decisions and developing the CSR strategies.

Though the committee is mandated to evaluate and monitor the impact of the CSR activities the organization invests in, management can also resolve to hire an independent external body to conduct occasional social audits. This would give management an opportunity to get an objective review of the CSR initiatives.

5. 5   Limitations of the Study

As a result of the nature of the working conditions in the organization, it was not possible to interview managers who had tight schedules of work and those who were away on official duties. There was also a challenge scheduling the interview sessions with the identified respondents, especially the top level managers. As much as Kenya Airways is

listed in the Nairobi stock exchange, some of the information could not be divulged for confidentiality reasons. The study therefore limited itself to issues that could be discussed without compromising any part of the business aspect.

In addition, some of the managers who had been in the organization when the major CSR strategies and decisions were made had since left and their input could not be incorporated in the study. Some managers refused to be interviewed as they felt that the information they were to provide to the research was very sensitive.

5. 6   Suggestions for Further Study

The study's main focus was the corporate social responsibility practices in Kenya Airways. However, given that each company has a unique orientation in CSR, study on CSR practices in the airline industry could be done in future. The findings of the study would be crucial since the environment in the airline industry is complex and very turbulent.

In all the profit organisations, the shareholders goal is profit maximisation. In a bid to evaluate that their interests are secured, further research could be done to determine whether the airline's CSR practices have any impact on Kenya Airway's financial performance. The other aspect which has a direct influence on the profitability is competitive advantage. This is very crucial since the airline industry has seen many new entrants in the recent past. Research on the relationship between CSR and KQ's competitive advantage would be very informative.

Finally, a survey could be done to evaluate the stakeholder's perception of the CSR practices in Kenya Airways. The findings would give the organisation an objective opinion on whether it's successful in reaching out to its stakeholders and also the greatest areas of need of the stakeholders would be identified.

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APPENDIX 1: LETTER OF INTRODUCTION

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH INFORMATION.

I am a student at the University of Nairobi pursuing a Master degree in Business Administration (MBA). I am undertaking a research project on Corporate Social Responsibility Practices in Kenya Airways as part of the academic requirements for the award of the stated degree.

I would be grateful if you could spare a moment of your time and fill the attached questionnaire, to help me gather the necessary information. The information you give shall be treated with utmost confidentiality and shall be used solely for this research problem. A copy of the same shall be availed to you on request.

Any additional information you might consider necessary for this study will be highly appreciated.

In case of any queries pertaining to this research project, do not hesitate to call me on Tel: 0736178187.

Thank you in advance.

Yours sincerely

Ruth Njambi Muhia

APPENDIX 11: INTERVIEW GUIDE

INTERVIEW GUIDE FOR CORPORATE SOCIAL RESPONSIBILITY

PRACTICES IN KENYA AIRWAYS

SECTION A: RESPONDENTS PROFILE

1   Position held...

2   Department...

3   Number of years of service in the Corporation..............................

4   Number of years served in the position…………………………...

SECTION B: GENERAL INFORMATION

1   What is the mission of the company?

2   What is the social mission of the company?

3   How is the social mission integrated in the overall company mission?

SECTION C: CORPORATE SOCIAL RESPNSIBILITY PRACTICES

4   How do you execute your social mission/program(s)?

5   Please describe the main categories of CSR activities which the company pursues?

6   Think of all the CSR activities which the company participated in last year.

     a. They were?

     b. What was the total approximate amount spent?

7   Who are the major stakeholders of the organization?

8   Which conflicts arise amongst the various stakeholder groups? In lieu of the problems, what solutions would you suggest?

9   How are conflicts between Shareholder Value and CSR resolved?

10   How do the employees get involved in the CSR practices the organization undertakes?

11   What measures are usually taken to ensure that the employees work in a conducive environment?

12   What problems are experienced in implementing Corporate Social Responsibility? In lieu of the problems, what solutions would you suggest?

13   How do you determine the success/failure of the social mission?

SECTION E: CONCLUSION

14   What are the benefits of having a good CSR approach?

15   How does the future look for your company and your CSR engagements? What are your upcoming objectives and goals?

16   What other comments do you have?

THANK YOU FOR YOUR PARTICIPATION