THE RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND PERFORMANCE OF HEALTH MANAGEMENT ORGANIZATIONS IN KENYA

BY

ALICE NGUGI

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DECLARATION

This research project is my original work and has not been presented for award of degree in any other university.

Signed

Alice Ngugi

REG. D61/P/7208/03

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

Signed

Mr. Maalu

School of Business

University of Nairobi.
DEDICATION

To my employer and colleagues your support and encouragement sustain me.

Thanks for being there.

To my family – your encouragement and pride in my achievements helped me tackle the obstacles.

And to all the wonderful educators and administrators I have had the privilege of working with and learning.
ACKNOWLEDGEMENT

All research carried out often require support and efforts of many people. Due to the fact that I cannot reach all of them, I hope this acknowledgement serves to convey my sincere appreciation for their help.

This project would not have been possible without the guidance, direction and support of my supervisor. My gratitude and thanks therefore goes to Mr. Maalu to whom I submit my deepest appreciation for being my advisors throughout the project process. Thank you for guiding me through a challenging, and at times difficult, learning experience.

Perhaps my greatest indebtedness is to my family; employer and colleagues I could not have done this without their encouragement, support and vision. They truly provided the drive I often needed in completing this Master’s degree. Thank you all, for coping with the extra demands that accompanied furthering my education. I know this was no easy undertaking.

I whole heartedly acknowledge all Health Management Organizations who actively participated in the study by responding to the questionnaires.

Above all, I thank God, the Almighty who opened the door for me to pursue the Masters Degree and for providing me with good health throughout my period of study.
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ABSTRACT

The aim of the study was to determine the relationship between Corporate Social Responsibility and the performance of Health Maintenance Organizations in Kenya. The first objective of the study was to determine the extent to which HMOs in Kenya embraced CSR. The second objective of the study was to establish whether the practice of CSR had any impact on the performance of HMOs in Kenya. To achieve this, the study adopted a census survey in which all the 21 HMOs in Kenya were studied. The data was collected using questionnaires. Collected data was analyzed using descriptive statistics such as frequency distributions and percentages. The study established that according to 93% respondents, HMOs in Kenya engaged in CSR activities to large extent. The areas in which the HMOs participated in CSR practices included supporting children's homes, environmental protection, supporting education and fighting the spread of HIV/AIDS (96%). Other areas include employee and supplier welfare. Cost is no longer a factor of consideration as the respondent organizations view investment in CSR as an opportunity to give back to society. In as much as the investment in CSR may result in increased operating costs and asset utilization, the research has established that it leads to increased revenue and profitability (35%). The practice also helps build brands and motivate employees thereby leading to increased productivity (45%), retention and satisfaction (42%). Participation in CSR according to the findings of this study ensures customer growth, market penetration and customer satisfaction. The study therefore concludes that to a large extent there is a positive correlation between Corporate Social Responsibility and performance of HMOs in Kenya. The study recommended that all organizations should engage in CSR as a strategy to increase revenue and profitability. The study also recommended that organizations adopt CSR practices as a marketing tool.
CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 Corporate Social Responsibility

All organizations are environment dependent (Ansoff and Mc Donnel. 1990). They operate in an environment in which they obtain their inputs and discharge their outputs (Porter, 1985). An organization’s environment consists of all the conditions and forces that affect its strategy options and defines its competitive situation (Pearce and Robinson. 2005). Since the turn of the millennium, the demographic, economic, natural, technological, political-legal and socio cultural environment have been changing at an accelerated rate (Kotler. 2001). Johnson and Scholes (2002) propose that uncertainty increases when environmental conditions are more complex and dynamic. The increasing number of local and global players coupled with more educated, inquisitive and demanding customers has intensified competition (Capron and Holland. 1999). Pezzullo (1998) notes that competition has called for companies to come up with strategies to not only defend their market share but which makes them stand out from the competition.

The Kenyan economic environment has been undergoing drastic changes, which has affected most sectors. more so since the early 1990s when the government’s policies on liberalization outlined the reform measures to be undertaken in all sectors of the economy in order to accelerate growth and development. These challenges include privatization and commercialization of the public sector, increased competition. and liberalization of the economy and accelerated implementation of reforms by the government as well as rapid technological advancement. Faced with the changing environment, organizations have to adapt their activities and internal configuration to reflect the new external realities. Failure to do this may jeopardize future success of these organizations (Aosa. 1998).

One of the practices adopted by business institutions in order to ensure future economic success includes Corporate Social Responsibility (CSR). Broadly defined. CSR refers to company’s activity and status related to its perceived societal or stakeholder obligations
Corporate social responsibility can also be defined as the firms consideration of, and response to issues beyond narrow economic, technical and legal requirements of the firm to accomplish social benefits along with traditional economic gains which the firm seeks (Davis, 1973, p. 312).

In today's global competitive market environment, CSR represents a high profile notion that has strategic importance to many companies. As many as 90% of the Fortune 500 companies now have explicit CSR initiatives Kotler and Lee (2004); Lichtenstein, Drumwright, and Bridgette (2004). According to a special report in business week (Bemer, 2005, p. 72), large companies disclosed substantial investments in CSR initiatives. Table 1.1 show amounts in dollars invested towards CSR by various companies and the percentage of pretax profits this represents. This table shows that the more a company invested in CSR, the more its pre-tax profits.

Table 1.1 Donations towards CSR by companies.

<table>
<thead>
<tr>
<th></th>
<th>Donation to CSR in millions of $</th>
<th>% of pre-tax profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>107.8</td>
<td>3.6</td>
</tr>
<tr>
<td>General Motors</td>
<td>51.2</td>
<td>2.7</td>
</tr>
<tr>
<td>General Mills</td>
<td>60.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Merck</td>
<td>921</td>
<td>10.3</td>
</tr>
<tr>
<td>Hospital Corporation</td>
<td>926</td>
<td>43.3</td>
</tr>
</tbody>
</table>


By dedicating ever-increasing amounts to cash donations, in-kind contributions, cause marketing and employee volunteerism programmes, companies are acting on the premise that CSR is not merely the “right thing to do” but also the “smart thing to do” (Smith 2003, p. 52). With the increasing media coverage of CSR issues, companies themselves are also taking direct and visible step to communicate their CSR initiatives to various stakeholders, including consumers.
According to Bowen (1953), social responsibility refers to obligations to pursue those policies to make decisions or to follow those lines of actions that are desirable in terms of objectives and values of the society. Keith (1965) observes that social responsibility refers to businessmen’s decision and action taken for reasons at least partially beyond the firm’s direct economic or technical interest. Ogrizek (2001) defines corporate social responsibility as all aspects of business behaviour and its impact on society. Waddock (2004) described corporate social responsibility as a degree of responsibility manifested in an organization’s strategy and operating practices as they impact stakeholders and the natural environment on a day to day basis. It is a business approach that aims to create long-term shareholders value by embracing opportunities and managing risks that arise from economic, environmental and social developments (Onyango, 2007).

According to Johnson and Scholes (2002), corporate social responsibility is concerned with the ways in which an organization exceeds the minimum obligations to stakeholders specified through regulation and corporate governance; this includes considerations as to how conflicting demands of different stakeholders can be reconciled. Johnson and Scholes (2002) also argue that since legal and regulatory framework pay uneven attention to rights of different stakeholders, it’s useful to distinguish between contractual stakeholders like customers, suppliers and employees who have a legal relationship with an organization and community stakeholders such as the local communities, consumers and pressure groups who are protected by the law. From the above definitions given by different scholars, it is evident that corporate social responsibility touches on firms obligations to the society beyond normal legal and regulatory requirements. These obligations must be fulfilled without compromising the interest of other stakeholders for instance return on the investors’ capital.

Cash flows and Social responsibility are therefore consistent with maximizing the wealth of the firm’s equity holders. However, from a broader theoretical perspective, the entire effort to discover how socially responsible activities can increase the present value of a firm’s future cash flows is problematic. After all, the essential point of many business and society scholars is that the interests of a firm’s equity holders sometimes need to be set aside in favor of the interests of the firm’s other stakeholders (Windsor, 2001). That is, according to social
responsibility theorists, firms should sometimes engage in activities that benefit employees, suppliers, customers, and society at large, even if those activities reduce the present value of the cash flows generated by the firm (Paine, 2002).

According to Onyango (2007), CSR has resulted to firms' increased profitability and reputation. She notes that according to East Africa's business leaders, having a robust CSR is one of the key reasons why top companies were respected in the year 2007's PricewaterhouseCoopers East Africa's most Respected Companies Survey. Corporate Social Responsibility has been gathering momentum in the past decade. Today it is hard for CEOs to sidestep the issue. It is at the backdrop of this that the study seeks to investigate the effect of CSR of the performance of HMOs in Kenya.

1.1.2 Healthcare Provision in Kenya

In this century, health care and its associated systems have emerged as major social, ideological, ethical and political issues in public policy and in economic debate. In particular, the escalation in health costs has become a major problem for development when the world liberalized its economies and the market forces were left to determine its own prices. The worst hit countries were the developing countries including Kenya. Despite some progress, the achievement of the Millennium Development Goals (MDGs) will not be easy and remains an important challenge. A better protection of the poor against health risks is crucial in this endeavour. Obviously, poor health drastically impedes the social and economic development of a country: beyond directly affecting people's well being (reduced life expectancy, high infant mortality, spread of infectious diseases, etc.) poor health also lowers the productivity of labour and menaces the entire economy.

Access to health services typically requires out-of-pocket payments. According to WHO (2003) data, out-of-pocket payments (OOP) account for 1/3 of total health care spending in 2/3 of all low-income countries. In most African countries the amount of OOP is well above this average (Drechsler and Jütting 2005). Such payments can well lead individuals or households to reduce their expenditures for basic needs such as for food, housing and clothing, to borrow money, and to sell household assets. Some households as a result
inevitably slide into poverty. Furthermore, out-of-pocket payments may lead to denied access to needed services or prevention from receiving a full course of needed treatment. The consequence is all too often a vicious cycle of poverty from which it is difficult to escape in an already impoverished environment. Providing access to affordable health services can alleviate the financial burden of households and improve their ability to generate income.

Recently, there has been an increasing focus on social health protection through health insurance as a potentially promising way to better deal with health risks in developing countries. However, the empirical basis for a profound analysis of the effects of health insurance is still very weak (Asfaw. 2005; Lamiraud et al. 2005; Xu et al. 2005). In Kenya, there is the compulsory hospital insurance (organized by the National Hospital Insurance Fund - NHIF) that covers government and formal sector employees and their family members: NHIF however covers only 7 per cent of the population. Other social health protection mechanisms include health maintenance organizations (HMO), private health insurance, community-based health insurance and various mutual help groups (Harambee).

### 1.1.3 Health Maintenance Organizations

Health maintenance organization (HMO) is a type of prepaid medical service in which members pay a monthly or yearly fee for all health care, including hospitalization. The term health maintenance organization was first coined by Ellwood in 1971 (Starr. 1981). With the growth and variety of pre-paid health plans already in existence (such as Kaiser and the Health Insurance Plan of New York) and the formal inception of HMOs through the HMO Act of 1973 of the United States, HMO development was widely encouraged (DeFriese. and Earp, 1989). Fielding (1984) cites the definition of an HMO as being "...an organized system of health care that assures the delivery of comprehensive, continuous and coordinated health care services to a voluntarily enrolled group of persons under a prepayment plan". Embodied in this definition lie four important components of the HMO concept (Luft. 1987):

- **contractual responsibility** - HMOs provide a comprehensive array of services under a written contractual agreement. These stated services include at least in-patient hospital and ambulatory services: a **voluntary population** - HMOs serve a voluntarily enrolled population: **prepaid services** - HMO enrollees make set systematic payments, whether annually or
monthly, regardless of their use of services; and risk sharing - HMOs share in the financial risk associated with providing health care services.

With the conceptual understanding, we turn our attention to the philosophical ideas purported by its advocates. First, there is the emphasis on health maintenance or wellbeing. Here, prevention is a priority and is reflected in such services as pre-natal and well-baby care. Ideally these are part of a range of comprehensive services designed to shift the incentives from tertiary care and hospitalization to prevention and ambulatory treatment. This aim addresses the generic strategies of cost and quality leadership, by reducing hospitalization and including comprehensive services which otherwise might not be covered under traditional insurance (Cohen, McCord, and Sebstad, 2003). Second, risk is shared by the HMO, its staff, and the enrollers. This risk, which is generally not shared in fee-for-service practice, provides an added incentive to meet the service philosophy of the HMO. Thus, risk sharing is designed to reduce cost by preventing supplier-induced demand for medical services. Any substantial deviations in the strategies of cost, quality, and focus (wellbeing and prevention) may cause the HMO to lose its economic viability and competitiveness (Cohen, McCord, and Sebstad, 2003).

The United States government, which began to promote the HMO concept in the 1970s, viewed HMOs as a means of controlling health care costs (by discouraging physicians from performing unnecessary, costly procedures), meeting the public’s increased demand for health services, and providing health care where it had previously been inadequate. Proponents of HMOs say that they make health care available to more people and that their emphasis on prevention results in earlier diagnosis and increased health-care savings. Numerous complaints (and lawsuits) have arisen, however, over HMOs' refusals to approve various treatments and over the concern that the organizations skimp on care in order to realize profits. By 1996 most states had enacted laws restricting HMO rules that were seen as detrimental to patients' health (Weiner, and de Lissoroy, 1993).

The HMOs in Kenya have grown and today it is a recognized industry despite drawbacks like the collapse of a few companies. Today no organization that is keen on being recognized in
an environment that is increasingly becoming more and more competitive due to the liberalization of economies and globalization effect that is being felt world over. Ignore CSR as a strategy to reach out its customers and as a way of giving back to the society. As research by Onyango (2007) had shown CSR leads to profitability and the organizations engaging in CSR may use it as a competitive advantage. The study therefore sought to investigate the extent to which HMOs in Kenya have embraced CSR activities as a way of considering the effect of the organization on others.

1.2 Statement of the Problem
The field of corporate social responsibility has grown considerably over the last decade. Many businesses are becoming more active in contributing to society now than used to be the case. Corporate social responsibility (CSR) issues are now being integrated into all aspects of business operations and explicit commitment to CSR is made in the visions, missions and value statements of an increasing number of companies all over the world. CSR reports issued usually go beyond profit maximisation to include the company's responsibilities to a broad range of stakeholders including employees, customers, community and the environment.

The myth that firms have only one overarching goal within society (i.e. shareholder wealth maximisation) has, however, clearly become obsolete. A more balanced, value-based and integrative perspective has evolved (Holliday et al., 2002). Value-based social dynamics are important not only because CSR may help organisations to attract talent (e.g., Greening and Turban, 2000) but also because CSR can make a meaningful contribution to financial performance and organisational effectiveness.

Social responsibility is a major component of strategy formulation. Typically, a company's corporate strategy sets out the main areas that define the company and its business helping the company in deciding what it wants to do and how to achieve results. This process has two major planks, the formulation and the implementation of corporate strategy. In formulating its corporate strategy, the company identifies its purposes, its opportunities and threats, strengths and weaknesses, the values of the people who make the choices and its obligations
to society. It is at the backdrop of these revelations that the study sought to establish the practice of CSR by HMOs in Kenya as a business strategy to ensure improved performance and effectiveness.

Several studies have been done on CSR in Kenya. Murunyu (2006) did a study on factors that influence the corporate social responsibility behaviour of Commercial Banks in Kenya. Mitigoa (2006) carried out a study on corporate social responsibility and portfolio performance at the NSE. Wameyo (2006) did a study on corporate social responsibility as a strategic tool for stakeholder’s management in large scale enterprises in Kenya. Ominde (2006) carried out a study on the link between corporate social responsibility and corporate strategy among companies listed at the NSE. Korir (2006) did a study on the link between corporate social responsibility and corporate strategy among companies listed at the NSE. Auka (2006) did a study on management perception of social responsibility at KRA. Okcyo (2004) conducted a study on factors influencing the practice of corporate social responsibility of financial institutions in Kenya. The researcher was however not aware of any study done on the practices of corporate social responsibility by the Health Maintenance Organizations in Kenya. A knowledge gap therefore existed and it was the gap the study sought to fill by addressing the question; to what extent does the HMOs in Kenya practice corporate social responsibility?

Engaging in CSR activities according to Aupperle et al. (1985) and Onyango (2007), lead to increased profitability. The researcher studied whether HMOs in Kenya engaged in CSR as a strategy for better performance.

1.3 Research Objectives

The specific objectives of the study were to:

1) Determine the extent to which HMOs in Kenya embraced corporate social responsibility

2) Establish whether the practice of corporate social responsibility had any impact on the performance of HMOs in Kenya
1.4 Importance of the Study

The study was conducted with an aim of determining the effects of corporate social responsibility in the performance of HMOs. The study will be of importance to the following.

**The Health Maintenance Organizations**

The findings will help the HMOs in appreciating corporate social responsibility and its contributions to an organization's performance. Revelation of the impacts of corporate social responsibility on the performance of HMOs which are currently practicing corporate social responsibility will motivate other organizations providing health care to re-align and do the same. The study will also give insight to the areas that need attention in the review of corporate social responsibility practices by HMOs and other related organizations.

**The entire Business Community**

The study will also give insight to the entire business community on the practice of corporate social responsibility in Kenya and its importance in improving the overall performance of organization. This will motivate these organizations to embrace corporate social responsibility to the benefit of the businesses and the community.

**The Academicians**

To the academicians, the study will contribute to the existing body of knowledge of corporate social responsibility in Kenya. It will also stimulate prospective researchers to replicate the study in other sectors of the economy.

**The policy makers**

This study will give insight to the private as well as government policy makers in Kenya such as the Ministry of Health especially in regard to corporate social responsibility.

1.5 Limitations of the Study

The study will be limited to establishing the impact of CSR on the performance of organizations, the case of HMOs in Kenya only.
1.6 Delimitations of the Study.

There are other variables which affect the performance of organizations but this study will only look at the impact of CSR on the performance of HMOs.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the review of literature related to this research. This will be done with the aim of collecting views and opinion on the CSR practices in HMOs in Kenya. The review will be done on theoretical literature mostly books, newspapers and information from internet.

2.2 The concept of Corporate Social Responsibility

A wide variety of definitions of corporate social responsibility have been proposed in the literature (Margolis & Walsh, 2003). While these definitions vary in detail, many focus on voluntary firm actions designed to improve social or environmental conditions (Aguilera, Rupp, Williams, & Ganapathi, 2007 and Waddock, 2004). This is the definition of corporate social responsibility I adopt here. Of course, within this broader definition, different stakeholders may have different preferences for specific socially responsible activities they would like to see their firm invest in (Grass, 1999). However, as long as a firm’s actions are consistent with this general definition of social responsibility—that is, as long as they are voluntary and designed to improve social or environmental conditions—they are considered socially responsible for the purposes of the model developed here.

According to Bowen (1953), social responsibility refers to obligations to pursue those policies to make decisions or to follow those lines of actions that are desirable in terms of objectives and values of the society. Keith (1965) observes that social responsibility refers to businessmen’s decision and action taken for reasons at least partially beyond the firm’s direct economic or technical interest. Eells and Walton (1961) argued that CSR refers to the “problem that arises when corporate enterprises cast its shadow on the social scene, and the ethical principles that ought to govern the relationship between the corporation and society”. Ogrizek (2001) defines corporate social responsibility as all aspects of business behaviour and its impact on society.
Waddock (2004) described corporate social responsibility as a degree of responsibility manifested in an organizations strategy and operating practices as they impact stakeholders and the natural environment on a day to day basis. According to Johnson and Scholes (2002), corporate social responsibility is concerned with the ways in which an organization exceeds the minimum obligations to stakeholders specified through regulation and corporate governance; this includes considerations as to how conflicting demands of different stakeholders can be reconciled. Johnson and Scholes (2002) also argue that since legal and regulatory framework pay uneven attention to rights of different stakeholders. It's useful to distinguish between contractual stakeholders like customers, suppliers and employees who have a legal relationship with an organization and community stakeholders such as the local communities, consumers and pressure groups who are protected by the law.

From the above definitions given by different scholars, it is evident that corporate social responsibility touches on firms obligations to the society beyond normal legal and regulatory requirements, these obligations must be fulfilled without compromising the interest of other stakeholders for instance return on the investors' capital.

Debates continue to rage about whether or not firms should engage in socially responsible behavior. On the one hand, traditional economic arguments suggest that managers should make decisions that maximize the wealth of their firm’s equity holders (Friedman, 1962). Managers do this by making decisions that maximize the present value of the firm’s future cash flows (Copeland, Murrin, & Koller, 1994). To the extent that socially responsible activities are inconsistent with these economic objectives, traditional financial logic suggests that they should be avoided. Indeed, firms that engage in such activities—especially when they are very costly—may be subject to various forms of market discipline, including limited access to low-cost capital, the replacement of senior managers, and takeovers (Jensen & Meckling, 1976).

On the other hand, some business and society scholars have argued that firms have a duty to society that goes well beyond simply maximizing the wealth of equity holders (Whetten, Rands, & Godfrey, 2001). These scholars argue that such a narrow focus can lead
management to ignore other important stakeholders including employees, suppliers, customers, and society at large and that sometimes the interests of these other stakeholders should supersede the interests of a firm's equity holders in managerial decision making, even if this reduces the present value of the firm's cash flows (Paine, 2002). One way to resolve this conflict is to observe that at least some forms of socially responsible behavior may actually improve the present value of a firm's future cash flows and, thus, may be consistent with the wealth-maximizing interests of the firm's equity holders. For example, socially responsible behavior can enable a firm to differentiate its products in its product market (McWilliams & Siegel, 2001), can enable a firm to avoid costly government-imposed fines (Freedman & Stagliano, 1991), and can act to reduce a firm's exposure to risk (Godfrey, 2004). All of these socially responsible actions can increase the present value of a firm's future.

CSR is a vague and intangible term, which can mean anything to anybody, and therefore is effectively without meaning. If CSR was not just an invention of PR then it would have certain characteristics: a commonly understood definition (within and across companies); a common set of benchmarks to measure the attainment of corporate social responsibility; established processes in place to achieve these benchmarks; a system of internal auditing; a system of external verification by accredited bodies.

Of course the lack of a precise definition reflects the fact that CSR, or corporate citizenship as it is increasingly referred to these days, is an evolving concept, which emerged originally in the Victorian era in the form of paternalistic gestures to consolidate company relationships with particular communities. Some of these gestures, such as Joseph Rowntree's, were genuinely philanthropic. Most CSR is motivated by a desire for an eventual return: a more compliant workforce, the smoother granting of planning permission, more amenable customers, or in the jargon of today's corporate affairs manager "gaining a license to operate" or "reputational assurance".

Contemporary concepts of CSR have moved a long way from genuine philanthropy. There have been recent attempts to develop benchmarks with regard to certain aspects of CSR.
PricewaterhouseCoopers (2000) have developed a "reputational assurance framework" which according to its literature "enables companies to identify measure and manage their corporate responsibility and accountability processes". The framework includes performance indicators relating to a company's impact on different stakeholders across different fields of activity including human rights. It is available as a self-assessment software package. Shell's Social Accountability Team are currently benchmarking the Universal Declaration of Human Rights, considering which rights different aspects of their operations might impinge upon and attaching appropriate performance metrics.

A turning point in the recent evolution of CSR has been Shell's partial metamorphosis in this area following its sobering clash with civil society in 1994-1995. First foiled by Greenpeace in its plans to dispose of the Brent Spar oil platform at sea, then criticized internationally for its oil operations in Nigeria and apparently cozy relations with the military junta. Shell has been forced to rethink its strategy and has diverted enormous resources into responding to non-governmental organisational (NGO) concerns. Shell (2000) was one of the first major UK corporations to produce a social report illustrating its impact on society across a range of dimensions.

A number of other companies are now committed to producing annual social reports. This is a reflection of the inexorable movement towards greater transparency and disclosure. Of course these reports have been widely dismissed by NGOs as "window dressing", "greenwash", a "PR exercise". But the fact that companies are beginning to accept that they have to account in some form for their wider impact on society is a significant step.

The interests of a firm's equity holders sometimes need to be set aside in favor of the interests of the firm's other stakeholders (Windsor. 2001). That is, according to social responsibility theorists, firms should sometimes engage in activities that benefit employees, suppliers, customers, and society at large. even if those activities reduce the present value of the cash flows generated by the firm (Paine. 2002). Focusing the study of corporate social responsibility on those actions that increase the present value of a firm's cash flows fails to address this central theme in the corporate social responsibility literature (Windsor. 2001). In
this context, not just examples of socially responsible actions that can have a positive impact on a firm’s cash flows so called profit maximizing “ethics” (Windsor, 2001)—are required but, rather, a theory that suggests the conditions under which firms will engage in socially responsible activities, even if those activities reduce the present value of a firm’s cash flows—so-called costly philanthropy (Windsor, 2001).

Critics of CSR contend that expending limited resources on social issues necessarily decreases the competitive position of a firm by unnecessarily increasing its costs. Furthermore, even if a firm has slack resources but no favorable investment opportunities, and even if the costs of CSR are not ample enough to put the firm at a competitive disadvantage, the firm should still refrain from CSR. Devoting corporate resources to social welfare is tantamount to an involuntary redistribution of wealth, from shareholders, as rightful owners of the corporation, to others in society who have no rightful claim. Thus, CSR, although almost universally practiced, is considered by some to be an agency loss: managers pursue CSR for personal gain, not shareholder benefit (Friedman, 1970).

Carroll (1991) provides an alternative description by means of a pyramid that depicts the economic category at the base and then builds upwards through legal, ethical and philanthropic categories. This is based on Carroll’s two widely cited definitions of corporate social responsibility. First in 1979 “the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a point in time” and later refined in 1991 “The corporate social responsibility firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen” Figure 2.1 below Shows Carroll’s description of corporate social responsibility practices.
The philanthropic category focuses on issues of charitable given by business. The ethical category considers going beyond legal provisions to comply with broader ethical expectations of society. The legal category looks at observance of legal provisions and issues of an enabling legal environment. The economic category broadly looks at the contribution of business through investment, job creation, payment of taxes and value addition. All these are efforts to describe corporate social responsibility by leading scholars. Evidently, corporate social responsibility is moving from practice towards the construction of appropriate theory, which can underpin the current explosion of initiatives (Carroll, 1991).

There exist several CSR models trying to describe why organizations are engaging in CSR. Carroll’s “pyramid of corporate social responsibility” is perhaps the most famous example of the early models. This model’s graphical representation implied a hierarchy of responsibilities moving from economic and legal through to more socially oriented ones of ethical and philanthropic responsibilities (Carroll, 1991). Acknowledging the problems inherent in the visual representation of this schema as an implicit hierarchy, Schwarz and Carroll (2003) have replaced the pyramid with a Venn diagram and also abandoned the philanthropic category as not justifiable as a “social responsibility” due to its discretionary
nature. This latter revision updates the model to correspond more closely to contemporary notions of CSR as integral to (rather than imposed upon) the business system and exemplified in concepts such as the triple bottom line and social auditing.

Another key dimension of early models was an emphasis on "responsibility" or obligation. For early revisionists in the 1970s, this was too static a notion of CSR. They argued for a more proactive and dynamic orientation, which required organisations to not only meet the expectations of a civil society to secure their legitimacy, but also to anticipate and promote desirable changes in business-society relationships. This changed emphasis became associated with the term "social responsiveness" and is most famously articulated in Sethi’s three state schemas for corporate behaviour as "social obligation", "social responsibility" and "social responsiveness" (Sethi, 1975).

Waddock (2004) traces the source of this shift to two key works published in the mid-1970s. The work of Preston and Post (1975) emphasized the organisation’s wider engagement in shaping and delivering public policy commitments. By contrast, Ackerman and Bauer (1976) stressed the development of internal management processes for effecting social responsiveness by making the organisation more flexible in responding to external change in the social environment.

The factors that compel the firm to participate in corporate social responsibility include the industry sector in which the firm operates, the management perception of corporate social responsibility and the level profitability. Company size showed mixed results indicating that smaller firms are less likely to be involved in corporate social responsibility while business risks showed a negative relationship with corporate social responsibility (Merrill, 2003).

Corporate social responsibility has become a part of the general business discourse in Kenya. Increasingly throughout 2004, business leaders have followed the trend in the west of engaging in social discourse and espousing the virtues of corporate social responsibility. A recent survey by Ufadhili Trust found a shocking consensus on a number of issues between private, public and civil society sector revolving around socio-economic arena. Most
companies have internal codes of ethics governing key internal functions and external relationships. Issues within the market place include business ethics, fair play and observance of the law within the market place. Core issues include impact on society of core products and services, issues around buying and selling, supply chain management, consideration for vulnerable customers and cause related marketing (Kivuitu and Yambayamba 2005).

Kenya Institute of Management, the organizers and managers of the Company of the Year Award (COYA) puts increasing importance to corporate citizenship in their assessments and award of the Company of the Year Award. Leading companies in Kenya participate in this event and they include Magadi Soda Company and Safaricom Limited who received the corporate citizenship COYA of 2007 under the manufacturing sector and service sector respectively.

The concept of CSR has been applied only relatively recently in Kenya. The term is seeing some application within policy debates. But there remains little consensus on the meaning of the term, or indeed on its usefulness, and it is not applied widely. Kenya is a host emerging specialist CSR organizations which include Ufadhili in Kenya. Such organizations are raising the profile of CSR issues at national level and bringing some familiarity with CSR concepts and practices. Although these organizations are firmly rooted in their national contexts, and tend to focus their efforts on sensitizing local stakeholders to CSR, they also have some links to international CSR debates. These specialist organizations complement many other civil society groups working on certain aspects of CSR (albeit not called 'CSR' in most cases). These include trade unions, business support agencies, community development NGOs, and human rights and environmental organizations. There are also a number of CSR-related initiatives led or funded by multilateral or bilateral development agencies. The United Nations has instigated discussions under the auspices of the UN Global Compact in Kenya (UN Global Compact, 2007).

In Kenya, the activities most commonly identified by companies themselves as CSR could broadly be described as philanthropy. In Kenya, surveys suggest that the cause receiving the highest proportion of corporate donations is health and medical provision, and donations are
also directed towards education and training; HIV/AIDS; agriculture. The review of the literature above does not have any review of CSR activities by HMOs, hence a gap in the literature review with regard to practice of CSR by HMOs.

2.3 The importance of Corporate Social Responsibility

The practice of corporate social responsibility by an organization brings certain benefits. Drucker (2001) argue that corporate social responsibility cement social contacts with the society. Similar thought are also shared by Bowen (2005) that expectations of responsible behaviours starts with factors driven by a corporation's core competencies. According to Loh (2005), an organization that places corporate social responsibility at its heart will build up a solid reservoir of goodwill with all stakeholder groups. Waddock (2004) argue that corporate social responsibility is typically undertaken with some intent to improve an important aspect of society or relationships with communities or Non Governmental Organizations. Corporate social responsibility is equally as important these days as competitiveness and governance. it forms a triad of pressure that the organization feels will shape business leaders' agendas (Fittipaldi. 2004). In order to reap corporate social responsibilities bottom line benefits. Fittipaldi (2004) suggests that companies must present convincing evidence of their commitment, actions and motives lest they appear to be committed in name only. Ogrizek (2001) explains that corporate social responsibility helps companies to obtain and maintain their license to operate.

According to Bashaija (1997), being socially responsible ensures popularity within the local community which is a source of a firms market and labour forces. The public would generally associate with responsible organizations whose activities do not negatively affect them. Davis (1994) admit that social power is a very powerful tool to ensure that organizations behave responsibly and that those who do not use power in the way the society expects will eventually loose it. Presto (1978); Anderson and Frankie (1980); Bow (1978) have observed that social responsibility could improve a firm's value and that there exists a positive correlation between social disclosure and economic performance, in addition. they show that efficient market detect those firms that give misleading information and discriminate. Other scholars such as Bateman et al (1998) argue that social responsibility has
along term advantage for the organization in terms of improved image and avoidance of costly legal regulations that accompany irresponsibility. Proponents of corporate social responsibility believe that “Today, the business of business is everyone’s business” (Grayson & Hodges 2001).

Despite the aforementioned theoretical literature on the benefits of CSR on organizations, the study has found no study to have been linked to the practice of CSR and its benefits by HMOs. There exists therefore a study gap, and it is this gap that the researcher seeks to fill by first establishing the practice of CSR by HMOs and then finding out some of the factors that have influenced CSR in HMOs.

2.4 The Impact of Corporate Social Responsibility on Organizational Performance

The performance of business organizations is affected by their strategies and operations in market and non-market environments (Baron 2000). The increasing power of activist groups and the media in pluralist western societies can be expected to make organizations’ non-market strategies even more important. One construct that might capture a major element of these non-market strategies is CSR. Corporate social responsibility can be defined as ‘a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s societal relationships’ (Wood 1991).

The impression that ‘in the aggregate, results are inconclusive’ regarding any theoretical conclusions about the relationship between CSR and corporate financial performance (CFP) has persisted until today (Jones and Wicks 1999: 212; cf. also Donaldson 1999; McWilliams and Siegel 2001; Roman et al. 1999). Ullmann (1985) and Wood and Jones (1995) argued that during the past three decades of empirical research on this relationship, researchers have engaged in a futile search for stable causal patterns. A number of narrative reviews and theories have proposed conceptual explanations for the existence (or lack thereof) of a causal relationship between CSR and CFP, but failed to provide clear answers (Aupperle et al., 1985 Husted, 2000; McWilliams and Siegel. 2001). Previous reviews of this area have suggested that such factors as stakeholder mismatching the general neglect of contingency factors and
measurement errors for example, may explain inconsistent findings (Ullmann 1985; Wood and Jones 1995; Waddock and Graves 1997)

Instrumental stakeholder theory suggests a positive relationship between CSR and CFP (Clarkson 1995; Cornell and Shapiro 1987; Donaldson and Preston 1995). According to this theory, the satisfaction of various stakeholder groups is instrumental for organizational financial performance Donaldson and Preston (1995); Jones (1995). Stakeholder-agency theory argues that the implicit and explicit negotiation and contracting processes entailed by reciprocal, bilateral stakeholder–management relationships serve as monitoring and enforcement mechanisms that prevent managers from diverting attention from broad organizational financial goals (Hill and Jones, 1992; Jones, 1995). Furthermore, by addressing and balancing the claims of multiple stakeholders, managers can increase the efficiency of their organization’s adaptation to external demands (Freeman and Evan 1990).

Additionally, according to a ‘firm-as-contract’ analysis, high corporate performance results not only from the separate satisfaction of bilateral relationships but also from the simultaneous coordination and prioritization of multilateral stakeholder interests (Freeman and Evan. 1990; Hill and Jones, 1992). These strategic and tactical steps may be necessary to reduce the likelihood of the organization’s becoming stuck in a high-density network. High-density network can reduce CFP in a number of ways (Rowley, 1997). For example, in a high-density network, firms may become stuck in the role of compromiser or subordinate, depending on the degree of the firm’s network centrality (Rowley, 1997). Either of these roles may lead to further consumption of valuable firm resources such as time, labour, and capital. Conversely, high CSR bolsters a company’s competitive advantage by weighing and addressing the claims of various constituents in a fair, rational manner. This perspective, which is primarily derived from instrumental stakeholder theory has also been identified as the ‘good management theory’ (Jones 1995; Waddock and Graves, 1997).

CSR may be an organizational resource that provides internal or external benefits, or both. Internally, investments in CSR may help firms develop new competencies, resources, and capabilities which are manifested in a firm’s culture, technology, structure, and human
resources (Russo and Fouts, 1997). Especially when CSR is pre-emptive (Hart 1995) and a firm’s environment is dynamic or complex. Corporate Social Responsibility may help build managerial competencies because preventive efforts necessitate significant employee involvement, organization-wide coordination, and a forward thinking managerial style (Shrivastava, 1995). Thus, CSR can help management develop better scanning skills, processes, and information systems, which increase the organization’s preparedness for external changes, turbulence, and crises (Russo and Fouts, 1997). These competencies, which are acquired internally through the CSR process, would then lead to more efficient utilization of resources (Majumdar and Marcus, 2001). According to the ‘internal resources/learning’ perspective, whether CSR behaviours and outcomes are also disclosed to outside constituents is largely irrelevant to the development of internal capabilities and organizational efficiency.

In addition, however, CSR may have external effects on organizational reputation. According to the reputation perspective, an organization’s communication with external parties about its level of CSR may help build a positive image with customers, investors, bankers, and suppliers (Fombrun and Shanley, 1990). Firms high in CSR may use corporate social responsibility disclosures as one of the informational signals upon which stakeholders base their assessments of corporate reputation under conditions of incomplete information (Fombrun and Shanley, 1990). Furthermore, firms with high CSR reputation ratings may improve relations with bankers and investors and thus facilitate their access to capital. They may also attract better employees or increase current employees’ goodwill, which in turn may improve financial outcomes (Davis 1973; Greening and Turban 2000; McGuire et al., 1988; Turban and Greening 1997; Waddock and Graves, 1997). In sum, the reputation perspective postulates reputational effects as mediators of the CSR–CFP linkage, while the internal-resources perspective proposes managerial competencies and learning as the intervening generative mechanism between a positive CSR–CFP association.

Before looking at some responses that have been given, the point has to be made that embracing CSR would inevitably have consequences that would raise the costs of doing business, could well reduce revenues, and might also cause companies to sponsor low-yielding investments which they would otherwise have turned down. To that extent it would
reduce profits, *both in the short term and over a longer period*: and except in cases where shareholders knew of this, and were approving or acquiescent, it would be contrary to their interests (Kreitner, 1986). As against this, however, a public and whole-hearted commitment to CSR could also have positive effects on sales and revenue, and indeed on some aspects of costs as well; and these might tilt the balance so that the net impact on profitability was favourable. Both sides of the account have to be considered.

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According to Bashaija (1997), being socially responsible ensures popularity within the local community. The local community provides a source of a firm’s market and labour force. The public would generally associate with responsible organizations whose activities do not negatively affect them. Davis (1994) admits that social power is a very powerful tool to ensure that organizations behave responsibly and that those who do not use power in the way the society expects will eventually lose it. Bashaija (1997) and Smith (1976) have observed that social responsibility could improve a firm’s value and that there exists a positive correlation between social disclosure and economic performance, in addition, they show that
efficient markets detect those firms that give misleading information and discriminate. Other scholars such as Waddock (2004) argue that social responsibility has long term advantage for the organization in terms of improved image and avoidance of costly legal regulations that accompany irresponsibility. Proponents of corporate social responsibility believe that “Today, the business of business is everyone’s business” (Grayson and Hodges, 2001).

According to East Africa’s business leaders, having a robust Corporate Social Responsibility programme is one of featuring in the PricewaterhouseCoopers East Africa’s Most Respected Companies Survey. For the past decade Corporate Social Responsibility (CSR) has been gathering momentum. As a result, it is now hard for CEOs to sidestep the issue. Unremitting media coverage, a proliferation of buyer driven codes and standards and rising NGO activism that now targets ‘irresponsible’ corporate behaviour all contribute to the issue creeping into the CEOs agenda and in some cases keeping them awake at night. Multinationals have taken note of these developments and are nudging their subsidiaries to adopt certain CSR practices to ensure uniformity across all their operations and protect the corporate reputation. If current enthusiasm is anything to go by, executives need to brace themselves for interesting times ahead. Globally, and even in East Africa, the debate has moved beyond whether Corporate Social Responsibility should exist but in what form. However, the typical executive still wonders what Corporate Social Responsibility is all about and how to translate it into tangible gain. In fact, more recently the word social has become unpopular since it suggest that companies only have social responsibilities and not environmental or economic and the emerging phrase is simply Corporate Responsibility (CR). So what is Corporate Responsibility? Put simply CR is more of a journey than a destination. It’s a business approach that aims to create long-term shareholder value by embracing opportunities and managing risks that arise from economic, environmental and social developments. The concept has proved to be resilient and will evolve with time (Oloo, 2007).

Oloo (2007) feels that the waters run deeper than the occasional benevolent spirit seen around Christmas or publicly brandishing a cheque to some pet project or fashionable cause. a common practice with many companies in Kenya. Indeed, the CR arena is rather broad but a common denominator is to ensure corporate activities are motivated by concerns for
stakeholders including employees, shareholders, communities, and regulators amongst others. Further, the concept is as it is regional as is industry specific. Currently, the CSR banner in the US and largely Europe has captured issues with a leaning towards “doing business right,” of course with corporate scandals like Enron and Parmalat, the drive for ethical business practices is real. There is also focus on environmental concerns especially climate change, discrimination, and integrity. In Kenya, the debate is weighted more towards employee welfare, poverty alleviation among the communities, labour rights, HIV/AIDS, provision of healthcare, water, and at times the response to ethical standards and codes prescribed by buyers in Europe and the US. Corporate Responsibility also reflects industry issues. At the management level a winning strategy needs to be adapted to the unique circumstances facing the company. For instance: Export Processing Zones (EPZs) and the horticultural industry in Kenya face dicey wage and labour rights concerns. These have translated into ethical standards targeting to reduce reputation risks along the supply chain. Mining and extraction industry is fraught with grave environmental issues, community and NGO activism and eminent health and safety issues. The banking sector deals largely with money laundering, access to underserved markets as well as environmental and social impact of projects they finance. Pharmaceutical companies have to address social pressure related to pricing and accessibility of drugs more recently also litigation risks that arise from harmful side effects. Telecoms grapple with digital divide, end-of-life for masts and transmitters and relationship management. In essence a ‘one shoe fits all’ approach won’t work as each company needs to focus on industry specific issues.

Corporate Responsibility is now essential to running a business in the long-term and has emerged as a new approach to assist businesses in achieving their objectives. Recent studies indicate that Corporate Responsibility profiling increases sales, customer dedication and brand recognition. Managers and business researchers further acknowledge that interests of major stakeholders are intertwined, the fate of employees, shareholders and customers often rise and fall together. In other words prudent managers identify and address stakeholders concerns early. Such response is a hallmark to a robust CR initiative. Studies have further demonstrated that CR is a key driver of reputation and companies with a good reputation attract and retain the best employees. Also trust and integrity two key pillars of CR underpin
efficient economic activity. Corrupt practices as witnessed in Kenya lead to erosion of trust and loss of benefits for genuine businesses that at times let go. business opportunities that don't meet their ethical tests. In addition, CR helps build corporate reputation both internally and externally and illustrates a company’s efforts to measure the long-term value of its intangible assets (Oloo, 2007).

Besides, the high-flying rhetoric that is now frequent in the media and business forums such as the East African Business Council, FiRe Awards. Company of the Year Award among others, few companies in Kenya have refined approaches to dealing with CR issues. However, few exemplars have emerged to take the crown. Rightfully so, these companies have developed and adopted strategies and policies that surpass current statutory requirements. Often these policies have strengthened practices on HIV/AIDS, health and safety, environment, conditions of employment and community investment. As a result CR is beginning to gain a foothold in corporate mission and policy statements. The highlight however is companies that have taken up triple bottom line reporting. In the past two years several companies have gone beyond financial reporting to publicly communicate their social, environmental impact. The popular standards of reporting is the Global Reporting Initiative (GRI) 2002 Guidelines and to a lesser degree the AA 1000. This effort to measure and report on Corporate Responsibility issues have helped communicate to stakeholders and respond to critics with hard evidence on corporate performance. It has also raised company profiles among key financiers such as International Financial Corporation. The stakeholders’ engagement that precedes such reporting has helped CEOs identify risks and gain deeper insights into stakeholders concerns. Finally, due to the stringent standards required by buyers in the west, companies within the tea, horticulture and EPZs have embraced buyer-driven supply chain monitoring programmes and standards. Top of the range programmes are SA 8000, the Ethical Trading Initiative (ETI), The FairTrade and the Ethical Tea Partnership (ETP). These programmes and standards prepare a majority of these suppliers to deal with at times thorny issues that concern buyers mainly in Europe and the US.
3.1 Research Design

This study adopted a descriptive survey design. Cooper, (2000) states that a descriptive study is concerned with finding out who, what, where and how of a phenomenon which is the concern of this study. The purpose of descriptive research design is to describe the state of affairs as it is at present (Kothari, 1990). It provides data about the population being studied; it is used when the objective is to provide a systematic description that is as factual and accurate as possible.

3.2 Population

A population is the total collection of elements from which we wish to make some inference (Mugenda and Mugenda, 2003). The target population of the study was all the HMOs in Kenya. There are 21 registered Medical Insurance Providers (MIPs) in Kenya. Resolution Health and the AAR are the two main organizations whose core business is Health Provision. The other companies are composite Insurers, providing both medical and general Insurance. The researcher carried out a census survey in which the study targeted one senior management staff in every organization. 15 out of the targeted 21 registered medical insurance providers, responded by completing and returning the questionnaires giving a response rate of 71%.

3.3 Data Collection

Data was collected using semi structured questionnaires. Both open and closed ended questions were used in the questionnaires that were intended to capture both quantitative and qualitative data. The researcher self administered the questionnaires to the respondents. The questionnaire was divided into three sections. Section one sought the information on the organizations' bio data. Section two sought to establish CSR activities by HMOs, and section three sought to find out factors that influenced the practice of CSR by HMOs. Drop and pick method was used so that respondents were given ample time to fill in the questionnaires. The research carried out a follow up by telephone to ensure that the questionnaires were answered. Questionnaires were collected after one week.
3.4 **Data Analysis and Presentation**

The data collected from the field was coded and entered into the computer for analysis using Statistical Package for Social Sciences (SPSS). Descriptive statistics such as percentages and frequencies were used to analyze data. This was presented using graphs, pie charts and tables and a final report compiled for presentation containing the recommendations and conclusions of the study.
CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

In the previous chapter, the methodology of the research was discussed. This chapter focuses on the presentation of findings. The organizations in the study were the health management organizations in Kenya. The findings are presented in a way of addressing the research questions. Each section will start by brief introduction of the subtopic.

4.2 General Information on the Respondent

The respondents were first asked to provide information on: their names (which was optional), name of the company, designation in the organization, and when the organization was established (Appendix). The questionnaires were answered by senior management staff of the respondent organizations. The findings also show that the questionnaires were filled by the six (40%) marketing managers, four (27%) relations managers and five (33%) general managers.

Table 4.1: Designation of Respondents

<table>
<thead>
<tr>
<th>Designation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Managers</td>
<td>6</td>
<td>40</td>
</tr>
<tr>
<td>Relations Managers</td>
<td>4</td>
<td>27</td>
</tr>
<tr>
<td>General Managers</td>
<td>5</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher (2009)

On when the organizations were established, the results showed that 54 percent of the respondent organizations were established over 20 years ago. The study also revealed that 3 organizations (20%) were established between 10 and 20 years ago. The findings are depicted in table 4.2 below.
Table 4.2 Period HMO’s have been in Operation

<table>
<thead>
<tr>
<th>Length of Operation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years ago</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>5-10 years ago</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>10-20 years ago</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Over 20 years ago</td>
<td>8</td>
<td>54</td>
</tr>
<tr>
<td>None response</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2009)

A cross tabulation show that HMOs which have been in the business for over 20 years adopted CSR activities while those with less that 10 years have only done it minimally.

4.3 Extent of Practice of Corporate Social Responsibility by HMOs

The study sought extent of practice of CSR by the health management organizations in Kenya. The findings of the study are as presented in the subsequent sections.

4.3.1 Extent HMOs had adopted CSR Activities

Respondents were asked to indicate the extent to which their organizations had adopted CSR. The findings of the study are presented in the figure below.
According to figure 4.1, 39 percent of the respondents indicated that their organizations had adopted CSR activities to large extent and 37 percent indicated that the organizations had adopted CSR to moderate extent. The results revealed that 13 percent of the respondent HMOs had adopted CSR to very large extent while only 11 percent had adopted CSR to small extent.

4.3.2 Extent Organization invested in CSR

Respondents were asked to indicate the extent to which their organizations had invested in CSR activities. The findings are presented in Figure 4.2.

Figure 4.2: Extent Organization invested in CSR
The results of the study show that 45 percent of the respondent organizations invested in CSR to moderate extent and 29 percent to large extent. The study further show that 11 organizations invested to small extent and 8 percent never invested at all.

4.3.3 Level of Engagement in CSR Activities by HMOs in Kenya.

The study sought to find out the extent to which HMOs in Kenyan were engaged in CSR activities. This was measured on a five-point Likert scale, on listed CRS activities. The range was from 'no extent,' to 'very large extent'. The findings of the study are depicted in table 4.3 below.

<table>
<thead>
<tr>
<th>Type of CSR</th>
<th>Number of responses</th>
<th>No extent (%)</th>
<th>Small extent (%)</th>
<th>Moderate extent (%)</th>
<th>Large extent</th>
<th>Very large extent</th>
<th>None Response</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsoring sports</td>
<td>15</td>
<td>16</td>
<td>25</td>
<td>33</td>
<td>10</td>
<td>16</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Supporting children's</td>
<td>15</td>
<td>10</td>
<td>13</td>
<td>25</td>
<td>33</td>
<td>19</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>15</td>
<td>10</td>
<td>13</td>
<td>29</td>
<td>32</td>
<td>16</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Community development</td>
<td>15</td>
<td>10</td>
<td>10</td>
<td>39</td>
<td>25</td>
<td>16</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Supporting education</td>
<td>15</td>
<td>6</td>
<td>13</td>
<td>43</td>
<td>19</td>
<td>19</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Fighting corruption</td>
<td>15</td>
<td>6</td>
<td>25</td>
<td>22</td>
<td>41</td>
<td>6</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Fighting HIV/AIDS</td>
<td>15</td>
<td>6</td>
<td>6</td>
<td>32</td>
<td>29</td>
<td>10</td>
<td>17</td>
<td>100</td>
</tr>
<tr>
<td>Helping disable</td>
<td>15</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>3</td>
<td>90</td>
<td>100</td>
</tr>
</tbody>
</table>

The results in table 4.3 show that 33 percent of the respondent organizations participate to a moderate extent in sponsoring sports. The study established that 16 percent never sponsored sports in any way. The study also revealed that 43 percent (moderate extent) of the respondent organizations supported education, and 41 percent (large extent) fought corruption. The fact that there were only 6 percent indications that organizations never participated in supporting education, fighting corruption, fighting HIV and in helping the
disabled is an indication that the organizations perceived CSR positively. The respondent organizations according to the findings of the study invested in community development projects (39 percent, moderate extent).

4.3.4 HMO Gone out of its Way to Provide Non-Core Service.

Respondents were asked to indicate whether there were instances when the organizations had gone beyond their main objective of profit making to engage in activities that were meant to benefit either the employees, customers or the society. The study found that 73 percent that respondent organizations indicated that indeed the organizations went out of their way to assist the society.

When asked to give explanation, 33 percent of the respondents said that the organizations had done so by helping the less fortunate in the society. A further 22 percent said that the organizations had been organizing events like fun-day for the staff. Figure 4.3 shows the findings of the study.

**Figure 4.3 CSR Activities**

![CSR Activities Chart](image)

Source: Research (2009)
4.3.5 Participation in CSR

The study sought to establish the extent to which the respondent organizations participated in the listed CSR activities. Figure 4.4 shows the results of the study.

Figure 4.4 Level of Participation in CSR Activities

Source: Researcher (2009)

The results show that 57 percent of the respondent organizations were concerned (to a large extent) with the employees' welfare. It became clear that 45 percent of the respondent organizations participated (to a large extent) in activities to do with the suppliers. The findings of the study also revealed that the respondent organizations participated in activities such as community development (37% large extent) and environmental protection (33% large extent).

The respondents were also asked to indicate the extent to which they agreed with the statements regarding HMOs participation in CSR. (Table 4.4)
Table 4.4 Level of Agreement on CSR Participation

<table>
<thead>
<tr>
<th>Reasons for participation</th>
<th>N</th>
<th>No extent (%)</th>
<th>Small extent (%)</th>
<th>Moderate extent (%)</th>
<th>Large extent (%)</th>
<th>Very large extent (%)</th>
<th>None response (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation voluntary</td>
<td>15</td>
<td>7</td>
<td>19</td>
<td>15</td>
<td>33</td>
<td>26</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Participation due to Government inducement</td>
<td>15</td>
<td>26</td>
<td>52</td>
<td>4</td>
<td>7</td>
<td>4</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>Participation due to market forces</td>
<td>15</td>
<td>26</td>
<td>44</td>
<td>19</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Participation due to public pressure</td>
<td>15</td>
<td>51</td>
<td>30</td>
<td>11</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher (2009)

It was clear from the results of the study that majority of the respondent organizations participation in CSR was purely voluntary. Only 7 percent did not agree with this statement. Majority of the respondents (51%) did not agree with the statement that their organizations’ participation in CSR was due to public pressure. Some 52 percent of the respondents agreed only to small extent with the statement that their participation in CSR was due to inducement by the government.

4.4 Impact of CSR on Organization's Performance

Corporate Social Responsibility may influence the performance of the organizations in a positive or negative way. This may be in terms of financial performance which may result in increased or decreased revenue, increased or decreased profitability, increased operating costs due to the activities, etc. In this section the study sought to establish the impact of Corporate Social Responsibility on performance of HMOs. Below is a summary of the outcome of the analysis.

4.4.1 Extent CSR Helped Realize Financial Performance

The study sought to establish the extent to which CSR has helped HMOs realize the listed financial performance indicators. This was measured on a five-point Likert scale. The range was ‘no extent’, ‘small extent’, ‘moderate extent’, ‘large extent’ and ‘very large extent’. Figure 4.5 shows the findings of the study.
The results in figure 4.5 revealed that CSR practices have helped to generally improve the financial performance of the organization. The results show that participation in CSR led to increased asset utilization and increased operating costs to a moderate extent (35%) though participation in CSR also led to increased profitability (35% moderate extent) and increased revenue (32% moderate extent). This means that in as much as the operation and other related costs were rising, the revenue and profits for the organizations were also going up.

The study used accounting data to measure financial performance. The data were obtained from the finance offices and online from 2001 to 2008. These included return on capital employed (ROCE), return on equity (ROE), and ratios of gross profits and sales. The study ran a correlation analysis of these variables against time in years. The results are presented in Table 4.6.
The results show that the investment in CSR by the organizations has been rising steadily though minimally. There is also remarkable increase in the variables as ROCE and ROE as they steadily increase. This is a clear indication that there exists a positive correlation between CRS and organizations' financial performance.

### 4.4.2 Extent CSR Helped Realize Internal Business Process

Respondents were asked to indicate the extent to which CSR help organizations realize the listed internal business process indicators. The findings of the results are presented in table 4.5 below.
It was apparent from the findings as shown in table 4.5 that CSR help in realization of internal business processes. The study established that majority of the respondent organizations believed that CSR helps in brand building (45% large extent). The result also show that 36 percent of the respondent organizations believe to a large extent that CSR help ensure effective distribution of resources.

4.4.3 CSR Help Realize Innovation and Learning Perspective.

The study sought to establish the extent to which CSR help HMOs realize innovation and learning. Table 4.6 shows the presentation of the findings.
Table 4.6 shows that 32 percent respondents believe to a large extent that CSR ensures effectiveness in training. The study also shows that 48 percent of the respondent organizations believe that participation in CSR ensures employee satisfaction. Up to 42 percent believe that CSR leads to employee retention. According to the respondents CSR ensured business innovation (35% to moderate extent) though 23 percent indicated that it leads to business innovation only to a small extent. It also ensured employee productivity (45% to large extent).

4.4.4 CSR Help Realize Customer Perspective

The study sought to establish the extent to which CSR help realize customer perspective indicators. (Figure 4.6)

Figure 4.6 CSR Aid Realization of Customer Perspective

![Graph showing the percentage of respondents across different CSR aid realizations.](image)

Source: Researcher (2009)

From the results of the data analysis it is clear that almost all the respondents concurred that CSR help realize customer perspective indicators. The indicators include market penetration, customer growth, customer’s retention and customer satisfaction. Customer satisfaction received the highest score (55% large extent). Others included customer growth and market penetration (52% large extent).

4.4.5 CSR Helped Realize Physical Environment Friendliness

Respondents were asked to indicate the extent to which CSR has helped their organizations realize indicators of physical environmental friendliness. The relevant results are summarized in Table 4.7.
### Table 4.7 CSR Aid Realization of Physical Environmental Friendliness

<table>
<thead>
<tr>
<th>Environmental Benefits</th>
<th>Number of responses</th>
<th>No extent (%)</th>
<th>Small extent (%)</th>
<th>Moderate extent (%)</th>
<th>Large extent (%)</th>
<th>Very large extent (%)</th>
<th>None response (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental compliance</td>
<td>15</td>
<td>7</td>
<td>19</td>
<td>22</td>
<td>33</td>
<td>12</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>Conducting community clean-up campaigns</td>
<td>15</td>
<td>7</td>
<td>22</td>
<td>16</td>
<td>41</td>
<td>7</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>Participating in environmental impact assessments</td>
<td>15</td>
<td>7</td>
<td>19</td>
<td>37</td>
<td>22</td>
<td>15</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher (2009)

The finding of the study show that CSR has helped in environmental compliance (33% large extent). It has also helped in conducting clean-up campaigns (41%).
CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

The previous chapter involved data analysis and presentation. This chapter will discuss the main findings and conclusions based on research conducted in this project. The purpose of these conclusions is to address the research objectives. Each of the objectives will be addressed in separate sections. Finally, recommendations for management and suggestion for future study are presented.

5.2 Summary

The overall purpose of the study was to determine the effects of corporate social responsibility on the performance of HMOs in Kenya. The first research objective was to determine the extent to which HMO in Kenya had embraced CSR. The second objective was to establish the practice of CSR had any impact on the performance of HMOs in Kenya.

Out of the 21 organizations that were sampled, 15 responded. This gave a response rate of 71%.

The study established that the organizations believed that CSR is a noble idea and majority of the respondent organizations (57% large extent) participated in employee welfare CSR activities. They view CSR as an opportunity to give back to the community; hence they participated in CSR voluntarily (33% large extent). The study established that majority (44% moderate extent and 34% large extent) of the respondent organizations invested in CSR. Despite the fact that participating in CSR resulted in increased operating cost and asset utilization, majority of the respondent organizations believe that CSR leads to increased revenue and profitability. CSR also leads to customer growth and retention.

5.3 Discussions

5.3.1 Extent to which HMOs have Embraced CSR

The rate at which the organizations in Kenya are adopting the practice of CSR is high. This is probably to remain competitive in an increasingly competitive business environment. The
study established that majority of the organizations adopted CSR activities. The results show that a cumulative of 93 percent of respondent organizations adopted CSR activities at least to a small extent. It also became apparent from the result of the study that more than 75 percent of the respondents indicated that their institutions were investing in CSR. The high rate of participation in CSR by the organizations is an indication that the organizations were reaping either directly or indirectly from the practice. The CSR activities are usually directed towards the welfare of the employees, the suppliers or the community. The study therefore agrees with Johnson and Scholes (2002) that CSR activities are directed towards the benefit of the community as the results revealed that the society was the most beneficiary. These were in the forms of supporting children’s homes, environmental protection, supporting education, fighting corruption and fighting HIV/AIDS (96%) among others.

In order for any organization to really invest in CSR it is required that immediate gains are ignored. The participation in CSR activities are a way of giving back to the society who form part of the organizations input in terms of provision of labour and also where the organizations discharge their output services. The study established that 81 percent of the respondent organizations had gone beyond their objective of making profits and invested in CSR. The organizations had done so by helping the less fortunate in the society and by sponsoring fun day for their staff. Employee welfare is one way of motivating the staff, hence increased employee output. Fun day activities for the employees are a way of breaking work boredom and refreshing the employees. By participating in such activities as helping the less fortunate in the society, the organizations hence ensure brand building and this is a strategy of marketing. Hart and Milstein. (2003) argued that organizations success are hinged not only on economic profitability but also on environmental stability and social performance.

The Corporate Social Responsibility may be in the form of looking at the welfare of the employee and suppliers of the organization as the input (i.e. providing labour and the raw materials needed for production or taking care of the society and the environment around which may be termed as the consumers of the services. The study established that organizations were engaged in both internal and external CSR. The internal aspects of CSR
that were practiced by the organizations included looking into the welfare of the employees and the suppliers. The external aspects included community development and the environmental protection. The benefits of a motivated employee are obvious as mentioned earlier. Corporate Social Responsibility spoil were shared among the employee welfare and market product supplies, with employee welfare taking the lions share (57%) followed by market product supplies, 45 percent. This confirms Johnson and Scholes (2002) that CRS takes the forms of internal and external aspects. According to them internal aspects include employee welfare, working conditions, job design and intellectual property. External aspects include the green issues such as the product market supplies, community activities and employment.

The business environment may in one way or another dictate the way businesses are run. There are three forms that the business can take. The first is the decision made by the management of the organization as a strategy for ensuring the organization remained in the business. The second is as a result of the market forces. These are forces due to demand and supply. Competition may leave organizations with no option but to follow what the rest are doing or come up with other innovative ideas in order to remain in business. Thirdly legislation by governments may force organizations to participation in activities which may not be of benefit to them but which the government feel is beneficial to the society. The study established that the organizations participated in CSR was purely voluntary and not as a result of market forces or government inducement. The study established that 33 percent (large extent) of the respondent organizations participated in CSR voluntarily and 51 percent’s participation in CSR was not as a result of market forces or due to public pressure. And further 52 percent indicated that if any, then only to a small extent did the government inducement make them invest in CSR. This therefore means that the organizations participation in CSR is taken as a way of marketing the organizations bands. This according to Johnson and Scholes (2002) can be concluded that the organizations participation in CSR is ‘philanthropic’ which are purely voluntary as opposed to non-philanthropic, mainly attributed to inducement by government incentives, market conditions or public pressure.
5.3.2 The Impact of CSR Practices on the Performance of HMOs in Kenya

The performance of business organizations are affected by their strategies and operations in market and non-market environments. These effects could be positive or negative. The study therefore sought to establish the impact of the Corporate Social Responsibility activities on the organizations financial performance. A positive impact would mean that the organizations will be more willing to participate in CSR, while a negative impact like reduced profitability will mean no organization whose aim is to maximize profits would engage in CSR. The results of the study revealed that CSR practices have helped to generally improve the financial performance of the organization. Despite the fact that CSR led to increased operating costs and asset utilization (35%), the practice led to increased revenue and profitability (35% to moderate extent).

The study established that CSR has impacted positively on the organizations by helping build brands (45% large extent). Powerful brands can drive success in competitive and financial markets, and indeed become the organization's most valuable assets. The study show that the organizations use CSR as a means to effectively distribute their resources (36% large extent). A motivated employee is a productive employee. Corporate Social Responsibility directed towards the welfare of the employee will ensure increased productivity (45%), and employee retention (42%). These could be attributed to satisfied employees (48%) as revealed by the study. The study revealed that participation in CSR ensured realization of business innovation (35%).

Corporate Social Responsibility may lead to external effects on organizational reputation. An organization's reputation with the community, its employees and or suppliers is key to its success. CSR cements the contacts with the society. The study established that up to 100 percent of the respondent organizations expressed their view that participation in CSR ensures customer satisfaction. The study also established that participation in CSR ensured market penetration and customer growth (100%). Bashija (1997) argued that being socially responsible ensures popularity within the local community which constitutes the firm's market and labour force. The organizations have not been left out in the environmental campaigns. The study show that 33 percent of the respondent organizations invested in issues
related to the environment. The study established that 41 percent have participated in the community clean-up campaigns. Therefore participation in CSR will build the goodwill of the organizations with all the stakeholder groups hence improved performance.

5.3 Conclusion
The HMOs in Kenya are engaged in more CSR activities. These are in the areas of the employee and supplier welfare, the society and in the area of environmental protection. Cost is no longer a factor of consideration as the respondent organizations view investment in CSR as an opportunity to give back to society. This is in the form of helping the less fortunate in society and fun day activities for employees.

In as much as the investment in CSR may result in increased operating costs and asset utilization, the research has established that it leads to increased revenue and profitability. The practice also helps build brands and motivate employees thereby leading to increased productivity, retention and satisfaction. Participation in CSR according to the findings of this study ensures customer growth, market penetration and customer satisfaction.

5.4 Recommendations
The study established that CSR resulted in increased revenue and profitability. This is attributed to the good rapport developed when an organization gives back to the society. Customer base is poised to go up translating to increased revenue. The study therefore recommends that all organizations should engage in CSR as a strategy to increase their revenue and profitability.

Corporate Social Responsibility is a powerful marketing tool according to the study results. This is because it helps to build brand, leads to market penetration and customer growth. By participating in CSR, the community will associate the activity with the organization, and the organization has used this as a tool to market its products. The study therefore recommends that all organizations adopt CSR practices as marketing tools.
5.5 **Recommendations for Further Research**

This study was done on the HMOs in Kenya only. The study recommends that similar study should be done on other organizations in Kenya to establish if CSR has any effect on their performances.
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(www.ufadhili.com/programmes.htm.)
APPENDICES

APPENDIX 1: QUESTIONNAIRE

SECTION ONE: RESPONDENTS BOIDATA

1. Name of respondent (optional) __________________________
2. Name of Organization ____________________________
3. Indicate your position in the organization ________
4. When was the organization established ________

SECTION TWO: EXTENT OF PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY BY HMOS IN KENYA

5. Using a five point likert scale 1-5 below, indicate to what extent your organization has adopted corporate social responsibility by ticking appropriate box below.

<table>
<thead>
<tr>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
</table>

6. To what extent do you think your institution invested in CSR?

<table>
<thead>
<tr>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
</table>

7. To what extent does your organization engage in the following activities in fulfillment of your quest for corporate social responsibility?

<table>
<thead>
<tr>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a). Sponsoring sports</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b). Supporting children’s homes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c). Environmental protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d). Community development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
e). Supporting education
f). Fighting corruption
g). Fighting HIV/AIDS
h). Any other (Specify)

8. Despite the main objective of any business, making profits, corporate social responsibility calls for organizations to go beyond economic gains and engage in activities that benefit employees, customers and the society at large even if this will cut on the cash flow. Is there an instance where this has been done by your? Yes [ ] No | |

9. If yes, explain ___________________________________________________________

10. To what extent does your organization participate in the following forms of corporate social responsibility? Please tick the appropriate box

<table>
<thead>
<tr>
<th></th>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Employee welfare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Community development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D Environment protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. State the extent to which you agree with the following statement regarding your organization’s participation in corporate social responsibility.

<table>
<thead>
<tr>
<th></th>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Participation in CSR is basically voluntary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Participation in CSR is due to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
government inducement
C CSR participation is due to market conditions
D CSR participation is due to public pressure

SECTION FOUR: IMPACT OF CSR ON PERFORMANCE OF HMOS

12. To what extent has corporate social responsibility helped your organization to realize the following indicators of financial performance? Please tick the appropriate box.

<table>
<thead>
<tr>
<th>Financial performance</th>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Revenue growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Operating cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D Asset utilization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13. To what extent has corporate social responsibility helped your organization to realize the following indicators of internal business process? Please tick the appropriate box.

<table>
<thead>
<tr>
<th>Internal Business Process</th>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Build brand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Effective distribution of services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Use technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D Increase revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. To what extent has corporate social responsibility helped your organization to realize the following indicators of innovation and learning perspective? Please tick the appropriate box.

<table>
<thead>
<tr>
<th>Innovation and learning perspective</th>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Employee satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Employee productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15. To what extent has corporate social responsibility helped your organization to realize the following indicators of customer perspective? Please tick the appropriate box.

<table>
<thead>
<tr>
<th>Customer Perspective</th>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A  Market penetration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B  Customer growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C  Customer retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D  Customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16. To what extent has corporate social responsibility helped your organization to realize the following indicators of physical environmental friendliness? Please tick the appropriate box.

<table>
<thead>
<tr>
<th>Environmental friendliness</th>
<th>No extent</th>
<th>Small extent</th>
<th>Moderate extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A  Environmental compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B  Conducting community clean up campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C  Participation on Environmental Impact Assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>