

**THE INFLUENCE OF CORPORATE SOCIAL
RESPONSIBILITY ON COMPETITIVE ADVANTAGE OF
EQUITY BANK KENYA**

BY:

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DECLARATION

This research project is my original work and it has not been submitted for examination to any other university.

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Date: 30th August 2021

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

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I would wish to thank God the Almighty for giving me life and good health and the right state of mind to write this project. Lastly, I would like to laud my friends who were my best critics and without whom I would never have had such a script. Finally, I would like to acknowledge my supervisor Dr John Yabs for the support and guidance in writing this project. God bless you all.

DEDICATION

I dedicate this work to my family, friends, classmates and lecturers that have nurtured and supported me through this entire academic journey.

ABSTRACT

The study sought to answer the question whether or not the overall competitiveness of equity bank Kenya is influenced by corporate social responsibility. The study was conducted with a focus on Equity bank, Eldoret branches (Eldoret town branch and the Eldoret Market Branch. To study had the following objectives; To determine the effect of Corporate Social Responsibility on the innovativeness of Equity bank, to find out the role of Corporate Social Responsibility on customer loyalty in Equity bank, to investigate the effect of Corporate Social Responsibility on the organizational brand at Equity bank. The study was built from the background which was then highlighting the specific problem in the statement of the problem. The study reviewed the relevant literature on the past and present studies and materials in a bid to expose the gap existing that necessitates conducting of this study. The study was based on the competitive advantage theory and the Corporate Social responsibility theory. The study due to its social science nature adopted the descriptive research design. Primary data collection was used for the study because the researcher deemed it suited for obtaining first-hand information form the subjects. The main data collection instrument was an interview schedule. The process of data collection also involved seeking the services of a research assistant who helped in conducting the interviews. The process of conducting the interviews took approximately 8 working days. The researcher also got an official letter from the institution that certifies their membership with the institution. The study found an existing strong relationship between CSR and the organization's competitiveness. The study concluded that CSR initiatives enhance the competitiveness of the organisation. The study also concluded that the competitive aspects of an organisation affected by CSR to a greater extent include innovation, customer loyalty, profit, growth and performance. The findings indicated that performance, profit, customer loyalty and innovation were the most affected aspects of an organization's competitiveness as compared to aspects such as growth.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The relationship between CSR and competitiveness according to Hillman and Keim (2011) is that competitiveness of an organization is directly affected by the CSR strategy adopted. This analogy is supported - by smith (2013) by arguing that CSR influences the value creation. The beneficiary of value creation are the customers and the public large and an organization that has an effective CSR strategy and is socially responsible is better placed in terms of customers seeking its products and services. CSR'S activities are relative to a customer's satisfaction with goods and services of an organisation.

The study was based on the competitive advantage theory and the Corporate Social responsibility theory. The theories help explain the relationship between the variables; being the concept of competitive advantage and Corporate Social Responsibility of an organisation. The Competitive advantage theory was developed to help understand organizational competitive advantage and to understand how individual organizations create and sustain competitive advantage. The overall objective of any organisation is to remain competitive and grow which means achieving above average results (Cegliński, 2016). The Corporate Social responsibility theory as stated by McWilliams and Siegel (2010) argues that organizations have the legal and moral obligation to be responsible. This means that organizations and firms are legal and morally obligated to be responsible for both their internal and external environment, external being the surrounding community, environment or society. This theory therefore depicts how organizations

or firms function or interact with both their internal and external environment and this is in the forms of the following categories ethical, legal, economic and philanthropy or charity (Kitzmueller and Shimshack, 2012).

The Kenya banking industry shared value report (2019) indicates that the banking sector in Kenya is keen on CSR which is evident with over 2.1 billion invested in 2018 alone by the players in the sector. This is a growing value especially in the last three years where the report indicates a 6.7 billion cumulative investments was made by the banks in Kenya. The banking sector is focused on many areas of CSR activities but the top focus is in education, health and environment in that order. Banks through CSR are continually playing a critical role in the countries growth and realization to the sustainable development goals and this from 2015 has greatly benefited by a 9 billion contributions from the players in the banking sector in Kenya. The banks have played both direct and indirect roles through CSR and among the direct roles bank play via CSR is through marketing and sponsorship programmes. The marketing and sponsorship programs have risen significantly in terms of banks contribution with over a billion in one year between 2017-2018 up from 700 million to 1.7 billion. Banks CSR activities have had a variety of beneficiaries spread from the citizens to the government (Kenya Banker's Association, 2019)). Literature has indicated that socially responsible organizations tend to have the effect of their products and services gaining favor from customers as compared to those that are not and this has the long-term effect of customer's satisfaction and profit for the firms (Baker, 2015). Furthermore, to realize this Baker (2015) proposes four areas of focus for the organizations being surrounding community, marketplace, environment, and the workplace. The conclusion to this is that a proper CSR strategy

is bound to create a competitive firm with long-term goals of growth and survival in the dynamic market. This analogy drove the need to conduct this study to establish the influence of corporate social responsibility on competitive advantage of Equity Bank Kenya.

The globalization effect on organizations has brought a realization that apart from revenue and profit making, organizations need to be sustainable for future growth. Sustainable growth of any organizations has been tied to the ability of a firm to remain relevant and competitive through development competitive strategies that plays to its advantage (Lichtenstein et al al.2004). Sustainable growth has elements that make it and the general agreement by scholars in the organizational management that Corporate Social Responsibility (CSR) plays a crucial role in achievement of an organization's strategic objectives among them gaining a competitive advantage. This aspect was supported by Meehan et al. (2006) by asserting that an organization accrues competitive advantage as a result integrating CSR in process organizational strategic management.

Corporate social responsibility can be referred to an organization's/firm's operation that is socially and environmentally accountable. Corporate Social Responsibility activities are suited for all organizations regardless of profit or non-profit making nature and this is owed to the aspect of stakeholder's satisfaction. According to (Luo and Bhattacharya, 2006) CSR activities have been linked to altering consumer attitudes and behaviours in regards to an organizations products and services. Contrary to opinions CSR can play both to the advantage and disadvantage of an organisation in regards to creating a competitive advantage. This is supported by Husted and Allen (2007) through the argument that CSR activities only create a competitive advantage if properly

used adding that in cases where there is proper use of CSR strategies there exists a positive relation between the organizations CSR activities and its competitive advantage gain. Stubbs and Cockling (2007) note that for an organization to improve its competitive edge there is always the need to have social initiatives which has been credited to enhancing and improving the environment in which the organization operates. Furthermore, the global aspect of CSR means that the organizations have to engage a paradigm shift from the traditional practices of maximizing profit through shareholder value creation to approaches that take into account the welfare of the society in the organization environment which produces the market share. Achieving the balance between profit maximization and be socially responsible, Porter and Kramer (2002) advise that organizations should align their strategies to social activities in order to devise an effective CSR strategy which leads to being overall competitive. The importance of CSR to organizations has resulted to an attitude change amongst organizations which is evident by the channeling of resources towards establishment of a function that is focused and dedicated to CSR activities (Wang *et al.*, 2016). According to Lombardo and D'Orio (2012) it's becoming a realization among organizations that the link between CSR and competitive advantage gives rise to efficiency, reduction of compliance costs, improved production and new opportunities in the market. Basically through CSR an organization is able to check the 3Ps model of profits, people and planet which means the organisation is able to achieve its goals without necessarily affecting either the people, the environment or its profits.

1.1.1 Concept of Strategy

The concept of strategy in research can be defined as the aspect of introducing the major elements of the project including the research focus and the topic area., the approach of the study, the

research design and the methodology. The study was focused on determining the influence of corporate social responsibility on the overall competitiveness of Equity Bank-Eldoret branches.

1.1.2 Corporate Social Responsibility

Moon (2011) defines corporate social responsibility as the balance of a firm's profits and societal contribution while upholding the expectation of stakeholders. Nordberg (2011) introduces the 3Ps aspect in this which in essence means the organisation should at every moment be aware of the planet, profits and people and at every moment have a clear balance between the 3Ps. Corporate social responsibility has varying effects to an organisation and this has drawn different opinions from scholars. Hillman and Keim (2011) for instance point that corporate social responsibility adoption is directly linked to the competitiveness of a firm while Smith (2013) argues that corporate social responsibility is responsible for value creation for the firms while Luo and Bhattacharya (2016) argue that corporate social responsibility initiatives positively affect the market value of the firm. Furthermore, Day (2013) point that adoption of corporate social responsibility initiatives is directly linked to value creation for the customers which is responsible for great profits.

Organizations have been constantly made aware of the significance of corporate social responsibility in matters of corporate interests, societal needs and environmental regulations. (Porter and Kramer, 2011). Perhaps the most significant aspect of corporate social responsibility is competitiveness of the firm and this is owed to the fact that CSR creates differentiation in the

organizations operation which is clear competitive advantage strategy to the firm (Hillman and Keim, 2011).

1.1.4 Equity Bank

Equity Bank was founded in 1984 as a financier of mortgages for low income earners but was later registered as a provider of financial services under CAP 486 of the Kenya companies Act and licensed by the Central Bank of Kenya as a Commercial Bank in 2004. Equity Bank is part of the top banks in Kenya that offers financial services in retail and microfinance and also operates in east African countries like Tanzania, Rwanda and Uganda. According to Equity (2018), with a customer base of around 11 million accounts, Equity bank limited is among the top banks in Kenya with approximately 180 branches operating within and out of Kenya.

Equity bank has been credited as one of the best organizations with the most effective corporate Social strategy which is due to the innovative and creative concept under the Equity Group Foundation (EGF) that was incepted in 2008. The main goal of the foundation was to enhance socio-economic changes of African people through corporate social responsibility and philanthropy. The foundation seeks to create partnership in areas categorized in 7 groups whereby the Bank is responsible for infrastructure. The responsibility of the bank to provide infrastructural direction is credited with reduction of costs and rate of return increment in the programs. The Corporate Social Responsibility activities are integrated in the seven focus areas of the EGF concept being education and leadership, financial literacy programme, financial inclusivity, entrepreneurship and innovation, health, environment and agriculture (EGF annual report, 2018).

The Bank's most notable corporate social responsibility is in the education pillar which is widely known as the Wings to fly program. The program seeks to offer support in terms of scholarships to the top performing students from needy backgrounds at the secondary school level and recently moved to the tertiary level. The program has supported approximately 16,000 students from inception and played a critical role in encouraging needy students to pursue their dreams through payment of fees, accommodation, tuition and other academic needs (Equity Bank, 2018).

1.2 Research Problem

Porter (2010) argues that Corporate Social Responsibility is a key element in the longevity of an organisation. Longevity of an organisation is not only achieved with activities connected to its main business but also activities that ensure the survival of the organisation in the long run. Activities that ensure a competitive advantage to the firm can go a long way in ensuring the survival of the firm. Organizations on the other hand attain competitive advantage by implementing elements in their strategy which are ahead of their potential or current competitors. Globally organizations are striving to comply to CSR standards and especially in the competitive sectors like banking. The competitive nature of the banking sector is credited with pushing the players in the sector to be creative and innovative in their approach to the stakeholders while on the same note maintaining their growth in terms of revenue and profit (Meehan, *et al.* 2006). The banking sector in Kenya is not left behind in terms of being socially responsible while maintaining their competitive advantage and this was confirmed by Kagendo (2013) who argues that banks in Kenya have been on the move in terms of engaging in Corporate Social Responsibility activities despite the competitive and dynamic environment they operate in. CSR activities in the sector

which are all geared towards enhancing the living standards of the society members, fall under the categories of education, sports, health, environmental and economic well-being. Scholars have tried to determine the relationship between CSR and competitive advantage of firms in Kenya and the general conclusion is that many banks strive to use CSR in order to create an impact to the society (Chege, 2014). This was not the case in a study conducted by Murila (2013) on CSR in an organisation in the production sector because the study established that CSR is a key tool for an organisation to build its competitive advantage.

The changing nature of the banking industry occasioned by technological changes such as mobile money transfer has brought out the need for the players in the banking sector to come up with CSR strategies and activities that ensure there is sustainability in the organizations growth and competitiveness but the question it brings is the CSR activities are geared towards societal impact or gaining competitive advantage and if it's the latter is it a direct connection that CSR is responsible for their competitive advantage gain ? What influence has corporate social responsibility on the competitiveness of Equity bank?

1.3 Research Objectives

The general objective of the study is to determine the influence of corporate social responsibility on competitive advantage at Equity Bank.

The study was guided by the following specific objectives

1. To determine the effect of Corporate Social Responsibility on the innovativeness o at

Equity bank.

2. To find out the role of Corporate Social Responsibility on customer loyalty at Equity bank;
3. To investigate the effect of Corporate Social Responsibility on the organizational brand at Equity bank

1.4 Value of The Study

The study is concerned with determining the Influence of Corporate Social Responsibility on the overall competitiveness of Equity Bank-Eldoret and it's the hope that the findings will be of both practical and theoretical importance. The researcher hopes that the findings of the study will be of positive contribution to new and existing knowledge and information base on matters concerning relationship between corporate social responsibility and the competitiveness of an organisation.

Furthermore, the researcher hopes that in conducting the study there will be relevant comparison to previous studies on the subject matter and that the gap between the past studies and the present realities will be exposed for the purposes of creating new fronts for research. The findings of the study can also be used a source of referencing material for future research and scholarly work.

The study was conducted with a focus on Equity bank, Eldoret branches (Eldoret town branch and the Eldoret Market branch) and it is the hope that findings will be of practical importance to the organisation and other organizations in general through provision of insights that can be used in development of organizational strategies, goals and objectives.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The purpose of the review was to assist identify gaps which exist in past studies, the strength of the studies and its recommendations could be used in further research in this topic while at the same time avoiding duplication. The source of literature included: text books, articles, research abstracts and journals. The chapter is organized into sections based on the theoretical foundations and the variables of the study. The theoretical framework presented the theories being; the corporate social responsibility theory and the competitive advantage theory. The other sections of the literature review based on the variable presented the relationship between corporate social responsibility and innovativeness of the firm; customer loyalty; and organizational brand The last section gives summary of the study by highlighting the main ideas and issues relating to the study

2.2 Theoretical Foundation

The study was based on the competitive advantage theory and the Corporate Social responsibility theory. The theories help explain the relationship between the variables; being the concept of Corporate Social Responsibility and the competitive advantage of an organisation.

2.2.1 Competitive Advantage Theory

The theory was developed to help understand organizational competitive advantage and to understand how individual organizations create and sustain competitive advantage. The overall

objective of any organisation is to remain competitive and grow which means achieving above average results (Cegliński, 2016). Competitive advantage aspects are a generally accepted element in management sciences. The theory argues that an organization should develop and adopt policies and strategies that improve the quality of their products and services which in turn ensures they have better sales at better prices than their competition in the market. The theory emphasizes that every organization should strive to maximize their economies of scales through their goods and services by engaging in strategies, policies and practices that keep them afloat of the market demands.

The theory defines the concept of competitive advantage as one that organizations are mandated to build towards in bid to stay relevant and be attractive to the customers. Building a competitive advantage means not only creating value but also create more value that competitors are (Harrison, Bosse and Phillips, 2007). The theory further argues an organization is termed to be competitive if its capable of creating more value that rivals and this is mostly achieved though complex social resources or abilities that cannot easily be imitated or copied.

Corporate social responsibility is one such complex social resource that can aid an organization in developing its internal mechanisms that are adaptive to changes in occurrences and demand. Corporate social responsibility is also credited with expanding the organizations reputation, enhancing its attractiveness to stakeholders among them customers, employees, and investors. The competitiveness of a firm depends on how its sets itself out to the market through creating value out of its products and services. One of the ways that an organisation does that is through being social

responsible. Corporate social responsibility is abroad aspect which an organization should focus towards for purposes of performance and profit maximization (Roszkowska, 2011).

2.2.2 Corporate Social Responsibility Theory

This concept of CSR as stated by McWilliams and Siegel (2010) argues that organizations have the legal and moral obligation to be responsible. This means that organizations and firms are legal and morally obligated to be responsible for both their internal and external environment, external being the surrounding community, environment or society. This theory therefore depicts how organizations or firms function or interact with both their internal and external environment and this is in the forms of the following categories ethical, legal, economic and philanthropy or charity (Kitzmueller and Shimshack, 2012). The charity or philanthropy, mostly misunderstood, is perhaps the most common form of CSR practices by firms and involves the organizations responsibility of voluntarily dedicating resources to provision of social services or undertaking social activities.

The theory argues that the success of an organization is dependent on how it socially and responsibly conducts its business putting all stakeholders into considerations in its strategies.

The organizations stakeholders include creditors, the public/community, investors, employees, clients and the government. The theory further argues that a socially responsible organization is indicated by the ethical nature in its transactions, employee remuneration, working conditions and environment, proper creditor dealings and above all be environmentally conscious. The theory notes that an organisation that is socially responsible is capable of attracting positive image to itself

in addition creates a motivation among its employees, builds customer loyalty, and stakeholder commitment. All this is geared towards increased sales and overall performance and competitiveness of the organisation.

2.3 Corporate Social Responsibility and Competitive Advantage

This section explains tries to explain the relationship between corporate social responsibility through reviewing of past literature and studies.

2.3.1 Corporate Social Responsibility

Moon (2011) defines corporate social responsibility as the balance of a firm's profits and societal contribution while upholding the expectation of stakeholders. Nordberg (2011) introduces the 3Ps aspect in this which in essence means the organisation should at every moment be aware of the planet, profits and people and at every moment have a clear balance between the 3Ps. Corporate social responsibility has varying effects to an organisation and this has drawn different opinions from scholars. Hillman and Keim (2011) for instance point that corporate social responsibility adoption is directly linked to the competitiveness of a firm while Smith (2013) argues that corporate social responsibility is responsible for value creation for the firms while Luo and Bhattacharya (2016) argue that corporate social responsibility initiatives positively affect the market value of the firm. Furthermore, Day (2013) point that adoption of corporate social responsibility initiatives is directly linked to value creation for the customers which is responsible for great profits.

Organizations have been constantly made aware of the significance of corporate social responsibility in matters of corporate interests, societal needs and environmental regulations. (Porter and Kramer, 2011). Perhaps the most significant aspect of corporate social responsibility is competitiveness of the firm and this is owed to the fact that CSR creates differentiation in the organizations operation which is clear competitive advantage strategy to the firm (Hillman and Keim, 2011).

Literature has indicated that socially responsible organizations tend to have the effect of their products and services gaining favor from customers as compared to those that are not and this has the long-term effect of customer's satisfaction and profit for the firms (Baker, 2015). Furthermore, to realize this Baker (2015) proposes four areas of focus for the organizations being surrounding community, marketplace, environment, and the workplace. The conclusion to this is that a proper CSR strategy is bound to create a competitive firm with long-term goals of growth and survival in the dynamic market.

2.3 .2 Competitive Advantage

Kubai & Waiganjo (2014) define competitive advantage as distinctive position established by an organization through resource deployment under the guidance of cognizant decision making. Competitiveness or the competitive advantage of the organisation is the crucial objective of any organizational strategy. According to Aroni (2010) competitive advantage to a firm is also responsible for sustainable profit making. Furthermore, complete advantage creates the capacity of an organizations to benefit customers in a superior way which is

mostly linked to the profit making (Day, 2013).

Day (2013) further adds that competitive advantage measures an organization's financial position while putting emphasis on making extra returns on investment. Organizations with inadequate competitive advantage are faced with the challenge of restricted economic existence because their organization's life is supported by having a sustainable competitive edge. Organizations that create competitive advantage implement strategies that have a value creation effect and one that is not easily duplicated by competitors in the industry. Porter and Kramer (2011) argue that competitive advantage is among the key corporate strategies that are credited to superior performance.

2.4 Corporate Social Responsibility and Innovativeness of a Firm

The relationship between corporate social responsibility and innovativeness of an organization has been a subject of several research and scholarly works with some in support and others disputing. The supporting, among them the European competitiveness report (2008) point towards an existing relationship between the two. The report came up with three elements that explain how corporate social responsibility of an organization contributes to its competitiveness: first stakeholder's engagement resulting in innovativeness, secondly work environment that results in innovation and thirdly integrating business opportunities in solving challenges facing the society.

Scholars like Freeman (1994) argue that competitive advantage of a firm is as a result of the capability of the organization to be technologically innovative in the long term. Furthermore, innovation is classified as a crucial organization asset that focuses on areas of strategy, technology, production, experience, knowledge and processes. This analogy was supported by Guan et al.

(2006) by arguing that the ability of an organisation to be innovative is lined to the organizations internally acquired experiences and the experimental knowledge. This analogy brings the view that Corporate Social Responsibility could be a provider of innovative ideas to the organisation. The relationship between Corporate Social Responsibility and competitiveness is further supported by Vilanova and Lonzano (2009) through their argument that the two elements relate because there is a constant cycle of innovation and learning whereby the organizational values, practices and policies are in a way defined and re –defined.

2.5 Corporate Social Responsibility and Customer Loyalty

Customer loyalty is a key element in the sustainable competitiveness of an organisation because it is linked to the marketing objective, survival and growth of the organisation. This analogy was supported by Ijeoma and Oghoghomeh (2014) by asserting that customer loyalty or retention enables the organisation to have the profits in the long term which is an indicator to the competitiveness of the organisation. Customer loyalty is greatly as a result customer behavior which scholars have pointed to the argument that corporate social responsibility plays a crucial role in changing the consumer behaviour. According to Nayebzadeh et al. (2013) point towards the direction that corporate social responsibility alters elements of consumer behaviour like satisfaction, attitudes, loyalty, organizational product and service identification and buying decisions. This analogy was also supported by Ganiyu and Uche (2012) who argued that organizations that undertake Corporate social responsibility activities with the aim of satisfying their customers and building their loyalty towards the organizations products and services.

Previously, scholars like Boulstridge and Carrigan (2010) had argued that organizations strive, as one of their objectives, to achieve customer loyalty or retention with the help of corporate social responsibility activities and initiatives. This in essence mean that organizations are appreciating the aspect of Corporate social responsibility as a marketing tool that exposes communication about its products and services to external factions who maybe potential or existing customers. Another view to the relationship between corporate social responsibility and customer loyalty was introduced by Asatryan (2012) by asserting that corporate social responsibility influences customer's general judgment of products and services of an organisation which means that there is an existence in correlation between corporate social responsibility and customer loyalty. However, this analogy was previously denied by Nguyen (2006) who denied existence of a direct relationship between customer loyalty and corporate social responsibility.

Asatryan (2012) also points out that majority of organizations engage in corporate social responsibility activities with the perception that it will potentially yield positive outcomes in areas such as customer loyalty, retention and satisfaction. The support to this was done by Ross et al. (2012) through their study whose findings pointed towards the argument that organizations that have social activities are more likely to get customers for their products and services as compared to organizations that are less oriented towards social activities. The studies lead to the conclusion that effective use of corporate social responsibility may realize customer satisfaction and loyalty to an organisation which Philips and Connell (2013) argue that is key for an organisation achieving an edge in competing with other organizations in the market.

Corporate social responsibility has also been credited with enhancing customer responses and feedback which is achieved through the direct association to the customer. Direct association with the customers means that customers can positively view an organizations products and services which builds their satisfaction and loyalty (Zafar et al., 2014). In addition, an organisation that negatively participates in social activities or engage in unethical behaviour that impacts on the society tend to receive negative evaluation of its products and services and subsequently losing customers satisfaction and loyalty.

2.6 Corporate Social Responsibility and Organizational Brand

The brand of an organisation often referred to as corporate brand is one of the crucial elements that distinguishes an organisation from its competitors. The distinguishing factor of an organisation from its competitors is the aspect that alters consumer's behaviour and as defined by Smith (2013) an organizations brand is a product of its strategy, vision, mission, core values strategy, objectives and activities. In altering consumer behavior, organizational brand creates an image or thought or perception on a consumer of what an organisation represents either on its products, services, employees or performance.

The relationship between organizational brand and customer loyalty has drawn mixed reactions from researcher and scholars. Weber (2008) for instance agrees that there exists a relationship it all depends on the impact the organization's brand has on the customers. an organisation will only attract positive customer loyalty if the brand represents a positive perspective to the customers. Vertigans & Idowum (2016) that branding is practice of organisation often used in marketing for

the purposes of name creation, designing or creation of a symbol that differentiates a company's products or services from existing or potential competition. Brand has also been a crucial player in the competitiveness of an organisation though selling the organizations aspects to the target consumers.

Globally organizations have relied on the corporate social responsibility as a channel to positively sell and communicate their brand to the market. Corporate social responsibility has varied effect on the brand of an organisation. Shin (2014) for instance argues that corporate social responsibility affects the consumer's view of the products and services in that a socially responsible organisation stands a better chance of gaining favor from customers who perceive the products and services are of high quality as compared to organizations that do not engage CSR activities. This analogy was previously supported by Schwartz (2011) by arguing that organisation that engage in corporate social responsibility activities are more likely to make profit because of the high reputation they receive form customers.

There are major reasons as to why organization engage in corporate social responsibility initiatives and according to Arora and Richa (2013) value creation on the organisation brand. The customers of an organisation form the biggest composition of its stakeholders and value on the organisation is created when the stakeholders are satisfied. Haynes et.al (2012) in support of this argued that satisfying stakeholders ensure enhanced organization performance as one of the outcomes. This phenomenon is created because satisfaction of stakeholders bears intangible advantages to an organisation products and services in the form of image and brand.

Competitive advantage gained through an organisation having a reputable brand is key because it's intangible but also because in the long run it's bound to enhance the final performance of the firm. This aspect is however not supported by all scholars as Freedman and Butler (2013) cast doubt on the connection between corporate social responsibility activities and organisation brand because of the less serious manner in which organisation handle or approach corporate social responsibility and void of its importance to the business operation and strategy. Furthermore, according to Freedman and Butler (2013) most organizations pursue corporate social responsibility as a reactionary measure occasioned by stakeholder's pressure and this implies that there is not strategy put towards the activities and is more of public relations than corporate social responsibility which have totally different outcomes.

The downside to such approach is that inadequate integration of CSR activities into an organizations strategy, practice and principles will affect the overall potential of the organization's brand. Cheers (2012) recommends that in order to solve this and maximize the potential of the organization brand, there is need to practice corporate social responsibility through integration in the organization's strategy. This aspect is also dependent on the size of an organization as Beamish (2015) argues that bigger organization have a better chance of integrating CSR activities in their strategies and getting their desired results as compared to smaller organizations. This is so because bigger organizations receive more attention from the public as compared to smaller organizations and also because bigger organizations put focus on CSR activities because they are prone to suffer more if the brand gets a bad reputation.

2.7 Empirical Studies and Knowledge Gaps

Kubai and Waiganjo (2014) study conducted by on the strategic corporate social responsibility's influence on the competitive advantage of Kenyan commercial bank with a focus on the wings to fly program by Equity Bank. Their study adopted an explanatory and descriptive research design with respondents including the present and past benefactors of the wings to fly program from specific schools in the counties of Nairobi and Kajiado. The findings indicated that the bank had gained good customer perspective as a result of engaging in Corporate Social Responsibility activities. The study established that there was a likelihood of majority of the beneficiaries of the wings to fly program to relate to Equity Bank in the short and long-terms.

A study conducted by on CSR effects on SME growth among Western Kenya sugar companies established most of the companies had adopted a social responsible program.

Similarly, a study was conducted by Musau (2015) on CSR effects on banks performance in Kenya focused on Equity Bank in Kitale. The study adopted a descriptive survey design and the findings indicated that majority of the Equity bank, Kitale branch customers had sufficient knowledge of the commercial banks social initiative programs. The knowledge on the social initiative by the commercial banks was obtained from friends, beneficiaries, the specific initiatives and the mass media. The study found that there was a substantial improvement on the banks performance, profitability, customer retention and satisfaction, and enhanced delivery of service as a result of CSR introduction in the sector.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

The chapter give detail/provides/details the type of research design, the target population, and the projected methods of sampling that will be used, the data collection instruments. The chapter also highlighted the method of data analysis.

3.1 Research Design

Mugenda & Mugenda (2005) define research design as a tool for defining the procedures and approaches towards collecting and analyzing the necessary information. The research design is concerned with the framework to be used in the research together with the information collection methods. Research design defines among other the type of sampling, the sample size, data analysis process and how to measure the validity and reliability of the tools of data collection. The study was conducted by use of a descriptive case study research design. A descriptive case study research design was deemed suited for this study because it gave a more focused and detailed approach to the subject matter. The justification to the choice of the research design was also because it carefully scrutinized and articulated the phenomenon or the questions of the study in a broad manner.

The case study allows the researcher to have an in-depth investigation of the subject matter with clears comprehension of both the case and answers of the interview schedule. The study was focused on the influence of corporate social responsibility on the overall competitiveness of Equity

Bank Kenya as a case study and the researcher applied single case design. Banks in Kenya are generally homogenous in objectives, management and activities and so the researcher was satisfied that conducting the case study on Equity bank would represent other banks because of the almost homogenous environment they operate in.

3.2 Data Collection

The Primary data collection was used for the study because the researcher deems it suited for obtaining first-hand information from the subjects. The main data collection instrument was an interview schedule because of the effectiveness in regards to immediate feedback and direct contact with the respondents. An interview as defined by Millar et al., (2002) as a form where a person takes up the role of interviewer and the other taking the role of responding to the interviewer. The study adopted the in-depth interview approach because of the need to have a deeper understanding of the interviewee's experiences and opinions. The study adopted a semi-structured interview format that gave the open-ended flexibility to interviewees. Nonetheless, the open-endedness format of the interview schedule was not out of topic and was developed from the research objectives and questions. The process of data collection also involved seeking the services of a research assistant who helped in conducting the interviews. The process of conducting interviews took approximately 8 working days. The researcher also got an official letter from the institution that certifies their membership with the institution. The interviews were conducted on six Departmental Manager heads in the Eldoret branches namely the Eldoret Town Branch and Eldoret Market Branch.

3.3 Data Analysis

The interview schedule produced the data for the research and the data obtained was analyzed and presented in accordance with the research objectives. Data analysis in accordance to a qualitative research sticks to principles that are interrelated including the process, reduction, explanation and theory (Lindlof, 1995). The study adopted an interpretive analysis technique which involved linking significance to the data, creating sense from the results, giving explanations to the findings and concluding from the findings. The researcher observed the raw findings and tried to create a link to the study objectives, questions and the overall purpose of the study.

CHAPTER FOUR: DATA ANALYSIS AND OF FINDINGS

4.0 Introduction

This chapter is concerned with presenting the data analysis and findings. The chapter is organized into sections based on the questionnaire of the study. The first section presents the basic information findings. The chapter presented findings on variables including relationships relationship between corporate social responsibility and innovativeness of the firm; customer loyalty; organizational brand; and competitiveness. The study conducted interviews on six Departmental Manager heads in the Eldoret branches namely the Eldoret Town Branch and Eldoret Market Branch.

4.1 Basic Information

The interview established the age bracket and gender of the six departmental managers at the branches as belonging to the age group of between 36-45 years and the age bracket of above 46 years. The interview also revealed that the six managers had attained at the least a master's degree. The interviews also revealed that the six managers comprised of 2 female and 4 male individuals signifying a gender imbalance in the composition of managers of the bank at the Eldoret branches. The interviews also revealed that the six managers had worked for more than five years at Equity bank with the longest serving manager having worked for more than 8 years at the organizations signifying individuals that had a good memory and knowledge about the Bank.

4.2 The Organization and Corporate Social Responsibilities Activities

The interview schedule revealed that Equity Bank engages in Corporate Social Responsibility activities at a high level with programmes frequency running, monthly and yearly. The manager through the interview indicated that Equity bank is engaged in Corporate Social Responsibility activities in the categories of education and leadership programs, entrepreneurship and financial education as well as and energy and environment, agriculture and agribusiness and health programs. Equity Bank (2018) indicated that its Corporate Social Responsibility activities are integrated in the seven focus areas of the EFG concept being education and leadership, financial literacy programme, financial inclusivity, entrepreneurship and innovation, health, environment and agriculture. The most notable corporate social responsibility is in the education pillar which is widely known as the Wings to fly program.

4.3 Corporate Social Responsibilities and Innovativeness

The interview revealed of an existing relationship between CSR and the innovativeness of the organisation with all the six managers pointing of an existing relationship between the variables with indication of either a moderate or strong relationship. The interview also revealed that with CSR positively affects the innovativeness of the organisation. The interview also revealed that there are certain innovation aspects of the organisation that are affected by CSR including the banks technology, branding, customer care marketing and advertisement, Products and planning. The interview schedules also revealed that that the innovativeness of the organisation was rated to be highly.

The results from the interviews are supported by past scholarly works with the supporting, among them the European competitiveness report (2008) pointing towards an existing relationship between the innovativeness of an organisation and its Corporate Social Responsibility activities. The report highlighted three elements that link CSR and innovativeness including stakeholder's engagement resulting to innovativeness, work environment that results to innovation and thirdly integrating business opportunities in solving challenges facing the society. The relationship between Corporate Social Responsibility and innovativeness is further supported by Vilanova and Lonzano (2009) through arguing that the two elements relate because there is a constant cycle of innovation and learning whereby the organizational values, practices and policies are in a way defined and re-defined by CSR.

4.4 Corporate Social Responsibility and Customer Loyalty

The interviews revealed an existing strong relationship between customer's loyalty and CSR activities of the organization. The interviews also revealed that Corporate Social Responsibility initiatives attract customer loyalty to the organization's products and services. The findings also revealed that there are certain customer loyalty aspects of the organisation that are affected by Corporate social responsibility including sales, customer feedback, market share and customer base.

The findings were supported by past studies and literature like Nayebzadeh et al. (2013) who pointed point towards the direction that corporate social responsibility alters elements of consumer behaviour like satisfaction, attitudes, loyalty, organizational product and service identification and

buying decisions. The literature was also supported by Ganiyu and Uche (2012) who argued that organizations undertake corporate social responsibility activities with the aim of satisfying their customers and building their loyalty towards the organizations products and services. Furthermore, Asatryan (2012) also points out that majority of organizations engage in corporate social responsibility activities with the perception that it will potentially yield positive outcomes in areas such as customer loyalty, retention and satisfaction.

Ross et al. (2012) also supported this by noting that organizations that have social activities are more likely to get customers for their products and services as compared to organizations that are less oriented towards social activities. The studies lead to the conclusion that effective use of corporate social responsibility may realize customer satisfaction and loyalty to an organisation which Philips and Connell (2013) argue that is key for an organisation achieving an edge in competing with other organizations in the market.

Corporate social responsibility has also been credited with enhancing customer responses and feedback which is achieved through the direct association to the customer. Direct association with the customers means that customers can positively view an organizations products and services which builds their satisfaction and loyalty (Zafar et al., 2014). In addition, an organisation that negatively participates in social activities or engage in unethical behaviour that impacts on the society tend to receive negative evaluation of its products and services and subsequently losing customers satisfaction and loyalty.

4.5 Corporate Social Responsibility and Organizational Brand

The interviews indicated an existing strong relationship between Corporate Social Responsibility Activities and organizational brand. The interviews indicated that CSR initiatives enhances the organizations brand with the organizational aspects mostly affected listed as corporate image, sales, profit and performance.

The interview findings are supported by existing literature and studies like Weber (2008) who noted that there exists a relationship but it all depends on the impact the organization's brand has on the customers. an organisation will only attract positive customer loyalty if the brand represents a positive perspective to the customers. Vertigans & Idowum (2016) noted that branding is practice of organisation often used in marketing for the purposes of name creation, designing or creation of a symbol that differentiates a company's products or services from existing or potential competition. Brand has also been a crucial player in the competitiveness of an organisation though selling the organizations aspects to the target consumers.

Shin (2014) argued that corporate social responsibility affects the consumer's view of the products and services in that a socially responsible organisation stands a better chance of gaining favor from customers who perceive the products and services are of high quality as compared to organizations that do not engage CSR activities. This analogy was previously supported by Schwartz (2011) by arguing that organisation that engage in corporate social responsibility activities are more likely to make profit because of the high reputation they receive form customers. There are major reasons as to why organization engage in corporate social responsibility initiatives and according to Arora

and Richa (2013) value creation on the organisation brand. Competitive advantage gained through an organisation having a reputable brand is key because it's intangible but also because in the long run it's bound to enhance the final performance of the firm.

4.6 Corporate Social Responsibility and Organization's Competitiveness

The interview schedule indicated that there exists a relationship between Corporate Social Responsibility and the organization's competitiveness. The interviews also indicated that CSR initiatives enhance the competitiveness of the organisation with the organizational aspects mostly affected including innovation, customer loyalty, profit, growth and performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter consists of the summary of the research report, conclusion and recommendations made by both the respondents and the researcher. The findings were obtained from interviews conducted of six departmental managers of the two Equity Bank Branches in Eldoret. The interviews were conducted in line with the objectives of the study.

5.2 Summary Study

5.2.1 Chapter one

The chapter presented the background of the study including the concept strategy, corporate social responsibility and a brief on the equity bank. The chapter also presented the objectives research questions and the value of the study.

5.2.2 Chapter Two

The chapter was organized into sections based on the theoretical foundations and the variables of the study. The theoretical framework presented the theories being; the corporate social responsibility theory and the competitive advantage theory. The other sections of the literature review based on the variable presented the relationship between corporate social responsibility and innovativeness of the firm; customer loyalty; and organizational brand The last section gave the summary of the study by highlighting the main ideas and issues relating to the study

5.2.3 Chapter Three

The chapter gave details on the type of research design, the target population, and the projected methods of sampling that will be used, the data collection instruments. The chapter also highlighted the method of data analysis.

5.2.4-Chapter Four

This chapter was concerned with presenting the data analysis and findings. The chapter was organized into sections based on the questionnaire of the study. The first section presented the basic information findings. The chapter presented findings on variables including relationships relationship between corporate social responsibility and innovativeness of the firm; customer loyalty; organizational brand; and competitiveness.

5.2.5 Chapter Five

5.2.5.1 Corporate Social Responsibility and innovativeness of Equity bank.

This was the first objective of the study and the findings indicated there is a positive relationship that CSR has on the innovativeness of the bank with a confirmation from the interviewed managers. The interviews indicated findings indicated an existing strong relationship between CSR and innovativeness of the organisation. The organizations innovative aspects affected by Corporate Social Responsibility activities are technology, branding, customer care, marketing, advertisement Products and planning. Equity banks innovativeness was ranked as being high by the interviewed sox departmental managers of the two branches in Eldoret.

5.2.5. 2 Corporate social relationship and customer loyalty in Equity bank

The interviews indicated an existing strong relationship between CSR and customer loyalty at Equity bank with the most affected aspects of customer loyalty being sales, customer feedback, market share and customer base. The interviews also indicated that CSR initiatives attract customer loyalty to the Equity Banks's products and services.

5.2.5.3 Corporate Social Relationship and Equity Bank's Brand

The interviews indicated an existing strong relationship between Corporate Social Responsibility Activities and organizational brand. The interviews indicated that CSR initiatives enhance the organization's brand with the organizational aspects mostly affected listed as corporate image, sales, profit and performance.

5.3 Conclusion

From the findings the following conclusions were made;

The study can conclude that Equity bank as an organisation engages in CSR activities in the form of education and leadership programs, entrepreneurship and financial education programs, energy and environment, agriculture and agribusiness programs and health programs being the least activities.

The study can conclude that there exists a strong relationship between CSR and the organization's competitiveness. Furthermore, the study can conclude that CSR initiatives enhance the competitiveness of the organisation. The study can conclude that the competitive aspects of an organisation affected by CSR to a greater extent include innovation, customer loyalty, profit,

growth and performance. The findings indicated that performance, profit, customer loyalty and innovation were the most affected aspects of an organization's competitiveness as compared to aspects such as growth.

5.4 Recommendations

From the findings and conclusions of the study the following recommendations were made;

The study findings indicated that Equity bank as an organisation engages in CSR activities to a high level with education and leadership programs, entrepreneurship and financial education as well as and energy and environment activities forming the largest share of CSR activities that the organisation engages in while agriculture and agribusiness and health programs being the least activities and Eldoret being in Uasin Gishu County is a county that also gives rise to sportsmen and sportswomen in athletics and as a recommendation ,the organisation can incorporate sporting and athletics activities amongst its CSR programs to bolster its presence among the resident s for the purposes of increasing its competitiveness.

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APPENDICES

APPENDIX I: Introductory letter.

ANNE RAHAB MACHARIA

P.O BOX.

ELDORET

THROUGH,
THE DEAN
SCHOOL OF BUSINESS
P.O BOX
NAIROBI

Dear Sir/Madam,

Anne Rahab Macharia Reg No: B61/19072/20114 is student at University of Nairobi undertaking carrying out a research as part of the academic requirement entitled: The influence of corporate social responsibility on the overall competitiveness of Equity Bank-Eldoret. The purpose of this letter is to kindly request your assistance in providing the required information by responding to the interview questions, as your views are considered important to this study, your kind facilitation towards the success of this noble exercise will be highly appreciated. All the information provided will be treated with utmost confidence.

Thank you for your cooperation

Yours sincerely,

ANNE RAHAB MACHARIA

APPENDIX II: Interview schedule

EQUITY BANK

What is your age bracket?

What is the highest level of education you have achieved?

How many years have you been working at the organisation?

Does the organisation engage in CSR Activities?

If the organisations is engaging in CSR activities, what is the level of engagement?

What are the areas or types of CSR activities that the organisation engages in?

What is Frequency of Holding CSR activities at the organisation?

Is there a relationship between CSR and the innovativeness of the organisation?

If there exists a relationship between CSR and innovativeness of the organisation, what is the strength of the relationship?

Do you agree or disagree that CSR positively affects the innovativeness of the organisation?

What are the aspects of the organisation affected by CSR in regards to innovation?

How do you rate the innovative of the organisation?

Is there a relationship between CSR and the customer loyalty to the organisation?

If there exists a relationship between CSR and customer loyalty to the organisation, what is the strength of the relationship?

Do you agree or disagree that CSR initiatives attracts customer loyalty to the organisation products and services?

What are the aspects of the organisation affected by CSR in regards to customer loyalty?

How do you rate the customer loyalty to the organization's products and services?

Is there a relationship between CSR and the organizational Brand?

If there exists a relationship between CSR and the organizational brand, what is the strength?

Do you agree or disagree that CSR initiatives enhances the organization's brand?

What are the aspects of the organisation affected by CSR in regards to organizational brand?

How do you rate the organization's brand in the market?

Is there a relationship between CSR and the organizational competitiveness?

If there exist a relationship between CSR and organizational competitiveness, what is the

strength of the relationship?

Do you agree or disagree that CSR initiatives enhances the organization's competitiveness?

What are the aspects of the organisation affected by CSR in regards to competitiveness?

How do you rate the organization's competitiveness?

Thank you for your cooperation!!!!!!!!!!!!!!!!!!!!!!