FACTORS INFLUENCING INVOLVEMENT OF INSURANCE COMPANIES IN CORPORATE SOCIAL RESPONSIBILITY (CSR).A CASE OF INSURANCE COMPANIES IN NAIROBI KENYA

BY

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DECLARATION

This research project is my original work and it has not been presented for an award in any other University.

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DEDICATION

This study is dedicated to my family for their encouragement and continued prayers towards successful completion of this course. Thank you and God bless you abundantly.

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ABBREVIATION AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
AKI	Association of Kenya Insurers
CSR	Corporate social responsibility
GDP	Gross Domestic Products
HIV	Human Immune Deficiency Virus
IIK	Insurance Institute of Kenya
IRA	Insurance Regulatory Authority
SRB	Sustainable Responsible Business

ABSTRACT

The concept of cooperate social responsibility (CSR) dates back to the 18th century when companies began to recognize the importance of an efficient workforce. Insufficiencies in food, housing and healthcare sectors had a negative effect on the workforce's productivity and, as a result, companies began investing in medical facilities, housing and subsidized food for their employees as a means of enhancing their organizational productivity (Clarkson, 1995) through enlightened self-interest (Brown, 2005). CSR developed as a mix between the desire to do good to the community and organizations' self interest, or the interest of business companies and to satisfy the interests of its stakeholders rather than shareholders only (Brown, 2005). The scenario created a need to place priority on solving social However, the involvement of insurance companies in Kenya on corporate social activities has been rather weak or poor as compared to insurance industry in other countries. The only areas covered by the insurance companies in Kenya are community development, sports and environment while areas of health, education, research and art among others, have been largely ignored. Further, insurance companies in Kenya spent less than 1% of their profits on CSR, yet the make profits of over 27.4 billion each year (Kimura, 2002). This scenario suggested that there are factors that hinder their full involvement in CSR, but these factors have not been established through a scientific procedure. It was therefore necessary to determine the factors that hinder the involvement of insurance companies in Kenya in CSR, with a view of improving their direct contribution to the well-being of the society. The specific objectives were to determine the influence of environmental, employee, organization and community factors on the involvement of insurance companies in CSR. The study was conducted using deceptive survey on a sample of 124 respondents selected from 40 insurance companies in Nairobi through questionnaire and interviews and analysed through percentages and ANOVA techniques and presented in tables and figures. The study established that, environmental factors, organizational factors and community factors affected the involvement of insurance companies in CSR. But it was organizational factors that registered the highest negative frequency of 54.6% as compared to 53.0% of environmental factors and 47.4% of community factors. The study therefore concludes that organizational factors are the single most important factor that hinders the involvement of insurance companies in CSR. The study recommends that insurance companies initiate education support fund to be used by the relevant institutions to educate the public on how to conserve the environment and how to promote and improve security through participative community practices. The study also recommends that the insurance sector takes a proactive role in influencing community related factors through sponsoring programs that promote social responsiveness, general awareness on CSR and positive beliefs and attitudes among the community on CSR. The study also recommends that that the management and board of directors of insurance companies organize refresher courses for their management staff on methods and techniques of modern management, participatory decision making and inclusive leadership styles. Lastly the study recommends that a study be done to determine the actual effects of each of these factors identified by this study on the involvement of insurance companies in CSR.

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The concept of cooperate social responsibility (CSR) dates back to the 18th century when companies began to recognize the importance of an efficient workforce (Agle, Mitchel & Sonnenfeld, 1999). Insufficiencies in food, housing and healthcare sectors had a negative effect on the workforce's productivity and, as a result, companies began investing in medical facilities, housing and subsidized food for their employees as a means of enhancing their organizational productivity (Clarkson, 1995) through enlightened self-interest (Brown, 2005). CSR developed as a mix between the desire to do good to the community and organisations' self interest, or the interest of business companies and to satisfy the interests of its stakeholders rather than shareholders only (Brown, 2005). The scenario created a need to place priority on solving social problems (Carroll, 1999).

According to Carroll (1999), the history of CSR is divided into three phases: the first phase was the rise and extension period when the focus on Business Corporation as a vital centre of power and decision-making had not been appreciated. The second phase was in the 1960s, when significant attempts were made to formalize more accurately what CSR entails. The last phase was in the 1980s, which was characterized by attempts to refine previous meanings and conceptualizations, and splintering of writing alternative themes and concepts such as business ethics, social responsiveness, CSR in the insurance industry in Kenya also developed along the same fault lines. But through its long history, CSR has developed both in content and form, and assumed different meanings (DiMaggio & Powell, 1983).

Businesses embrace social responsibility in order to impact their activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere (Levit, 2003). But as Carroll (1999) points out, businesses proactively undertake CSR in order to promote public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. The extent to which an organization does these activities determines its involvement in cooperate social responsibilities.

Lantos (2000) notes, that CSR have ethical, altruistic and strategic dimensions. The ethical dimension requires companies to be morally responsible for injuries and harm that could result form business activities, while the altruistic dimension is concerned with genuine, optional and caring personal or organizational sacrifices. The strategic dimension requires companies to undertake certain 'caring' corporate community service activities towards accomplishing strategic corporate goals. It can be understood in terms of corporate responsibility, but with greater stress on the obligations a company has to the community, particularly with respect to charitable activities and environmental stewardship. It is a tacit contract between business and a community, whereby the community permits the business to operate within its jurisdiction to obtain jobs for residents and revenue through taxation.

There is really no universal definition of CSR. In this study, it was defined as the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: People, Planet, and Profit. It is a form of corporate self-regulation integrated into a business model to function as a built-in, self-regulating mechanism whereby a business monitors and ensures its adherence to law, ethical standards, and international norms.

1.1.1 Overview of Global Insurance Industry

The concept of insurance is a global one. In the USA, they are regulated at the state level, with the laws and insurance regulations governing the use of derivatives differing widely across states (Donaldson & Dunfee, 1999). In general, regulators characterize financial risk management for hedging, income generation, and replication (Bown, 2005). As Hamil (1999) points out, companies enter into hedging transactions to reduce price, quantity, currency and other risks associated with their assets and liabilities. Insurance industry all over the world receive varying treatment depending on the purpose of the derivative, with non-hedging derivatives treated as investments, and any changes in unrealized gains and losses recorded as surplus (Lantos, 2000). As lee (1997) also points out, this affects several financial ratios such as net premium-to-surplus and may create artificial risk and volatility for the insurer. To receive hedge accounting treatment, a derivative position should provide an "effective hedge" which allows gains and losses on hedging instruments to be deferred until the gains and losses on the underlying hedged item are recognized. If an effective hedge ceases to be effective, the derivative is treated under fair value accounting rules (Jones & Wicks, 1999).

Insurance companies in the US spend close to 1% of their budget on CSR projects. The New York Life Insurance Company has been involved in New York City Leadership Academy which is the New York Life Foundation's largest New York City project. It is also involved in the National Boys and Girls Clubs, a large, multi-year national foundation grant that fund the introduction of an academic enrichment component to Boys and Girls Club programming nationwide. It also deals with Volunteers for LIFE, a national employee volunteer program (Hamil, 1999). In Canada, the life and health insurance sector plays an important role in providing insurance against unexpected events and enhancing their financial conditions in the future (Friedman (1992). Traditional insurance, such as life and disability insurance, spreads risk across many persons to insure against loss of life, serious disability affecting employment or need for additional medical attention (Donaldson & Preston, 1995).

Insurance companies in Canada are also actively involved in CSR projects. For example, the Empire Life Insurance has been involved in Community Investment Programs in areas of health and research, education, community welfare and arts (Gray & Adams, 1996). Empire Life invests at least 1% of its annual pre-tax profits in its local communities through charitable donations, employee volunteer hours, in kind contributions and community sponsorships (Freeman, 1994). The equitable Life Canada also offer health and wellness resources for its plan members (Porter, 1996), while the Standard life Insurance supports educational, community and health institutions through donations and sponsorships (Pfeffer, 1998).

In South Africa, insurance industry is significantly influenced by the United States (Kirk, 2009). The social involvement of insurances companies in South Africa dates back to the time of social grievances during apartheid. Until 1994, many insurances companies invested actively in social initiatives since the state did not act on behalf of the colored population. In 2008, insurances companies in South Africa spent 2.35 billion RAND (approximately 193.4 million EUR) in social programs (Kirk, 2009).

1.1.2 The Insurance Industry in Kenya

The main players in the Kenyan insurance industry are insurance companies, reinsurance companies, insurance brokers, insurance agents and the risk managers (Mutiga, 2003). The statute regulating the industry is the insurance Act; Laws of Kenya, Chapter 487. The office of the commissioner of insurance was established under its provisions to strengthen the government regulation under the Ministry of Finance. There is also self regulation of insurance by the Association of Kenya Insurers (AKI). The professional body of the industry is the Insurance Institute of Kenya, which deals mainly with training and professional education (Muleri, 2001). Recently the Insurance Regulatory Authority (IRA) was formed to supervise and regulate the insurance industry players. Insurance business in Kenya can broadly be classified into general and life, but there are other classes of insurance businesses (Makove, 2003). According to

KPMG (2004), the General insurance industry in Kenya is mainly driven by Motor- Commercial, Fire- Industrial and Engineering, Motor- Private and Personal Accident; and The life insurance industry by Ordinary Life and Superannuation, which includes Group Life Insurance and Deposit Administration.

According to the AKI (2006), there were 43 licensed insurance companies in 2006 with 21 companies writing general insurance, 7 writing life insurance and 15 were composite. There were 197 licensed insurance brokers. The gross premium written by the industry was Ksh 68 billion compared to Ksh 36.42 billion in 2005 representing a growth of 14.54%. The gross premium from general insurance was Ksh 29.20 billion while life business premiums and pensions contributions were Ksh 12.48 billion. The gross profit before tax rose from Ksh 4.32 billion in 2005 to Ksh 5.80 billion in 2006 representing a growth of 35%. This shows that insurance companies in Kenya makes sufficient profits and ethically part of it should logically be ploughed back to the public in form of CSR for the support to the companies. However, this has not been the case (Makove, 2003).

The involvement of insurance companies in Kenya in CSR has been criticized over time (Ikiara, 2001). According to Ikiara (2001), they have failed to properly support education and education programs in the country, while according to Mutiga (2003) and Muleri (2001), they have also not conducted sufficient research of general nature on matters of public interest and nether do they have research fund to enable other persons and organisations to carry out research to move the society forward. This has made it difficult for them to influence the living standards of the common person. Ikiara (2001) also points out that their involvement in arts have been lukewarm, and that they have not been active in the area of sports both at the school and at the national level. Hence the involvement of insurance companies in Kenya in CSR has generally been viewed as lukewarm. According to Kimura (2002), and Kiarie (ND), they have not supported the health sector nor have they been actively involved in the community welfare as compared to other sectors like the telecommunications.

But while it is agreed that they have not been fully and effectively involved in CSR, the factors that have led to their poor involvement have not been exposed. According to Pfeffer (1998) the main cause of low involvement in corporate social activities are more environmental, while according to Rodriguez, Richart and Sanchez (2002), the causes of poor involvement are mainly work related factors such as the number, qualification and experience of staff directly involved in the corporate activities. But according to Patten (1992), the main causes of low involvement are more organizational. He argues that it is extensive bureaucracy, isolated decision making and too large or too small organisation size that hinders the involvement in corporate activities. But Sethi (203), and Schwarz and Carroll (2003) attributes the low involvement in corporate social activities to community related factors such as lack of social responsiveness by the host communities, lack of awareness and retrogressive beliefs and attitudes towards corporate affairs. But these factors as portrayed here are universal in nature and are not specific to Kenya, and neither are they specific to insurance industry. This scenario suggested a need to determine the factors responsible for the low involvement of insurance companies in Kenya in CSR.

1.2 Statement of the Problem

Due to increased stakeholder awareness about sustainability issues, companies face tougher demands from various stakeholders within the society to take responsibility for how their actions impact on society. Insurance companies all over the world have not been left behind. In the US, insurance companies spent about 1% of the total budgets on CSR in all areas of life including, but not limited to education, sports, and health. In Canada, insurance companies have been involved in CSR in the areas of education, health, research, community welfare and art. In South Africa, insurance companies spent over 2.35 billion on corporate social activities each year.

However, the involvement of insurance companies in Kenya on corporate social activities has been rather weak or poor as compared to insurance industry in other countries. The only areas covered by the insurance companies in Kenya are community development, sports and environment (Ikiara, 2003) while areas of health, education, research and art among others, have been largely ignored. Further, insurance companies in Kenya spent less than 1% of their profits on CSR, yet the make profits of over 27.4 billion each year (Kimura, 2002). This scenario suggested that there are factors that hinder their full involvement in CSR, but these factors have not been established through a scientific procedure. It was therefore necessary to determine the factors that hinder the involvement of insurance companies in Kenya in CSR, with a view of improving their direct contribution to the well-being of the society. If this was not done, the insurance industry in Kenya would continue to remain remote to the general public, and their image as exploiters of the public will continue to grow. This could reduce their performance and could even lead to their downfall.

1.3 Purpose of the Study

The purpose of this study was to determine the factors that influence the involvement of insurance companies in Kenya in CSR.

1.4 Objective of the Study

The objectives of this study were to:-

1. To determine the influence of environmental factors on the involvement of insurance companies in CSR.
2. To assess the influence of community factors on the involvement of insurance companies in CSR.
3. To establish the influence of organizational factors on the involvement of insurance companies in CSR.
4. To determine the influence of employee factors on the involvement of insurance companies in CSR.

1.5 Research Hypotheses

This study was guided by the following hypotheses:

1. Environmental factors significantly influence the involvement of insurance companies in CSR.
2. Community factors significantly influence the involvement of insurance companies in CSR.
3. Organizational factors significantly influence the involvement of insurance companies in CSR.
4. Employee factors significantly influence the involvement of insurance companies in CSR.

1.6 Significance of the Study

It was hoped that this study will make significant contributions to the insurance companies, the business community, policy makers and the academics in general. The study provided the management of insurance companies, brokers, and agents with comprehensive knowledge on effect of different factors on CSR. It further provided them with idea on the factors that they could focus on to mitigate competition and increase their performance and productivity.

The study also provided information that could help the business community to determine the contributions of insurance companies to the community. Different companies other than insurance companies that are also in corporate social, activities should also benefit from the results of this study since they operate in basically the same environment and they could face basically the same challenges. Hence they could use the findings of this study to avoid failures and issues already experienced by the insurance industry without having to go through the same failures themselves.

Policy makers such as insurance regulators could us the findings of this study to develop strategies to counter the dynamic challenges facing the sector in achieving CSR. They could obtain guidance from this study in designing appropriate policies to encourage CSR and ensure continued survival of the insurance industry.

The study should also broaden the knowledge of other researchers and general readers on CSR in the insurance sector. As one of the studies that have investigated factors influencing insurance sector in delivering effective CSR, the study added new knowledge in this area. Literature survey did not reveal any study that had established the effect of each of theses factors on the involvement in CSR.

1.7 Basic Assumption of the Study

This study was aware that were other factors such as government policies, insurance self regulation and ethical restrictions that could also influence the involvement of insurance companies in CSR. But these factors were the same for all insurance companies all over the country. As such, they were not expected to influence the corporate activities of insurance companies differentially. It was therefore assumed that government regulation, insurance self regulation and ethical requirements did not influence the involvement of insurance companies in CSR.

1.8 Limitations of the Study

The major weakness of this study was its use of purposive sampling to select some cadre of respondents. The fact that some respondents were selected on purpose meant that the researcher influenced the kind of respondents that were included in the study. This reduced the representativeness of the sample and hence the validity of the study. But this was the only way that could bring special information to the study.

1.9 Delimitations of the Study

The study was delimited to insurance industry in Kenya though there were also other sectors involved in the corporate social activities in Kenya. But the researcher had noticed that the corporate social activities of the insurance companies were relatively lower than those of other companies. Hence it was necessary to study insurance companies as a way of getting information on the factors affecting corporate activities in Kenya. The study was also delimited to factors affecting the involvement in CSR because knowledge of such factors was deemed significant in revamping their CSR of the sector and the attitude of the community towards them.

1.10 Definition of Significant Terms used in the Study

The following terms were used in the study as follows:

Community Factors: were defined as social responsiveness, awareness and beliefs and attitudes of the local community towards CSR

Environmental factors: were defined as natural activities that have both direct and indirect impact on the company claims to strive to act in a responsible environmental manner. It was characterized by weather patterns, security and politics.

Employee Factors: were defined as all issues directly or indirectly related to the human personnel of an organization. It was characterized by number of employees, the qualification and experience in CSR.

Organizational Factors: were defined as the covert and overt structures within in organisation that affects the way employees do their work. It was characterized by bureaucracy, decision making patterns and organizational size.

Corporate Social Responsibility: was defined as a built-in self-regulating mechanism through which an organisation monitors and ensures adherence to law, ethical standards and international norms. It was characterized by education, research, art, sports, health and community welfare.

1.11 Organization of the Study

This study was organized in five chapters. Chapter one dealt with the background of the study, the statement of the problem, purpose of the study, objectives of the study, research hypotheses, significance of the study, assumption of the study, limitation of the study, delimitations of the study, definition of terms and the organization of the study. Chapter two reviewed literature along the study objectives. It also presented the theoretical framework of the study. Chapter three outlined the research methodology that was used by this study. It discussed the research design, the target population of the study, the sample size and sampling techniques, research instruments, data collection methods and data analysis methods. Chapter four dealt with data analysis, interpretation, presentation and discussion. This was done along research objectives. Chapter five dealt with summary of findings, discussion of the findings, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature related to the study. The review was organized along the following themes: relationship between environmental factors, community factors, employee factors and organizational factors and CSR. These were the objectives of the study. The chapter also discussed the concept of CSR and the theoretical and conceptual framework of the study

2.2 The Concept of CSR

Definitional issues regarding CSR have remained an area of deliberation from the very beginnings. Early models of CSR emerged in the 1960s and typically held the "social" aspect of CSR as referring directly to those responsibilities above and beyond economic and legal obligations (Matten & Crane, 2005). Thus, for many, CSR was and still is synonymous with voluntary and philanthropic acts by business organisations designed to alleviate social ills or benefit a disadvantaged group chosen by the corporation's managers (CCPA, 2000). Carroll's "pyramid of CSR" 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, 1999). 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.

Another key aspect of early models was an emphasis on "responsibility" or obligation, but according to the early revisionists in the 1970s, this was too static a notion of CSR (Clarkson, 1995). They argued for a more proactive and dynamic orientation, requiring 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 (Carroll, 1999b). 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, 1995). There is rally no standard definition of CSR.

Social responsibilities of the business as defined by advocates of CSR as increasingly covered of a wide range of issues from plant closures, employee relations, human rights, corporate ethics, community relations and the environment (Donaldson & Dunfee, 1999). According to Windsor (2006) a company should look at CSR at the workplace (employees); marketplace (customers, suppliers); environment; community; ethics; and human rights. But whether or not a business undertakes CSR, and the forms that responsibility should take, depends upon the economic perspective of the company that is adopted (Slater, 1997). The neo-classical theorists believe that the only social responsibilities to be adopted by business are the provision of employment and payment of taxes (Bown, 2005). This view is usually taken to the extremes of maximizing shareholder value and reflected in the views of Milton Friedman (1992), who observes that "few trends would so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as they possibly can" (p. 210).

Wartick and Wood (1998) views corporate social activities from a standpoint of political aspects and non-economic influences on managerial behaviour. This standpoint also includes personal motivations, such as the manager's personal preferences or some of the critical perspectives associated with the exercise of power. It has two identifiable strands of development. The first is associated with some form of moral or ethical imperative that because a business has resources, it is part of the role of business to assist in solving social problems. Thus, Holmes (1996), in a study of executive attitudes to social responsibility, found that the strongest response was that in addition to making a profit, a business should help to solve social problems whether or not business helps to create those problems even if there is probably no short-run or long-run profit potential. This means that because a business has resources and skills, it has a quasi-moral obligation to be involved. But commonly, this is usually the view of the executives rather than the owners of the business.

Proponents of CSR claim that it is in the self-interest of a business to undertake various forms of CSR, because of the benefit that accrue from corporate social activities such as enhanced reputation and greater employee loyalty and retention. It also helps the organisation to control risks, identify market opportunities improve reputation and maintain public support (Hamil, 1999).

Brummer (1991) defines CSR as a means of holding executives accountable for their actions. The World Business Council for Sustainable Development (2008) defines CSR as the ethical behavior of a company towards society that requires it to act responsibly in its relationships with stakeholders who have a legitimate interest in the business, or the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. These definitions of the social responsibilities are largely normative: they describe what companies should do (or not do) in terms of their societal responsibilities. They describe what the "company side" of the social contract between business and society consists of. On one hand, the "formal" social contract defines a company's explicit responsibilities, including generating returns for shareholders, obeying laws and regulations, creating jobs, paying taxes, and honoring private contracts. On the other hand, the "semiformal" social contract reflects society's implicit expectations. Here, society's unspoken expectations of companies include responsibilities such as adherence to global labour and environmental standards that are not required by law, triple bottom-line reporting, following industry norms and codes of conduct, fulfilling brand promises and contributing philanthropically to the community.

2.2.1 Social Responsibilities of Business

Social responsibilities of the business area defined by advocates of CSR a an increasingly covers of a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment. Indeed a company CSR looks at the following areas: workplace (employees); marketplace (customers, suppliers); environment; community; ethics; and human rights. Whether or not business should undertake CSR, and the forms that responsibility should take, depends upon the economic perspective of the company that is adopted. Those who adopt the neo-classical view of the company would believe that the only social responsibilities to be adopted by business are the provision of employment and payment of taxes. This view is most famously taken to the extremes of maximizing shareholder value and reflected in the views of Milton Friedman (1992): "Few trends would so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as they possibly can".

A study by Wartick and Wood (1998) view corporate social activity from a standpoint that examines the political aspects and non-economic influences on managerial behaviour. This might also be extended to examine personal motivations, such as the manager's personal preferences or alternatively some of the critical perspectives associated with the exercise of power. This approach has two identifiable strands of development. The first is associated with some form of moral or ethical imperative that because business has resources, it is part of the role of business to assist in solving social problems. Thus, Holmes (1996), in a study of executive attitudes to social responsibility, found that the strongest response was that "in addition to making a profit, business should help to solve social problems whether or not business helps to create those problems even if there is probably no short-run or long-run profit potential". In effect some take the view that because business has resources and skills there is a quasi-moral obligation to be involved. However this may be the views of the executives rather than the owners of the business.

Proponents of CSR claim that it is in the enlightened self-interest of business to undertake various forms of CSR. The forms of business benefit that might accrue would include enhanced reputation and greater employee loyalty and retention. By identifying this approach in some of the current approaches by business, the introductory section of the recent report by the World Business Council for Sustainable Development on Corporate Social Responsibility (WBCSD, 1999) used phrases such as "business benefits", "could destroy shareholder value", "control risks", "and identify market opportunities", "improving reputation and maintaining public support".

This analysis is supported by a recent study of motivations by business for community involvement (CCPA, 2000). The study found that business are "experiencing a transition in expectations of its social role", but part of the reason is that this social role "contributes to the continuing health and growth" of business. Three-quarters of the companies studied have "the goal of long-term business sustainability. At the heart of the 'business case' for community involvement". The involvement "is a way to maintain trust, support and legitimacy with the community, governments and employees". A further 10 per cent of the companies studied claim that community involvement is a way to "put back" without seeking a return and 10 per cent see their social obligations as "met exclusively by returning value to their shareholders". Thus there are three broad strands of: enlightened self-interest; a moral approach linked to social expectations; and the neo-classical approach. It is interesting to note, in particular, the reference to social legitimacy. This implies that there is some form of social expectation that a legitimate business would act in a particular manner – in effect some form of social contract.

This leaves open the issue of whether those advocates of enlightened self-interest are motivated by the profit motive advocated by Friedman – and thus agree with him – and regard greater CSR as the manner in which to achieve maximization of shareholder wealth, or whether there is an underlying moral or ethical imperative. This tension is evident in current attempts to address the nature of CSR. CSR approach is that business benefits from being more socially responsible and that this can help to build sales, the workforce and trust in the company as a whole. The objective is to build sustainable growth for business in a responsible manner.

Within the literature on CSR, we can identify developments in our understanding as well as in business practice. This is well described by Frederick (1994) in his terminology and progression of the development of CSR. Frederick (1994) identifies the development in the understanding of CSR up to 1970 as an examination of "corporations' obligation to work for social betterment" and refers to this as CSR. However, around 1970 he notes a move to "corporate social responsiveness", which he calls CSR. He identifies corporate social responsiveness as "the capacity of a corporation to respond to social pressures". In effect the move from CSR to CSR reflects a move from a philosophical approach to one that focuses on managerial action – that is, will the company respond and how. Latterly, Frederick (1986) has developed this analysis to include a more ethical base to managerial decision taking in the form of corporate social rectitude and terms this CSR. In this development, Frederick claims that the study of business and society needs an ethical anchor to "permit a systematic critique of business's impact upon human consciousness, human community and human continuity". He asserts that whilst CSR was normative, it was hesitant and that CSR led to non-normative enquiry. Thus the requirement for a moral basis provides a normative foundation for managers to take decisions in the area of CSR. As part of a normative manifesto, he proposes that the "claims of humanizing are equal to the claims of economizing". This approach is thus fundamentally different to that proposed by the neo-classical economists.

Brummer (1991) in a wide-ranging review attempts to provide clear definitions of responsibility as well as looking at the different philosophical approaches. In a deep review of the meaning of responsibility, in this context he proposes that responsibility means that executives are held accountable for their actions. He summarizes three types of corporate conduct normally thought of as requiring a rendering from executives: Actions performed that go beyond the corporation's domain of authority or permissibility, Non-performance of acts within the corporation's domain of responsibility and Inferior performance of acts within the latter domain.

The World Business Council for Sustainable Development proposes a definition for CSR as: the ethical behavior of a company towards society ... management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business, and CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. These proponents of active CSR propose practices built around stakeholder analysis and engagement, including understanding stakeholders' aspirations and needs and then communicating with and interacting with stakeholder groups. Business Impact (2000, p. 7.03) claims "interacting with its stakeholders can help a company understand its capacities (and limitations) to behave in a way that reflects the needs and aspirations of society". Thus a current analysis of CSR would involve meeting the needs of all stakeholders and not just shareholders against some form of ethical basis. This basis is described by Business Impact (2000, p. 1.02) in the following key principles: to treat employees fairly and equitably; to operate ethically and with integrity; to respect basic human rights; to sustain the environment for future generations and to be a caring neighbor in their communities.

2.3 Social Responsibilities versus Social Issues

According to Friedman (1993), the only social responsibility of business companies is to maximize profits. By fulfilling this economic charter, Friedman (1993) believes that the company does its part in meeting societal welfare, as opposed to what governments, social service organizations, educational institutions, non-profits and the like should do in their role to meet societal welfare.

After the publication of Friedman's (1993) thesis, management scholars began to develop theoretical rigor around the social responsibilities of the company. In the late 1990s, Carroll (1999) offered one of the first – and perhaps still the most widely accepted conceptualizations of CSR (Matten and Crane, 2005). Carroll's (1999) model conceptualizes the responsibilities of the company to include: the economic responsibility to generate profits; the legal responsibility to comply by local, state, federal, and relevant international laws; the ethical responsibility to meet other social expectations, not written as law (avoiding harm or social injury, respecting moral rights of individuals, doing what is right, just, fair); and the discretionary responsibility to meet additional behaviours and activities that society finds desirable (philanthropic initiatives such as contributing money to various kinds of social or cultural enterprises).

Beyond Carroll (1999), other academic thought also equates the role of business in society with responsibilities. Stakeholder theory argues that companies have responsibilities to various stakeholders, including those internal and external to the company (Donaldson and Preston, 1995). Similarly, corporate citizenship also conceptualizes the company 's responsibilities, although this emerging field tends to align somewhat with Carroll's (1999) work (Windsor, 2006). Thus, the common theme among the fields of CSR, stakeholder theory and even corporate citizenship is that a company's various responsibilities define how it fulfills the expectations placed on it by society (Windsor, 2006).

The definitions of the social responsibilities of companies coming from Friedman (1993), Carroll (1999), stakeholder theory and corporate citizenship are largely normative: they describe what companies should do (or not do) in terms of their societal responsibilities (Rodriguez et al., 2002). In this sense, these definitions help to describe what the "company side" of the social contract (Donaldson and Dunfee, 1994) between business and society consists of. On one hand, the "formal" social contract defines a company's explicit responsibilities, including generating returns for shareholders, obeying laws and regulations, creating jobs, paying taxes, and honoring private contracts. On the other hand, the "semiformal" social contract reflects society's implicit expectations. Here, society's unspoken expectations of companies include responsibilities such as adherence to global labour and environmental standards that are not required by law, triple bottom-line reporting, following industry norms and codes of conduct, fulfilling brand promises and contributing philanthropically to the community.

Within the business and society literature, scholars have addressed the social issues concept, predominately through the life-cycle approach (Lamertz et al., 2003). Although several definitions exist, a widely accepted definition in the life-cycle tradition describes social issues as: Social problems that may exist objectively but become "issues" requiring managerial attention when they are defined as being problematic to society or an institution within society by a group of actors or stakeholders capable of influencing either governmental action or company policy (Mahon and Waddock, 1992, p. 20).

2.4 Building CSR into Strategy

Strategy serves as a foundation for a business company's creation, while establishing its position in the market, its competitiveness and its on-going existence. To achieve these aspects, planning/programming is required in order to craft or formulate and renew/change strategy as conditions warrant (Mintzberg, 1997).

2.4.1 Firm Mission

Firm mission is a "declaration of an organization's fundamental purpose: why it exists, how it sees itself, what it wishes to do, its beliefs and its long-term aspirations" (Bennett, 1996, p. 18). Thus, mission is a statement of intent. Given that mission signals to shareholders, investors, stakeholders and society a given company's intent (Pearce and David, 1987), the following aspect of the CSR-strategy relationship is offered for consideration.

Although some social issues may be common to nearly all companies, they can be very different given a divergence of stakeholder, NGO and other social actor expectations impacting on a given industry (Aguilera et al., 2007). Thus, a company with the mission of building the most fuel efficient cars in the world who is, at the same time, dedicating scarce company resources to explore how to solve teenage smoking because it is a social issue, reflects a disconnect between CSR and its mission, and a disconnect between a social issue and a strategic issue for that company . According to Porter (1996), strategy is as much about what not to do, as it is what to do – it is descriptively wrong to suggest that a given company should address all social issues (Sethi, 2003).

More specifically, CSR should be strategized in the context of what the company is trying to achieve, which takes into consideration specific actor expectations, industry and other levels of competitive reference. Such an approach is vital to building CSR into strategy in a way that reflects its actual business importance to the company's mission (Burke and Logston, 1996). An imbalance can lead to a company being spread too thin between its economic charter and other social responsibilities, thus raising concerns about long-term viability, given finite resources (Pearce & Doh, 2005).

2.4.2 Firms Target Markets

A market consists of the set of all actual and potential buyers of a product or service (Kotler and Armstrong, 2005). However, according to Cahill (1997), for a company to strategically address markets, they must address specific target markets. A target market is a group of buyers for whom an offering should be appropriate and to whom the company will direct the major part of its marketing time, resources and attention. Kotler and Armstrong (2005) suggest that target marketing is about analyzing and assessing each market segment's attractiveness and selecting one or more segments to focus on. This has ramifications for the CSR-strategy relationship.

Assessing markets for specific target opportunities can be a complex exercise although, in general, marketing theory suggests that in order to develop market segment profiles that can be assessed strategically, a variety of variables need to be explored including demographic, geographic, psychographic and behaviorist variables (Kotler and Armstrong, 2005). Once these variables have been assessed, choices have to be made with respect to which segments to ultimately serve. Here, evaluation includes the market potential of each segment (growth of the segment), the company 's sales potential (market share), competitive assessment (nature of competition, competitive rivalry) and cost estimates/resource requirements (ability to achieve competitive advantage). Although simplistically described here, these are the basic requirements that marketing theory prescribes for assessing, evaluating and choosing which target markets the company will serve.

2.4.3 Firms Customer needs

Some scholars have suggested that the sole purpose of any company is to create value for the customer (Slater, 1997). Although agency theory challenges such a purpose (Khurana et al., 2005), creating value for customers is certainly a strategic function of business. Market orientation has been identified in the marketing and strategic management literature as important to company strategy (Hult & Ketchen, 2001). Market orientation, as a construct, grew out of the idea that companies who effectively implement the marketing concept will achieve better corporate performance than less market-orientated rivals (Kotler, 1991). Although variations exist, a general conception of market orientation includes a customer orientation dimension, a competitor orientation dimension and a market information sharing dimension. Of particular interest is the customer orientation dimension.

Customer orientation is defined as the actions designed to understand the current and latent needs of customers in the target markets served so as to create superior value for them (Narver &Slater, 1990). Here, a variety of actions are prescribed in order to learn about the current and latent needs of customers and the wider forces that shape those needs (Day, 1999). As pointed out, social-related forces are increasingly shaping markets and, by extension, the customer needs that are developing. The analysis of unmet social needs and social issues appears to be just as important to the understanding of customer needs as traditional factors, such as age, income, personality characteristics, usage rates, education, price sensitivity and the like. However, understanding target customers and their current and latent needs is not the same as creating superior value for them. In order to create superior value, companies must construct offerings that appeal to customers, are more attractive than competitors and that ultimately offer benefits that exceed the buyers payment in a purchase exchange (Gale, 1994). Such offerings are the result of innovation (Slater, 1997).

2.5 Ethical and Social Commitments

Ethical and social commitments represent the values element of social resources. They comprise the ethical standards and social objectives the organisation subscribes to and are manifested in its mission, strategic objectives, strategy programmes, organizational policies and corporate culture. These commitments should be broadly based to encompass the legal, economic and ethical dimensions of Schwarz and Carroll (2003) as well as the rights associated with citizenship suggested by Matten and Crane (2005). The societal validity of such commitments will be greater where they align with emerging (but, as yet, not globally accepted) external frameworks for ethical and social values.

When organisation-wide commitment to robust ethical standards is deficient, due to a consistent focus on short-term profits across the value network, corporate legitimacy will likely decline, this can occur for two reasons. Firstly, as a reputation for narrow self-interest develops, consumers will vote with their spending. The internet and growing corporate activism serve to highlight those companies who lack the strategic approach to CR needed to maintain long-term legitimacy. Witness the online chorus of disapproval of supermarket retailers, corporate intrusions into schools and universities, corporate manipulation of news media, exploitation of workers in apparel sweatshops, etc. Secondly, other companies participating in the supply chain will, wherever practical, seek other contracts where economic returns are more favorable and relationships mutually respectful (Matten and Crane, 2005).

2.6 Factors Influencing Companies Involvement into CSR

CSR has been defined as the duty of the organization to respect individuals' rights and promote human welfare in its operations (Oppewal *et al.*, 2006). Businesses not only have the economic responsibility of being profitable and the legal responsibility to follow the laws or ground rules that guide their ability to achieve their economic requirements, but they also have ethical responsibilities that include a range of societal norms, or standards (Carroll, 2000).

The notion that business has duties to society is firmly entrenched, although in the past several decades there has been a revolution in the way people view the relationship between business and society. Carroll (1979) and other researchers believe that we should judge corporations not just on their economic success, but also on non-economic criteria. Carroll (2000) proposed a popular four-part definition of CSR, suggesting that corporations have four responsibilities or "four faces" (Carroll, 2000) to fulfill to be good corporate citizens: economic, ethical, societal, environmental and work place:

2.6.1 Ethical or Social Responsibilities

Ethical duties overcome the limitations of legal duties. They entail being moral, doing what is right, just, and fair; respecting peoples' moral rights; and avoiding harm or social injury as well as preventing harm caused by others (Smith & Quelch, 1993). Ethical and social commitments represent the values element of social resources. They comprise the ethical standards and social objectives the organisation subscribes to and are manifested in its mission, strategic objectives, strategy programmes, organizational policies and corporate culture. These commitments should be broadly based to encompass the legal, economic and ethical dimensions of Schwarz and Carroll (2003) as well as the rights associated with citizenship suggested by Matten and Crane (2005). The societal validity of such commitments will be greater where they align with emerging (but, as yet, not globally accepted) external frameworks for ethical and social values.

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2.6.2 Workplace Responsibilities

A number of the gambling operators report on their commitment to their employees arguing that caring for their staff is essential to their continuing success and growth and they evidence this commitment in a variety of ways. Such evidence covers a range of themes including remuneration and reward, working conditions, well being and diversity, training and development, career progression and accelerated promotion, flexible working, effective communication with employees, health and safety and equal opportunities. Ladbrokes (2006), for example reports on "The Ladbroke Academy", which was set up in 2005 and which provides a range of development tools and training for employees throughout its business. All of the company's training is competency based and designed to provide a supportive and multi-stimulus approach to learning. This "Academy" also provides resources to support employees in developing job related skills and in making informed decisions about potential career paths.

Camelot (2006) stresses its desire to create a working environment that promotes its employees' health and well being including an appropriate balance between work and the rest of their lives. At the same time the company reports its concern that levels of sickness absence are above the benchmark of other companies in the private sector and that the number of working days being lost due to stress in unacceptable. William Hill (2007) emphasizes the importance of maintaining effective two-way communications with all its employees. The company claims, for example, that employee representatives are consulted regularly on a wide range of issues affecting their current and future working conditions and prospects and reports that during 2005 it completed a communication programme designed to keep all employees informed about progress in introducing an electronic point of sale system within its portfolio of betting shops. In a similar vein Sportingbet (2007) reports recognizing the need for effective communication with its growing and increasingly diverse global workforce.

2.6.3 Community/Societal Responsibilities

Ladbrokes (2006) claims that it's betting shops are typically at the heart of the communities in which it operates and the company specifically reports on its "Promoting community safety initiative". Contributions to a range of charities are also reported by a number of the gambling operators. The Ladbrokes in the Community Charitable Trust, for example, established in 2003, has raised over £2.3 million for charity and has supported a range of organisations including Help the Aged, Children in Need, Macmillan Cancer Support and Sue

Ryder Care as well as many local hospices and health related and victim support charities (Ladbrokes, 2006). William (2007) reports a more focused approach to charitable donations in that in 2005 the company resolved that the major focus of its efforts would be in supporting organizations that promote a responsible approach to gambling and that undertake research into gambling; greyhound and horserace welfare; and provide support to disadvantaged individuals in horse and greyhound racing.

2.6.4 Environment Responsibilities

Environmental issues generally receive relatively limited, and often no, attention in the CSR reports and information posted by the eleven operators. William (2007) recognizes that its business activities have both a direct and an indirect impact on the environment and the company claims to strive to act in a responsible environmental manner. More specifically the company argues that its main impact on the environment is through the buildings it operates and the resources used by its staff in their daily work. With that in mind the company reports a number of the measures it has taken to reduce its environmental impact including the installation of a number of energy saving and energy efficiency fittings and devices including high frequency light fitting, time clocks for air conditioning and fascia lighting and water management systems in betting shop toilets.

In addition to energy consumption, recycling and transport are the other two environmental issues that receive attention. Camelot (2006), for example, reports that all of its lottery tickets are printed on recycled paper, saving some 1,000 tones of virgin paper each year, while Coral (2006) claims to save a similar amount by printing its bingo tickets on recycled paper. Camelot (2006) also reports on the Camelot Green Team which is a group of 20 volunteers whose aim is to get employees involved in recycling and saving energy and on a number of local initiatives which led, for example, to increasing paper recycling at its Watford offices by 44 per cent during 2005/2006 and to the establishment of recycling facilities for cardboard, paper, plastic and cans in all its offices.

2.7 Theoretical Frameworks

The development and practice of CSR has been guided by several theories through its history, the most popular being the social contract, the stakeholder and the legitimacy theories. The social contract theory of Gray et al. (1996) views a society as a series of social contracts between members of society and society itself. The theory postulates that a business should act in a responsible manner not just because it is in its commercial interest, but because it is part of how the society implicitly expects business to operate. Viewed from this perspective, a business should get involved in corporate social activities because the society expects it to. But this theory was not adequate to fully explain CSR because there are members of the society who do not expect business to give back services to them.

The integrated social theory of Donaldson and Dunfee (1999) view CSR as a way of enabling managers to take decisions in an ethical context, both at the macro and micro social contracts levels. They argue that at the macrosocial contract, a business is expected to support to its local community and the specific form of involvement would be the micro social contract. This theory regards CSR as part of societal expectation. But whilst this theory could explain the initial motivation, it does not explain the totality of their involvement. Hence it also failed to fully account for the CSR of organisations.

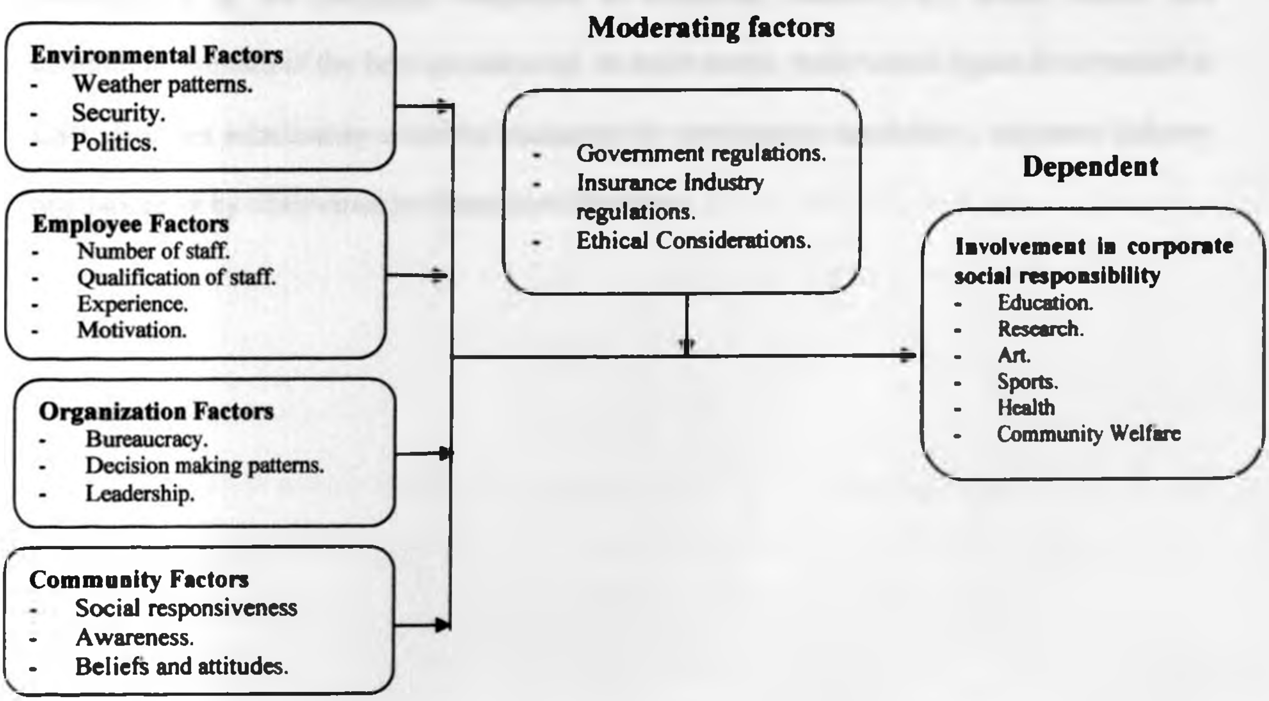
The legitimacy theory of Suchman (1995) regards CSR as part of commercial benefits that gives a business organisation the "license to operate" - particularly for natural resource companies. Thus it is regarded as part of the commercial benefit of enhanced reputation linked to gaining and maintaining legitimacy (Suchman, 1995). Thus according to the legitimacy theory, a business organisation does not engage in CSR because it is in its commercial interest, but because it is part of how society implicitly expects businesses to operate. It was considered relevant to this study due to its emphasis on corporate activities as duties that business organisations must undertake instead of regarding them as added responsibilities that they can do without. This emphasis made it possible to investigate factors hindering the involvement of companies in it. The study therefore was guided by the legitimacy theory of corporate involvement.

2.8 Conceptual Framework

The conceptual model is a conceptualization in a functional form of how the independent variables affect the dependent variable. The framework for this study was guided by the legitimacy theory of Suchman (1995) described above and exemplified in Figure 2.1.

Figure 2.1: Conceptual framework

Independent Variable



According to this framework, several factors were suspected to influence the involvement of insurance companies in CSR. Environmental factors, employee factors, organizational factors and community factors were all suspected to influence the capacity of insurance companies to get involved in corporate social activities within the communities in which they are hosted. Environmental factors were viewed as weather patterns, security, and politics; while employee factors were viewed as the number of staff, the qualification of staff, and their experience and motivation. Organization factors were viewed as bureaucracy, involvement in decision making patterns and the leadership; and community factors as social responsiveness, awareness, and beliefs and attitudes of the host communities. These were the independent variables. The dependent variable which was involvement in CSR, was conceptualized as sponsoring or taking part in education, research, art, sports, health, and community welfare of the host community. It was therefore envisaged that if there was supportive environmental factors, employee factors, organizational factors and community factors, then there would also be higher support or participation by the insurance companies in education, research, art, sports, health, and community welfare of the host communities. In other words, there would higher involvement in CSR. But this relationship could be moderated by government regulations, insurance industry regulations or by observance to ethical considerations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design, sampling techniques, data collection as well as data analysis techniques which were used in the study. It describes the research design, population and sampling techniques, data collection methods and techniques as well as data analysis techniques.

3.2 Research Design

This study employed a survey research design. A survey is suitable when a researcher wants to just describe events or opinions without manipulating variables (Oso & Onen, 2009). The variables under investigation in this study were variables that the researcher did not have the capacity to change or alter at will. Environmental factors, employee factors, organisation and community factors are broad factors that the researcher could not manipulate. It was therefore necessary to describe them as they were. It was this intention to describe "events as they are" that made the survey the ideal design for this study. Data was collected at one point in time, and this enabled the researcher to cut down on costs, and to collect data from employees of insurance companies in Kenya at just one point in time and report in the shortest time possible.

3.3 Target Population

The target populations for this study were all the 324 managerial staff from the 46 insurance companies in Kenya.

3.4 Sample Size and Sample Selection

This section describes the strategies that were sued to identify the main categories of respondents for the study.

3.4.1 Sample Size

The sample comprised 175 managerial staff from the 324 managers from the 46 insurance companies in Nairobi. The choice of this size has been guided by Kathuri and Palls (1993), Amin (2005) and Yamane (2005) tables of samples which all recommend a sample size of 175 for a population of 324.

3.4.2 Sampling Techniques

This study employed stratified sampling techniques to select the individual members of sample. Proportionate stratified sampling was used to select the individual members from each insurance company which was included in the sample. Since the insurance staff were mutually and exclusively divided into companies, it was necessary to equitably capture the views of staff each company in the study. Only stratified sampling could ensure equitable representation of each stratum in the population in the sample and account for the characteristics of each stratum (Meredith, Walter & Joyce, 1966; Touliatos & Compton, 1988). The sampling frame was made from list obtained from the human resource department of each insurance company. The members of the sample were distributed as shown in appendix C.

3.5 Research Instrument

The study employed questionnaires and interview methods to collect both qualitative and quantitative data.

Interview Method

Interviews are person to person verbal communication in which one person (or group of persons) asks the other person (or group of persons) questions intended to elicit responses for the purposes of gathering information (Oso & Onen, 2009). The study Key informants interviews to collect data. Key informants interviews refer to an interview technique where data is collected from individuals who have the requisite information on a one-on-one basis. Key informants' (or in-depth interviews) interview was used to collect data from the managerial staff concerned with corporate social captivities. In very company, the manager of CSR was selected as key informants and interviewed. A total of 46 key informants were therefore used.

Questionnaires

The study used questionnaire to collect data from managerial staff. A questionnaire is a carefully designed instrument consisting of a set of items to which the respondents are expected to react, usually in writing (Amin, 2005; Oso & Onen, 2009). Questionnaires were used because the study was concerned mainly with the views, perceptions and feelings of the managerial staff and such variables cannot be directly observed. Secondly, the sample size of 175 that was used in this study was also quite large and given the time constraints, questionnaire was the ideal tool for collecting data. Questionnaire is also the most suitable tool for survey research (Amin, 2008; Oso & Onen, 2009; Gay, 1987), which this study was. The study used self constructed semi-structured questionnaires, with a mixture of focused and free-response items in a single instrument (Kothari, 1990). This enabled the study to collect quantitative data from the closed-ended sections, and qualitative data from the open-ended sections. This balance was necessary for a detailed explanation of the factors that influence CSR in insurance companies in Kenya. The questionnaires were divided into four sections: a section on the biographic information, a section on employee factors, community factors, environmental factors and organizational factors. Lastly there was also a section on CSR.

3.5.1 Pilot Testing the Instruments

A Pilot population similar to the target population was selected from insurance companies in Kisumu. The questionnaires were administered to a sample of 40 respondents (30 members of staff and 10 key informants) who were selected through a simple random sampling. This was used to determine the soundness, accuracy, clarity and suitability of the instruments to measure what they were intended to measure.

3.5.2 Validity of the Instruments

Validity was ensured through use of peer review. The questionnaires and interview guides were given to two peers to evaluate the relevance of each item in the instruments to the objectives. Validity index was determined from the peers agreement scale and the instruments modified until a validity index of at least .70 was attained. Content validity index was calculated as $n_{3/4}/N$, where $n_{3/4}$ is the number of items marked as good by all peers and N the total number of items assessed. An index of .70 is the "least accepted value of validity in research" (Amin, 2005, p. 288; Oso & Onen, 2009, p. 90). This means that out of any ten time items in the instruments, at least seven items must accurately measure what they are supposed to measure. They items were coded as 1 for not relevant, 2 for somewhat relevant, 3 for relevant and 4 for very relevant. Those rated 1 or 2 were regarded as not relevant while those rated 3 or 4 were regarded as relevant. From the assessments, the validities of the instruments were determined by calculating the Content Validity Index from the total number of items rated as relevant by both judges. The ratings of the assessors are summarized in Table 3.1.

Table 3.1: Judges Ratings of the Items

		Peer I Rating				
		1	2	3	4	Total
Peer II Rating	1	1	2	0	0	3
	2	2	0	0	0	2
	3	1	1	21	5	28
	4	1	0	15	7	23
	Total	**5**	**3**	**36**	**12**	**56**

The total number of items rated as good by both judges were 48. The content validity index was 48/56 = 0.862. Hence a validity index of 86.2% was reported showing that 86.2% of the items measured the objectives correctly.

3.5.3 Reliability of the Instruments

Reliability was ensured by the use of internal consistency method through split half reliability technique. The instruments were administered to a convenient sample of 40 respondents. The responses were scored on a scale of 1 to 5 for every response provided and the total score for each respondent on the questionnaire was determined. The responses were then divided into odd and even numbers to produce two sets of scores. The two separate halves were correlated using Spearman-Brown Prophecy correlation formula. The reliability of the entire instrument was obtained through $\Gamma^{1}_{xx} = 2\Gamma_{xx} / (1 + \Gamma_{xx})$, where Γ_{xx} is the correlation between the two halves. A reliability index of 0.726 (72.6%) was obtained indicating that there was 72.6% chances of getting consistent responses when the same question was posed to the same respondent more than once.

3.6 Data Collection Procedures

The researcher developed a proposal under the guidance of the supervisors. The proposal was then defended at the university to enable the researcher to proceed to the field to collect data. The proposal was accepted, and the researcher was permitted by the University to proceed to the field to collect data. The researcher requested and was granted permission by the district and division officers in charge of insurance companies in Nairobi. The researcher then proceeded to the field to collect data from 175 managerial staff in 46 insurance companies in Kenya in June 2010 using questionnaires and interviews methods.

The questioners were administered by the researcher and trained research assistants through a drop-wait-and-collect method. The researcher and the research assistants went to the managerial staff as the managerial staff were working and requested members who were selected through a random procedure to fill the questionnaires as they waited. The key informants' interviews were conducted by the researcher on appointment with the heads of departments in their offices.

3.7 Data Analysis Techniques

This study collected and analyzed both qualitative and quantitative data. Quantitative data was analyzed through percentages and analysis of variance (ANOVA) technique and presented in tables and figures. Percentage is an analysis technique used to simplify data by reducing them to a range of between 0 and 100. Through the use of percentages, data is reduced to a standard form with 100 as base to facilitate comparison (Kothari, 1990). The percentage distribution technique was used to show the face values of the effect of each factor on the CSR of insurance companies in Nairobi. Data was coded 5 for strongly agree, 4 for agree, 3 for no Comment, 2 for disagree, and 1 for strongly disagree and scored and then converted to good, fair and poor depending according to the scale in Table 3.2.

Table 3.2: Interpretation of Codes

Variable	Good = 1	Moderate = 2	Poor = 3
Environmental Factors	30 – 40	20 – 29	10 -19
Employee Factors	47 – 64	30 – 46	13 - 29
Organizational Factors	10 -13	6 – 9	3 - 5
Community Factors	12 – 15	7 – 11	3 - 6

Data was measured on ordinal scale and coded 1, 2, 3 for good, moderate and poor respectively as indicated in Table 3.2. Data was analysed at 0.05 level of significance, and degrees of freedom 45 and 195 between and within respectively. The .05 level of significance was chosen because the sample size was determined from tables of samples based on this value of significance. This meant that the study was 95% sure of the results and only 5% of the results could occur by chance.

For qualitative data processing and analysis, the content analysis technique was undertaken simultaneously with data collection. According to Best (2004), the major challenge of qualitative data analysis is to make sense of massive amounts of data, reduce the volume of information, identify significant matter and construct a framework for communicating the existence of what the data reveals. Based on this realization, information obtained through qualitative methods was processed and analyzed following three steps. In the first step, the data was organized following key thematic areas summarized into daily briefs and field notes. The second step involved description of the responses to produce interim reports with areas that require additional information being identified and the requisite data sourced. The third step involved systematic analysis and interpretation of the interim report which was then integrated with quantitative data in the main report. Constant memo writing and comparisons of the data was continuously performed to document any ideas or insights emerging from the data. The emerging constructs was used to organize data into meaningful clusters or broader patterns.

3.8 Ethical Issues in Research

During the planning and period the research was carried out, as well as in reporting research findings, there are certain considerations and obligations that researchers had to fulfil in the course of their work.

During the data collection the management of insurances companies that was approached in the course of doing research for comparative purposes they were informed about the nature of the study, through a formal letter, to request for permission to carry out data collection in their organization, stating the objectives of the study and any risks to the business that the study may create by involving its employees.

This study adhered to the principles of research and the research findings were solely for academic purposes. Utmost care was taken and reliable research tools used in the course of research to ensure that data collected was true and hence conclusions.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study which was analysed, interpreted and discussed under thematic and sub thematic areas in line with study objectives. The thematic were demographic characteristics, environmental factors, community factors, employee factors and organizational factors. The results are summarized in the following sub sections.

4.2 Response Return Rate

Out of the intended 175 respondents, only 124 returned fully completed questioners giving a response return rate of 70.85%. It was not possible to obtain a higher return rate because most staff concerned with CSR were always out in the field. But this return rate was still acceptable because it was above the 60% return rate recommended by Amin (2005).

4.3 Demographic Characteristics of the Respondents

Demographic information were collected on the age of respondents, level of education and gender of respondents. Since CSR is more of a managerial factor, there was no need to delve into factors such as origin, tribe or even religion of respondents since these have been shown to influence managerial capacities. The results are presented in the following sub sections.

4.3.1 Distribution of Respondents by Age

The respondents were asked to indicate the ages. This was important because attitudes are known to change with age and it was necessary to determine whether there was any link between age and involvement in CSR. The results are summarized in Table 4.3.

Table 4.3: Distribution of Respondents by Age

Age (Years)	Frequency	Percent
Below 30	41	34.6
31 to 40	43	35.9
41 to 49	26	21.8
50 and above	14	11.2
Total	**124**	**100**

The results in the above Table 4.3 show the distribution of respondent by age. From the table, the study found that most respondents 43 (35.9%) were aged between 31 to 39 years, 41 (34.6%) of the respondents aged 30 years and 11.2%) of the respondents were aged 50 years. This shows that the respondents were normally distributed in terms of age. On the whole, majority of respondents (84 or 70.5%) are below 40 years which means they are still energetic and within the most productive age bracket. It was therefore expected that there should be high involvement in CSR since, as Jones and Wicks (1999) point out, these ages are the most productive ages for any sector. Lee (1997) also observes that this is the most productive age bracket. The fact that there is low involvement of insurance companies in CSR cannot be attributed to the age of employees.

4.3.2 Distribution of Respondents by Level of Education

The study also determined the highest level of education for the respondents. Level of education is a significant determinant of most innovation since it dictates the ability of a person to understand and assimilate concepts. It was therefore necessary to determine level of education. The results are summarized Table 4.4.

Table 4.4: Distribution of Respondents by Level of Education

Highest Level of Education	Frequency	Percent
Primary	0	4.83
Secondary	6	1.70
Under Graduate	51	42.5
Post graduate	67	55.8
Total	**120**	**100**

The results in the above Table 4.4 show the respondent distribution in terms of their highest level of education. From the table, it can be seen that the majority 67 (55.8%) of the respondents were postgraduates holders whereas 51 (42.5%) had basic university education. Only 4 (4.83%) had secondary level of education. This shows that the insurance industry in Kenya is being manned by personnel of higher qualifications. These results should concur with the views of Lantos (2000) and the views of Gray and Owen (1996) who observed the education is related to good management. It was therefore expected that the corporate social activities of insurance should be well managed and therefore very effective. But if this view is upheld, then another explanation should be sought for the low involvement of the insurance companies in CSR, but the poor involvement could not be attributed to education of the management staff.

4.3.3 Distribution of Respondents by Gender

The study also determined the gender of the respondents. It is now an established fact that there is no correlation between gender and managerial performance, but it was necessary to determine the gender balance among the managers of insurance companies and relate this to the performance in CSR. The results are summarized in Table 4.5.

Table 4.5: Distribution of Respondents by Gender

Gender	Frequency	Percent
Males	79	65.8
Females	48	36.2
Total	**124**	**100**

The results in the above Table 4.5 show the respondent distribution by gender. The findings indicate the most managers of insurance companies 79 (65.8%) are males while only 45 (36.2%) are females. These results were expected because there are not as many women as men who have studied insurance management (Porter, 1996). But if the views of Business Impact (2000) and of Carroll (1999a) that there is no correlation between gender and performance could be disputed from these results, because since males are the majority and since involvement in CSR is low, then it can be deduced that males are poor performers than females when it comes to CSR issues. But this argument could not be sustained on the basis of just mere numbers as there were several other intervening factors in this study because the variable were not manipulated The views of Business Impact (2000) and Carroll (199a) are upheld.

4.4 Factors Influencing Involvement of Insurance Companies in CSR

The aim of this study was to determine the factors that influence the involvement of insurance companies in Kenya in CSR. Factors were hypothesized as environmental, employees, organisation and community factors. This section presented information on the influence of each of these factors on involvement in CSR.

4.4.1 Environment Factors and Involvement of Insurance Companies in CSR

The first objective of this study was to determine the influence of environmental factors on the involvement of insurance companies in CSR. Environmental factors were conceptualized as weather patterns, security and politics. The respondents were asked to express their views on the status of involvement of insurance companies in CSR. Environmental factors were conceptualized as weather patterns, security and politics on a Likert scale of strongly agree to strongly disagree. The responses obtained were analysed as described in section 3.9 and interpreted according to the information in Table 3.2. The results are summarized in Table 4.6.

Table 4.6: Status of Environmental Factors in Insurance Companies in Kenya

	Views on Status of Environmental Factors		
Element of Environment Factors	**Good**	**Moderate**	**Poor**
1. Weather Patterns	22 (17.6%)	41 (32.5%)	61 (48.8%)
2. Security	12 (9.6%)	34 (27.2%)	78 (62.4%)
3. Politics	20 (16.0%)	45 (36.0%)	59 (47.2%)
Total:	**14.14%**	**32.1%**	**53.0%**

The information in Table 4.6 shows the responses of managerial staff of insurance companies on the status of environmental factors in the insurance companies. The table shows that most mangers 61(48.8%) indicate that they operate in poor weather conditions while only 22 (17.6%) indicate they operate under good weather patterns. Another 41 (32.5%) of the managers indicated that they operate under fair or moderate weather conditions. On the issue of security, majority of respondents 78 (62.4%) indicate the security is poor, while only 12 (9.6%) indicated that there is adequate security in the areas in which they operate. Another 34 (27.2%) of the respondents indicated that they undertake CSR under moderate security arrangements. bad or negative politics in the areas in which they undertake CSR while 45 (36.0%) of the respondents indicated that there is fair politics in the areas under which thy operate. Only 20 (16.0%) of the respondents indicated that they undertake CSR under good or positive political environments.

On the whole, it can be said that 53.0% of the companies undertake the CSR under poor environmental factors while 32.1% of the companies operate under moderate environmental factors. Only 14.1% of the companies operate under good or conducive environmental factors. It can be said from these results that poor environmental factors is one the factors that lower the involvement of the insurance companies in CSR.

These findings support the views that Agle et al. (1999) who point out that the effectiveness of CSR is closely related to environmental factors and that unfavorable environmental factors reduce their effectiveness. Bown (2005) also concurs with Agle et al. (1999) and further points out that the main problem with environmental factors is that they cannot be manipulated. He argues that it is better for CSR to attempt to influence the factors per se.

The data was further rated as indicated in Table 3.2 such that insurance companies that scored 30 – 40 were rated as good on environmental factors; those that scored 20-29 were rated as moderate and those that scored between 10 - 19 were rated as poor on environmental factors. The CSR of each insurance company was also determined by measuring the degree of involvement of the company in education, research, art, sports, health and community welfare programs of the host communities. The status of environmental factors of each insurance company was then compared against the average value of CSR to determine if there was a link between the two. The results are summarized in Table 4.7.

Table 4.7: Summary of CSR of Insurance Companies based Environmental Factors

Status of Environmental Factors	N	Means of CSR	Percent N
Good	12	81.96	26.3
Moderate	19	64.3	41.2
Poor	15	38.46	32.5
Total	**46**	**60.05**	**100.0**

Table 4.7 show the average involvement of insurance companies against the status of environmental factors. The results in Table 4.7 shows that the average involvement of insurance companies in CSR is higher for companies with good environmental factors (81.96) than for companies with moderate (64.33) or poor (38.46) environmental factors. This suggested that environmental factors influence the involvement of insurance companies in CSR. It could be deduced from these results that environmental factors influence the involvement of insurance companies in CSR, and the more favorable the environmental factors, the higher the involvement in CSR.

These results are in agreement with the views Agle et al. (1999) and Bown (2005). However, these views were obtained from mere description of raw statistics, but not hypothesis testing. To confirm the results, the data was subjected to hypothesis testing.

Hypothesis 1: Ho_1: Environmental factors do not significantly influence the involvement of insurance companies in CSR.

The data in Table 4.7 and in appendix B (columns 1 and 5) were subjected to Anova, to test the hypothesis that environmental factors do not significantly influence the involvement of insurance companies in CSR. The Anova results are summarized in Table 4.8.

Table 4.8: Summary of Anova on CSR based on Environmental Factors

	Sum of squares	df	Mean Square	F	α
Between groups	20.671	14	1.477	$F_o = 7.468$	$\alpha_o = .050$
Within groups	6.133	31	.198	$F_c = 2.663$	$\alpha_c = .000$
Total	**26.804**	**45**			

Note: df = degrees of freedom; F = Anova; α = level of significance; F_o = calculated value of F; F_c = the critical value of F; α_o = calculate value of α; and α_c = the critical value of α.

The information in Table 4.8 confirms the findings suggested by results in Table 4.7 because $F_o = 7.468 > F_c = 2.663$; and $\alpha_o = .050 > \alpha_o = .000$. This means that there is a significant difference in the involvement in CSR of insurance companies with good, moderate and poor environmental factors. The hypothesis that environmental factors do not influence the involvement of insurance companies in CSR was therefore rejected. Thus environmental factors affect the involvement of insurance companies in CSR, and the more favorable the environmental factors, the higher the involvement in CSR. This means that where there is bad or unpredictable weather, where there is poor security and where there is negative politics, the participation of insurance companies in education, research, art, sports, health and community welfare will be low.

The findings above are in agreement with the views of Agle et al. (1999), Bown (2005), Windsor (2006) and the views of Slate (1997). Agle et al. (1999) and Bown (2005) point out that there cannot be effective corporate activities if the weather patterns are not favorable or if there is inadequate security. But Windsor (2006) adds that besides security and weather patterns, fair politics is also necessary for effective CSR to be realized. Slate (1997) takes the view that weather patterns, security and politics must be addressed together for effective CSR to be undertaken. These results have direct implication to is divisive and as long as security continues to deteriorate, the involvement of insurance in CSR will be low.

4.4.2 Employee Factors and Involvement of Insurance Companies in CSR

The second objective of this study was to determine the influence of employee factors on the involvement of insurance companies in CSR. Employee factors were conceptualized as the number of staff, the qualifications and the experience of staff involved in CSR in insurance companies in Kenya. The respondents were asked to express the views on number of staff, the qualifications and the experience of staff involved in CSR on a Likert scale of strongly agree to strongly disagree. The responses obtained were analysed as described in section 3.9 and interpreted according to the information in Table 3.2. The results are summarized in Table 4.9.

Table 4.9: Status of Employee Factors in Insurance Companies in Kenya

	Views on Status of Employee Factors		
Element of Employee Factors	**Good**	**Moderate**	**Poor**
1. Number of staff	18 (14.1%)	68 (54.4%)	38 (30.4%)
2. Experience of staff	39 (31.2%)	49 (39.2%)	36 (28.8%)
3. Qualification of staff	52 (41.6%)	44 (35.2%)	28 (22.4%)
Total: Status of Employee Factors	**29.2%**	**43.1%**	**27.3%**

The information in Table 4.9 shows the responses of managerial staff of insurance companies on the status of employee factors in the insurance companies. The table shows that most mangers 38 (30.4%) indicated that there is inadequate number of staff in the organisations, while only 18 (14.4%) indicated they have adequate number of staff in their companies. Another 68 (54.4%) of the managers indicated that they operate with fair or moderate number of staff. On the issue of experience, majority of respondents 49 (39.2%) indicate their staff have only moderate experience in CSR, while 39 (31.26%) indicated that they have enough number of experienced staff in matters of CSR in their companies. Another 36 (28.8%) of the respondents indicated that they inexperienced staff in insurance companies. On the element of qualification, majority of the respondents 52 (41.6%) indicated that insurance companies have well qualified staff while 44 (35.20%) of the respondents indicated that their staff are only moderately qualified in CSR. Only 28 (22.40%) of the respondents indicated that they have unqualified staff in their companies.

On the whole, it can be said that 29.2% of the companies have good employee factors, while 43.1% of the companies have moderate employee factors. Another 27.3% of the companies have poor employee factors. Since there are more companies with good employee factors as compared to companies with poor employee factors, it can be said from these results that employee factors is NOT one the factors that lower the involvement of the insurance companies in CSR. These findings if confirmed, could challenge the views of Suchman (1995) and those of Sethi (2003) who point out that employee related factors influence employee performance and hence their involvement in corporate social issues. But according to the results in Table 4.9 and in light of the views expressed by Suchman (1995) and Sethi (2003), it could be deduced the qualification, experience and number of staff are not significant in corporate social matters.

The data was further rated as described in Table 3.2 such that insurance companies that scored 47 – 64 were rated as good on employee factors; those that scored 30 - 46 were rated as moderate, while those scoring between 13 - 29 were rated as poor on employee factors. The CSR of each company was also determined by measuring the degree of the company's involvement in education, research, art, sports, health and community welfare programs of the host communities. The status of employee factors of each insurance company was t compared against the average value of CSR to determine if there was a link between the two. The results are summarized in Table 4.10.

Table 4.10: Summary of Involvement in CSR of Insurance Companies based Employee Factors

Status of Employee Factors	N	Means of CSR	Percent N
Good	17	67.78	36.89
Moderate	17	55.00	36.89
Poor	12	57.97	26.04
Total	**46**	**60.05**	**100.0**

The results in Table 4.10 indicate that the average involvement of insurance companies in CSR is higher for companies with good employee factors (67.78) than for companies with moderate (55.00) or poor (57.97) employee factors. But it also indicates that the CSR of insurance companies with poor employee factors (57.97%) is higher than of companies with moderate employee factors (55.00%). This was against the expected trend since a good status should be associated with high involvement. This anomaly suggested that employee factors do significantly not influence the involvement of insurance companies in CSR. It could be deduced from these results that employee factors do not influence the involvement of insurance in CSR. The table also indicates that there are more companies with good employees' factors (36.78%) as compared to companies with companies with poor employee factors (26.04%). But this difference is insignificant since there is no positive relationship.

These findings contradict the views of Suchman (1995) and Sethi (2003), and even those of CCPA (2000) and Donaldson (1999) who all observe that positive employee factors are associated with high performance. This suggested that there could be other extraneous factors that modify the relationship between employee factors and the performance of insurance companies. However, the views of Suchman (1995), Sethi (2003), (2000) and Donaldson (1999 could not be percentages without hypothesis testing. It was necessary to subject the data to hypothesis testing to confirm these results.

Hypothesis 2: Ho_2: Employee factors do not significantly influence the involvement of insurance companies in CSR.

The data in Table 4.8 and in appendix B (column 2 and 5) were subjected to Anova to test the hypothesis that employee factors do not significantly influence the involvement of insurance companies in CSR. The results are summarized in Table 4.11.

Table 4.11: Summary of Anova Results of CSR based on Employee Factors

	Sum of squares	df	Mean Square	F	α
Between groups	1.707	14	.908	$F_o = 1.789$	$\alpha_o = .050$
Within groups	15.750	31	.508	$F_c = 2.663$	$\alpha_c = .080$
Total	**28.457**	**45**			

Note: df = degrees of freedom; F = Anova; α = level of significance; F_o = calculated value of F; F_c = the critical value of F; α_o = calculate value of α; and α_c = the critical value of α.

The information in Table 4.11 confirms the findings suggested by results in Table 4.10 because $F_o = 1.786 < F_c = 2.663$; and $\alpha_o = .050 < \alpha_o = .080$. This means that there was NO significant difference between the involvements in the CSR of the insurance companies with good, moderate and poor employee factors. The hypothesis that employee factors do not influence the involvement of insurance companies in CSR was therefore accepted. This means that employee factors do not affect the involvement of insurance companies in CSR. The status of employee factors has no influence on the insurance companies' involvement in CSR. This means that where there is low number staff, or where there are unqualified staff or where there are inexperienced staff, the participation of insurance companies in education, research, art, sports, health and community welfare will be not be affected.

The findings contradict the most popular held views about employee factors and organisation performance. According to CCPA (2000) and Donaldson (1999), positive employee factors are associated with good or high employee and organizational performance. Suchman (1995) and Sethi (2000) also note that the number of staff, the qualifications and experience are significant determinants of their performances and hence of the organisations they work for. But this study produces contrary findings. The case of insurance companies could be taken as an exception, possibly due to many intervening factors involved, and due to the fact majority of customers of insurance companies are public motor operators who may not require much education to deal with. The finding could also be understood from the fact that insurance has not explicitly stood out as a course like education or medicine or law. There is really no course as insurance in our curriculum and there no professor of insurance the same way we have in other disciplines. It could be argued that insurance service require more of commitment and dedication rather than education per se.

4.4.3 Organizational Factors and Involvement of Insurance Companies in CSR

The third objective of this study was to determine the influence of organizational factors on the involvement of insurance companies in CSR. Organizational factors were conceptualized as the degree bureaucracy, participation in decision making, and organizational leadership in the insurance companies in Kenya. The respondents were asked to express the views on the degree bureaucracy, participation in decision making, and organizational leadership in their companies on a Likert scale of strongly agree to strongly disagree. The responses were obtained analysed as described in section 3.9 and interpreted according to the information in Table 3.2. The results are summarized in Table 4.12.

Table 4.12: Status of Organizational Factors in Insurance Companies in Kenya

	Status of Organizational Factors		
Element of Organizational Factors	**Good**	**Moderate**	**Poor**
1. Bureaucracy.	16 (14.4%)	30 (24.0%)	78 (62.4%)
2. Decision making.	12 (9.6%)	43 (34.4%)	69 (55.2%)
3. Leadership.	19 (15.2%)	48 (38.4%)	57 (45.6%)
Total: Status of Organizational Factors	**12.5%**	**32.4%**	**54.6%**

The information in Table 4.12 shows the responses of managerial staff on insurance companies on the status of organizational factors in the insurance companies. The table shows that most mangers 78 (62.4%) indicate that there is unnecessary bureaucracy in insurance companies in Kenya, while only 16 (14.4%) indicated that there is healthy bureaucracy in the insurance in companies in Kenya. Another 30 (24.0%) of the managers indicate that thee is only moderate bureaucracy in most insurance companies in Kenya. On the issue of decision making. majority of respondents 69 (55.2%) indicate that the decision making in insurance companies in Kenya are not participatory, while only 12 (9.6%) indicate that there is participatory decision making in insurance companies in Kenya. Another 43 (34.4%) of the managers indicated that there is moderate participation of staff in decision making. But on leadership, 57 (45.6%) indicated that there is poor leadership while only 19 (15.2%) indicated that there is good leadership in insurance companies in Kenya. Another 48 (38.4%) of the respondents indicated that there is moderately or fair leadership in insurance companies in Kenya.

On the whole, it can be said that only 12.5% of the insurance companies have good organizational factors, while 32.4% of the companies have moderate organizational factors. But majority, 54.6% of the companies, have poor organizational factors. Since there are more companies with poor organizational factors as compared to companies with good organizational factors, it can be said that organizational factors is one the factors that lower the involvement of the insurance companies in CSR. These findings are in agreement with the views of Gray (1992), Freeman (1994), Freidman (1992) and Ikiara (2001). They all concur that organizational factors affect the performance of staff and subsequently, the performance of the organisations they work for. It could be argued from the views, and in the light of the findings made that organizational factors lower the involvement insurance companies in CSR. Hence according to results in Table 4.12, excessive bureaucracy, non participatory decision making and poor leadership are responsible for the poor CSR of insurance companies in Kenya.

The data was further rated as indicated in Table 3.2 such that insurance companies that scored 10-13 were rated as good on organizational factors; those that scored 6-9 were rated as moderate and those that scored between 3-5 were rated as poor on organizational factors. The CSR of each company were also determined by measuring the degree of involvement of each company in education, research, art, sports, health and community welfare programs of the host communities. The status of organizational factors of each company was then compared against the average value of CSR to determine if there was a link between the organizational factors and CSR. The results are summarized in Table 4.13.

Table 4.13: Summary of Involvement in CSR of Insurance Companies based Organizational Factors

Status of Organizational Factors	N	Means of CSR	Percent N
Good	16	72.93	34.72
Moderate	11	70.04	23.83
Poor	19	44.50	41.23
Total	**46**	**60.05**	**100.0**

Table 4.13 shows the average involvement in CSR of insurance companies against the status of organizational factors. The results in Table 4.13 indicate that the average involvement of insurance companies in CSR is higher for companies with good organizational factors (72.93) than for companies with moderate (70.04) or poor (44.50) organizational factors. This suggested that organizational factors positively influence the involvement of insurance in CSR, though only 16 (34.72%) of the companies have good organizational factors, while majority 19 (41.26%) had poor organizational factors.

These results, as pointed out earlier, support the views of Gray (1992), Freeman (1994), Freidman (1992), and Ikiara (2001), though these deductions were drawn from mere description of raw percentage statistics rather than hypothesis testing. As such, they were not conclusive. It was necessary to subject further subject the data to hypothesis testing to confirm the results.

Hypothesis 3: Ho_3: Organizational factors do not significantly influence the involvement insurance companies in CSR.

The data in Table 4.3 and in appendix B (column 3 and 5) were subjected to Anova to test the hypothesis that organizational factors do not significantly influence the involvement of insurance companies in CSR. The Anova results are summarized in Table 4.14.

Table 4.14: Summary of Anova Results of CSR based on Organizational Factors

	Sum of squares	df	Mean Square	F	α
Between groups	19.796	14	1.414	$F_o = 2.921$	$\alpha_o = .050$
Within groups	15.008	31	.484	$F_c = 2.663$	$\alpha_c = .049$
Total	**30.804**	**45**			

Note: df = degrees of freedom; F = Anova; α = level of significance; F_o = calculated value of F; F_c = the critical value of F; α_o = calculate value of α; and α_c = the critical value of α.

The information in Table 4.14 confirms the findings suggested by results in Table 4.13 because $F_o = 2.921 > F_c = 2.663$; and $\alpha_c = .050 > \alpha_o = .049$. This means that there was a significant difference between the involvements in the CSR of insurance companies with good, moderate and poor organizational factors. The hypothesis that organizational factors do not influence the involvement of insurance companies in CSR was therefore rejected. This means that organizational factors affect the involvement of insurance companies in CSR, and the more favorable the organizational factors, the higher the involvement of insurance companies in CSR. Thus excessive bureaucracy, non participatory decision making, and poor leadership, the participation of insurance companies in education, research, art, sports, health and community welfare will be low.

These findings could be explained from the views expressed by Gray (1992), Freeman (1994), Freidman (1992) and Ikiara (2001) who all concur that organizational factors affect the performance of staff and subsequently of the organisations they work for. According to Gray (192) and Freeman (1994), too much bureaucracy is a hindrance to staff participation and creativity and reduces the participation of staff in organisation matters. Such could lower their performance in all aspects of the organisation including in corporate social activities. Friedman (1994) is particular that effective leadership is a prerequisite for good organizational performance. The finding that there is poor leadership in 45.6% of the insurance companies therefore explains why there is also low involvement of the companies in CSR.

But according to Ikiara (2001), leadership is key to performance, but participation of staff in making decisions that affect directly them is also critical. He argues that if employees are not involved in the decisions that are required to implement, then it will be difficult for managers to effectively implement those decisions. The fact that a whole 55.2% of respondents in Table 4.12 indicated that they are not involved in decision making therefore, when understood from this basis, explains why there is poor involvement of insurance companies in CSR. The views Gray (1992), Freeman (1994), Freidman (1992) and Ikiara (2001) are therefore fully supported by the findings of his study.

4.4.4 Community Factors and Involvement of Insurance Companies in CSR

The last objective of this study was to determine the influence of community factors on the involvement of insurance companies in CSR. Community factors were conceptualized as social responsiveness, awareness, and beliefs and attitudes of community towards CSR. The respondents were asked to express the views on social responsiveness of the host communities, their levels of awareness, and their beliefs and attitudes towards CSR by insurance companies, on a Likert scale of strongly agree to strongly disagree. The responses obtained were analysed as described in section 3.9 and interpreted according to the information in Table 3.2. The results are summarized in Table 4.15.

Table 4.15: Status of Community Factors in Insurance Companies in Kenya

	Status of Community Factors		
Element of Community Factors	**Good**	**Moderate**	**Poor**
1. Social responsiveness	12 (9.6 %)	48 (38.4%)	64 (51.2%)
2. Awareness of CSR	68 (54.4%)	22 (17.6%)	34 (27.2%)
3. Beliefs and attitudes on CSR	14 (11.2%)	31 (24.8%)	79 (63.2%)
Total: Status of Community Factors	**25.1%**	**27.0%**	**47.4%**

The information in Table 4.15 shows the responses of managerial staff of insurance companies on the status of community factors in the insurance companies. The table shows that most managers 64 (51.2%) indicated that there is poor social responsiveness among community members, while only 12 (9.6%) indicated that there is good responsiveness by members of the community in which insurance companies operate. Another 48 (38.4%) of the managers rated the responsiveness of members of the public as moderate. On the element of awareness, majority of respondents 69 (54.4%) indicated that there is good awareness among the public on the issues of CSR, while about 34 (27.2%) disagree with this view and express that there poor awareness of CSR among members of the community. However some 22 (17.6%) of the managers indicated that there is moderate awareness by the members of the public. On the other element of beliefs and attitudes towards CSR, 79 (63.2%) of respondents indicated that there is poor or negative attitude of the public towards CSR, while only 14 (11.2%) of the respondents indicated that there is good or positive attitude towards CSR. However 31 (24.8 %) of the respondents rated the attitude and beliefs of the public towards CSR as moderate.

On the whole, it can be said that 25.1% of the companies have good community factors, while 27.0% of the companies operate under moderate community factors. But majority of the companies (47.4%) operate under poor community factors. Since there are more companies under poor community factors as compared to companies that operate under good community factors, it can be said that community factors is one the factors that lower the involvement of the insurance companies in CSR. These findings are in agreement with the views of Lee (1997), Levit (2003), Mutiga (2003), and of Pfeffer (1998), who all suggest that community factors and the community in which an organisation, abides affects its performance. It could be deduced from the these views, and in line with the findings made above, that community factors lower the involvement insurance companies in CSR. Hence according to results in Table 4.15, lack of social responsiveness, lack of awareness, and negative attitudes and beliefs are responsible for the low involvement in CSR of insurance companies in Kenya.

The data was further rated as described in Table 3.2 such that insurance companies that scored 12-15 were rated as good on community factors; those that scored 7-11 were under as moderate and those that scored between 3-6 were operating under poor on community factors. The CSR of each company was also determined by measuring its degree of involvement in education, research, art, sports, health and community welfare programs of the host communities. The status of community factors of each company was then compared against the average value of CSR to determine if community factors were related to involvement in CSR. The results are summarized in Table 4.16.

Table 4.16: Summary of CSR of Insurance Companies based Community Factors

Status of Community Factors	N	Means of CSR	Percent N
Good	12	85.52	26.04
Moderate	24	58.59	52.08
Poor	10	35.05	21.70
Total	**46**	**60.05**	**100.0**

Table 4.16 shows that average values of involvement in CSR against the status of community factors. The results in Table 4.16 indicate that the average involvement of insurance companies in CSR is higher for companies under good community factors (85.52) than for companies under moderate (58.89) or under poor (35.05) community factors. This suggests that community factors influence the involvement of insurance in CSR. However the table also shows that only 12 (26.04%) of the companies operate under good community factors. The rest have moderate and poor community factors. This the positive effect of community factors could be felt in about 26.04% of the companies. This low ratio reduces its effectiveness on CSR.

These findings are in agreement with the views of Lee (1997), Levit (2003), Mutiga (2003), and of Pfeffer (1998) who argue that suggest that community factors, and the community, affect the performances of the organisations in those communities. Lee (1997) and Levit (2003) hold that the degree of social responsiveness of the community, the level of awareness, and the general beliefs and attitudes of the public towards corporate social activities, directly influence the performance of an organisation in all aspects. But even though these findings agree with Lee (1997) and Levit (2003), they were not conclusive because they were drawn from mere description of raw percentage statistics rather than hypothesis testing. It was therefore necessary to subject the data to hypothesis testing to confirm them.

Hypothesis 4: Ho_4: Community factors do not significantly influence the involvement insurance companies in CSR.

The data in Table 4.16 and in appendix B (columns 4 and 5) were subjected to Anova procedure to test the hypothesis that community factors do not significantly influence the involvement of insurance companies in CSR. The results are summarized in Table 4.17.

Table 4.17: Summary of Anova results of CSR based on Community Factors

	Sum of squares	df	Mean Square	F	α
Between groups	17.705	14	1.265	$F_c = 2.663$	$\alpha_c = .050$
Within groups	4.208	31	.126	$F_o = 9.316$	$\alpha_o = .000$
Total	**21.913**	**45**			

Note: df = degrees of freedom; F = Anova; α = level of significance; F_o = calculated value of F; F_c = the critical value of F; α_o = calculate value of α; and α_c = the critical value of α.

The information in Table 4.17 confirms the findings suggested by results in Table 4.16 because $F_o = 9.316 > F_c = 2.663$; and $\alpha_c = .050 > \alpha_o = .000$. This means that there was a significant difference between the involvements in CSR of the insurance companies under good, moderate and poor community factors. The hypothesis that community factors do not influence the involvement of insurance companies in CSR was therefore rejected. Hence community factors affect the involvement of insurance companies in CSR, and the more favorable the community factors, the higher the involvement of insurance companies in CSR. Thus insurance companies in communities where there is high social responsiveness, high awareness, with positive beliefs and attitudes, will be more involved in education, research, art, sports, health and community welfare. The reverse will also be true.

These findings are in line with views already expressed by other authors and are not unique to this study. However they help to identify and confirm the factors hindering the insurance companies in achieving high involvement in CSR. According to Lee (1997), the degree of social responsiveness measures how far a society or community is willing to take responsibility for a public asset. Since all CSR are public assets, it is expected that it is the public that should take care of such goods and services. Therefore where there is low responsiveness from the members, it is expected that corporate social responsiveness will suffer. The fact that insurance companies are operating in societies that are generally socially unresponsive also explain their low levels of involvement.

Levit (2003) and Mutiga (2003) are also in agreement that adequate community awareness is significant for effective CSR. These views are true for there same reasons expressed in the above paragraphs. If the community is low in awareness, it becomes difficult for them to assume responsibility for the goods and services that are supposed to benefit them. Lack of community awareness can lower the zeal of an organisation to get involved in CSR especially if such lack of awareness leads to destruction of the goods or services by the same people that such goods and services are supposed to benefit.

Beliefs and attitudes of public is a crucial factors to consider in any factor that affects the public. It was established and reported in Table 4.15 that 63.2% of respondents have negative beliefs and attitudes about CSR. According to Pfeffer (1998), negative attitudes and beliefs affect performance of individuals, and of the organisations they work in or for as well. The fact most communities (47.4% in Table 4.15) are negatively disposed towards CSR and the fact that there is poor involvement by the insurance in CSR can be explained from this perspective.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key findings, which are set out in line with the study themes or objectives. The themes were environmental factors, employee factors, organizational factors and community factors. It also presented the conclusion, and recommendations of the study.

5.2 Summary of Findings

The aim of this study was to determine the factors that influence the involvement of insurance companies in Kenya in CSR. Factors were hypothesized as environmental, employees, organisation and community factors. The study therefore made four major findings, one under objective.

The first objective of this study was to determine the influence of environmental factors on the involvement of insurance companies in CSR. Environmental factors were conceptualized as weather patterns, security and politics. It was noted that the average involvement of insurance companies in CSR is higher for companies under good environmental factors (81.96) than for companies under moderate (64.33) or poor (38.46) environmental factors. This suggested that environmental factors influence the involvement of insurance companies in CSR. It was deduced from these results that environmental factors influence the involvement of insurance in CSR and the more favorable the environmental factors, the higher the involvement in CSR. This hypothesis was confirmed by Anova test. It was therefore established that environmental factors affect the involvement of insurance companies in CSR, and the more favorable the environmental factors, the higher the involvement in CSR. This means that insurance firms that operate under bad or unpredictable weather, or under poor security and where there is negative politics, will not get fully involved in education, research, art, sports, health and community welfare activities.

Secondly the study determined the influence of employee factors on the involvement of insurance companies in CSR, employee factors being conceptualized as the number of staff, their qualifications, and the experience of staff involved in CSR. Preliminary analysis indicated that 29.2% of the companies had good employee factors, while 43.1% of the companies had moderate employee factors. Another 27.3% of the companies had poor employee factors suggesting that employee factors do not lower the involvement of the insurance companies in CSR. This was also confirmed by Anova analysis. It was therefore established that employee factors do not affect the involvement of insurance companies in CSR. This means that insurance companies with low number staff, or with majority of unqualified staff or where majority of staff are inexperienced, will have relatively the same participation of insurance companies in education, research, art, sports, health and community welfare as companies with good status of these variables.

The third objective of this study was to determine the influence of organizational factors on the involvement of insurance companies in CSR. Organizational factors were conceptualized as bureaucracy, decision making, and organizational leadership. Preliminary results indicated that the average involvement of insurance companies in CSR is higher for companies with good organizational factors (72.93) than for companies with moderate (70.04) or poor (44.50) organizational factors. This suggested that organizational factors influence the involvement of insurance in CSR, though only 16 (34.72%) of the companies had good organizational factors.

These results were further confirmed by Anova analysis. Hence the study established that organizational factors affect the involvement of insurance companies in CSR, and the more favorable the organizational factors, the higher the involvement of insurance companies in CSR.

Lastly this study determined the influence of community factors on the involvement of insurance companies in CSR. Community factors were conceptualized as social responsiveness, awareness, and beliefs and attitudes of community members towards the CSR. Preliminary results indicated that the average involvement of insurance companies in CSR is higher for companies operating under good community factors (85.52) than for companies operating under moderate (58.89) or poor (35.05) community factors. Hence community factors influence the involvement of insurance in CSR. However only 12 (26.04%) of the companies operated under good community factors. This finding was confirmed by Anova analysis. It was therefore established that community factors affect the involvement of insurance companies in CSR, and the more favorable the community factors, the higher the involvement of insurance companies in CSR.

5.3 Discussions

Environmental factors support the views that Agle et al. (1999) who point out that the effectiveness of CSR is closely related to environmental factors and that unfavorable environmental factors reduce their effectiveness. Bown (2005) also concurs with Agle et al. (1999) and further points out that the main problem with environmental factors is that they cannot be manipulated. He argues that it is better for CSR to attempt to influence the factors per se.

The findings are also in agreement with the views Agle et al. (1999) and Bown (2005). However, these views were obtained from mere description of raw statistics, but not hypothesis testing. To confirm the results, the data was subjected to hypothesis testing. They also agree with the views of Agle et al. (1999), Bown (2005), Windsor (2006) and the views of Slate (1997). Agle et al. (1999) and Bown (2005) point out that there cannot be effective corporate activities if the weather patterns are not favorable or if there is inadequate security. But Windsor (2006) adds that besides security and weather patterns, fair politics is also necessary for effective CSR to be realized. Slate (1997) takes the view that weather patterns, security and politics must be addressed together for effective CSR to be undertaken. These results have direct implication to is divisive and as long as security continues to deteriorate, the involvement of insurance in CSR will be low.

The employee factors according to the study, could challenge the views of Suchman (1995) and those of Sethi (2003) who point out that employee related factors influence employee performance and hence their involvement in corporate social issues. But according to the results in Table 4.9 and in light of the views expressed by Suchman (1995) and Sethi (2003), it could be deduced the qualification, experience and number of staff are not significant in corporate social matters. These findings contradict the views of Suchman (1995) and Sethi (2003), and even those of CCPA (2000) and Donaldson (1999) who all observe that positive employee factors are associated with high performance. This suggested that there could be other extraneous factors that modify the relationship between employee factors and the performance of insurance companies. However, the views of Suchman (1995), Sethi (2003), (2000) and Donaldson (1999 could not be percentages without hypothesis testing. It was necessary to subject the data to hypothesis testing to confirm these results.

The findings contradict the most popular held views about employee factors and organisation performance. According to CCPA (2000) and Donaldson (1999), positive employee factors are associated with good or high employee and organizational performance. Suchman

(1995) and Sethi (2000) also note that the number of staff, the qualifications and experience are significant determinants of their performances and hence of the organisations they work for. But this study produces contrary findings. The case of insurance companies could be taken as an exception, possibly due to many intervening factors involved, and due to the fact majority of customers of insurance companies are public motor operators who may not require much education to deal with. The finding could also be understood from the fact that insurance has not explicitly stood out as a course like education or medicine or law. There is really no course as insurance in our curriculum and there no professor of insurance the same way we have in other disciplines. It could be argued that insurance service require more of commitment and dedication rather than education per se.

Organizational factors findings are in agreement with the views of Gray (1992), Freeman (1994), Freidman (1992) and Ikiara (2001). They all concur that organizational factors affect the performance of staff and subsequently, the performance of the organisations they work for. It could be argued from the views, and in the light of the findings made that organizational factors lower the involvement insurance companies in CSR. Hence according to results in Table 4.12, excessive bureaucracy, non participatory decision making and poor leadership are responsible for the poor CSR of insurance companies in Kenya. These findings, as pointed out earlier, support the views of Gray (1992), Freeman (1994), Freidman (1992), and Ikiara (2001), though these deductions were drawn from mere description of raw percentage statistics rather than hypothesis testing. As such, they were not conclusive. It was necessary to subject further subject the data to hypothesis testing to confirm the results.

These findings could be explained from the views expressed by Gray (1992), Freeman (1994), Freidman (1992) and Ikiara (2001) who all concur that organizational factors affect the performance of staff and subsequently of the organisations they work for. According to Gray

(192) and Freeman (1994), too much bureaucracy is a hindrance to staff participation and creativity and reduces the participation of staff in organisation matters. Such could lower their performance in all aspects of the organisation including in corporate social activities. Friedman (1994) is particular that effective leadership is a prerequisite for good organizational performance. The finding that there is poor leadership in 45.6% of the insurance companies therefore explains why there is also low involvement of the companies in CSR.

But according to Ikiara (2001), leadership is key to performance, but participation of staff in making decisions that affect directly them is also critical. He argues that if employees are not involved in the decisions that are required to implement, then it will be difficult for managers to effectively implement those decisions. The fact that a whole 55.2% of respondents in Table 4.12 indicated that they are not involved in decision making therefore, when understood from this basis, explains why there is poor involvement of insurance companies in CSR. The views Gray (1992), Freeman (1994), Freidman (1992) and Ikiara (2001) are therefore fully supported by the findings of his study.

Community factors findings are in agreement with the views of Lee (1997), Levit (2003), Mutiga (2003), and of Pfeffer (1998), who all suggest that community factors and the community in which an organisation, abides affects its performance. It could be deduced from these views, and in line with the findings made above, that community factors lower the involvement insurance companies in CSR. Hence according to results in Table 4.15, lack of social responsiveness, lack of awareness, and negative attitudes and beliefs are responsible for the low involvement in CSR of insurance companies in Kenya.

These findings are in agreement with the views of Lee (1997), Levit (2003), Mutiga (2003), and of Pfeffer (1998) who argue that suggest that community factors, and the community, affect the performances of the organisations in those communities. Lee (1997) and

Levit (2003) hold that the degree of social responsiveness of the community, the level of awareness, and the general beliefs and attitudes of the public towards corporate social activities, directly influence the performance of an organisation in all aspects. But even though these findings agree with Lee (1997) and Levit (2003), they were not conclusive because they were drawn from mere description of raw percentage statistics rather than hypothesis testing. It was therefore necessary to subject the data to hypothesis testing to confirm them.

These findings are in line with views already expressed by other authors and are not unique to this study. However they help to identify and confirm the factors hindering the insurance companies in achieving high involvement in CSR. According to Lee (1997), the degree of social responsiveness measures how far a society or community is willing to take responsibility for a public asset. Since all CSR are public assets, it is expected that it is the public that should take care of such goods and services. Therefore where there is low responsiveness from the members, it is expected that corporate social responsiveness will suffer. The fact that insurance companies are operating in societies that are generally socially unresponsive also explain their low levels of involvement.

Levit (2003) and Mutiga (2003) are also in agreement that adequate community awareness is significant for effective CSR. These views are true for there same reasons expressed in the above paragraphs. If the community is low in awareness, it becomes difficult for them to assume responsibility for the goods and services that are supposed to benefit them. Lack of community awareness can lower the zeal of an organisation to get involved in CSR especially if such lack of awareness leads to destruction of the goods or services by the same people that such goods and services are supposed to benefit. Beliefs and attitudes of public is a crucial factors to consider in any factor that affects the public. It was established and reported in Table 4.15 that 63.2% of respondents have negative beliefs and attitudes about CSR. According to Pfeffer

(1998), negative attitudes and beliefs affect performance of individuals, and of the organisations they work in or for as well. The fact most communities (47.4% in Table 4.15) are negatively disposed towards CSR and the fact that there is poor involvement by the insurance in CSR can be explained from this perspective.

5.4 Conclusions

From the findings the study concludes that environmental factors affected the involvement of insurance companies in CSR. It was also established from the findings that environmental factors influence the involvement of insurance companies in CSR, and the more favorable the environmental factors, the higher the involvement in CSR.

It was also concludes that organizational factors affected the involvement of insurance companies in CSR, thus organization factors influence insurance companies involvement in CSR and the more favorable the organizational factors, the higher the involvement of insurance companies in CSR. Thus excessive bureaucracy, non participatory decision making, and poor leadership, the participation of insurance companies in education, research, art, sports, and health and community welfare were found to be low.

This study also found that that employee factors do not significantly influence the involvement of insurance companies in CSR. Thus employee factors do not influence the involvement of insurance in CSR, which means that where there is low number staff, or where there are unqualified staff or where there are inexperienced staff, the participation of insurance companies in education, research, art, sports, health and community welfare is not be affected, it therefore led to the conclusion that employee factors did not influence insurance involvement in CSR significantly.

The study further concludes that community factors affect the involvement of insurance companies in CSR, and the more favorable the community factors, the higher the involvement of insurance companies in CSR. Thus insurance companies in communities where there is high social responsiveness, high awareness, with positive beliefs and attitudes, will be more involved in education, research, art, sports, health and community welfare.

5.5 Recommendations

Following the findings and the conclusion made above, the study makes the following recommendations:

1.0 Insurance companies initiate education support fund to be used by the relevant institutions to educate the public on how to conserve the environment and how to promote and improve security through participative community practices.

2.0 Insurance sector takes a proactive role in influencing community related factors through sponsoring programs that promote social responsiveness, general awareness on CSR and positive beliefs and attitudes among the community on CSR.

3.0 The management and board of directors of insurance companies organize refresher courses for their management staff on methods and techniques of modern management, participatory decision making and inclusive leadership styles. This is will enable the companies to positively redirect their negative organizational factors that have hindered their involvement in CSR.

4.0 The management and board of directors of insurance companies should involve employee t all level of CSR so as to educe the effects of employee factors on CSR.

5.6 Recommendations for Further Research

This study only listed the factors that influence the involvement of insurance companies in CSR, but it did not delve into the actual effect of each of these factors, neither did it investigate their combined effects. This was an oversight of the study. However, the way the study was delimited could not allow investigation into these areas. The study therefore recommends that a study be done to determine the actual effects of each of these factors identified by these studies on the involvement of insurance companies in CSR.

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APPENDICES

Appendix I: Research Questionnaire for CEO and Head of departments

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided.

Part A: Respondents General Information

1. Company Name: ______________________________

2. What is your designation? ______________________________

3. What is your total work experience in years? ______________________

4. What is your length of time in the Company? ______________________

5. Age category of the respondents

1. Below 30 years [ ]
2. 31 – 40 years [ ]
3. 40 – 49 years [ ]
4. 50 and above [ ]

6. Highest level of education attained

a. Tertiary college [ ]
b. University graduate [ ]
c. University postgraduate [ ]

7. On average how much what percentage of the annual budget does your company spend in CSR projects: Please tick one?

0% [ ]

0% – 5% [ ]

5% – 10% [ ]

Above 10% [ ]

Part B: Factors influencing insurances involvement in CSR projects

8. Has your company been involved in CSR projects?

[ ] Yes [ ] No

9. Which are the CSR projects that your companies have been involved in the recent years and are still in progress?

....

....

....

10. If your company has been involved in the CSR projects, which are the factors that influenced your company involvement into these CSR projects?

....

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....

11. If your company has not been involved in CSR projects, which are the factors that are hindering your company involvement into CSR projects?

....

....

....

....

12. To what extent does the following factor influence your company involvement in CSR projects? **Key:** 5=Very great extent, 4= great extent, 3= moderate extent, 2 =less extent, 1= no extent at all.

Factors
Environmental factors
Workplace factors
Community /societal factors
Management decision
Ethical factors

13. How does societal/community factors influences your involvement in the CSR projects?

....

....

14. Which are the environmental conservation factors that influence your company involvement in CSR project?

....

....

....

15. Does your organizational structure influence your company involvement in CSR project?

[ ] Yes [ ] No

16 How does the organizational structure in your company influence your company involvement in CSR project?

....

....

....

17. What was is the role of employees in your company in the CSR projects your company engaged in?

a. Project identification ☐

b. Project design ☐

c. Project supervision/implementation ☐

d. Progress monitoring/evaluation ☐

e. Other (please specify) ____

18. Which are the ethical factors influencing your company involvement in CSR project?

....

....

....

17. What are some of the organizational challenges that your company experienced during implementation of the CSR projects it participated in?

....

....

....

....

18. To what extent you agree with the following statements? **Key:** 5=strongly agree, 4= agree, 3= moderately, 2 =disagree, 1= strongly disagree.

Statements	**5**		**3**		**1**
A company engages in CSR project to retain its market share and even get more market shares					
CSR projects by a company is a way of giving back to the society					
CSR projects by a company is a way of responding to environmental harms caused by the company					
Its ethical for a company to engage in CSR projects					
Engaging employees in CSR project makes company employees feel part of society					

19. In the table below, specify the extent to which you agree (or disagree) to the stated attributes of the CSR projects at your company

5 = strongly agree 4 = Agree 3 = Not Sure 2 = Disagree 1 = strongly disagree

Factors	5	4	3	2	1
The staff are fully involved in the identification of potential CSR activities					
The staff are fully involved in the design of implementation plans for CSR activities					
The staff are fully involved in the actual implementation of CSR activities commissioned by your company					
The interests of the beneficiaries come before the business interests of the company during implementation of CSR activities					
Participation of staff in CSR programmes is based on voluntary basis					

20. What are some of the notable benefits that you have realized from the CSR project and activities in your project site?

....

....

....

....

21. What recommendations would you make to your company to ensure that future CSR projects are well implemented and remain sustainable?

....

....

....

....

THANK YOU FOR YOUR RESPONSES

Appendix II : Summary of Research Data

Insurance Firm	Environmental	Employee	Organizational	Community	Involvement in CSR
1	1	1	1	1	70.50
2	2	2	2	2	61.10
3	1	1	1	1	85.00
4	3	1	3	3	32.60
5	3	1	3	3	29.40
6	3	2	3	3	28.20
7	3	2	3	3	42.30
8	3	2	3	3	32.60
9	1	1	1	1	85.00
10	2	2	2	2	51.70
11	2	1	2	1	75.00
12	3	3	3	3	29.40
13	3	2	3	3	32.60
14	3	3	3	3	29.40
15	3	1	3	3	28.20
16	3	3	3	2	42.30
17	3	2	3	2	32.60
18	3	3	3	2	29.40
19	2	3	2	2	51.70
20	2	3	2	2	56.40
21	1	2	1	2	65.80
22	2	2	3	1	94.60

23	1	1	1	1	84.60
24	1	2	1	2	65.80
25	1	1	1	2	70.50
26	2	1	1	2	65.80
27	2	1	2	1	75.20
28	2	2	1	2	75.20
29	2	3	3	2	51.70
30	2	2	1	2	56.40
31	3	2	3	2	56.40
32	3	2	3	2	65.80
33	1	3	2	1	94.60
34	1	1	2	1	84.60
35	2	2	3	2	65.80
36	2	1	1	2	70.50
37	1	1	2	1	98.00
38	2	1	1	2	75.20
39	2	3	1	2	65.80
40	2	2	1	2	51.70
41	2	2	3	2	56.40
42	2	1	2	2	56.40
43	3	1	2	3	65.80
44	1	3	1	1	94.60
45	1	3	1	1	84.60
46	2	3	3	2	65.80

Appendix III: Distribution of Sample

	Insurance Company	No of managerial staff	Sample size
1	Africa Merchant Assurance Company Limited	8	4
2	CFC Life Assurance Limited	6	3
3	AIG Kenya Insurance Company Limited	8	4
4	A P A Insurance Limited	9	5
5	Apollo Insurance Company Limited	4	2
6	Blue Shield Insurance Company Limited	6	3
7	British-America Insurance Company Limited	8	4
8	Cannon Assurance Company (K) Ltd	8	4
9	Concord Insurance Company Limited	7	4
10	Co-operative Insurance Company Limited	7	4
11	Corporate Insurance	9	5

	Company Limited		
12	Directline Assurance Company Limited	5	3
13	Fidelity-Shield Insurance Company Ltd	5	3
14	First Assurance Company Limited	9	5
15	Gateway Insurance Company Limited	9	5
16	Geminia Insurance Company Limited	10	5
17	General Accident Insurance Company Ltd	7	4
18	Heritage Insurance Company Limited	8	4
19	Insurance Company of East Africa Limited	7	4
20	Intra Africa Assurance Company Limited	4	2
21	Jubilee Insurance Company of Kenya Limited	5	3
22	Kenindia Assurance Company Limited	6	3

23	Kenya Orient Insurance Company Limited	8	4
24	Kenya Alliance Insurance Company Limited	9	5
25	Lion of Kenya Insurance Company Limited	7	4
26	Madison Insurance Company Limited	8	4
27	Mayfair insurance Company Ltd	5	3
28	Mercantile Insurance Company Limited	8	4
29	Metropolitan Life Assurance Company Limited	8	4
30	Occidental Insurance Company Limited	6	3
31	Old Mutual Life Assurance Company Limited	6	3
32	Pacis Insurance Company Limited	8	4

33	Pan Africa Life Assurance Company Limited	7	4
34	Phoenix of East Africa Assurance Company Ltd	6	3
35	Pioneer Assurance Company Limited	9	5
36	Real Insurance Company Limited	7	4
37	Standard Assurance Company Limited	8	4
38	Tausi Assurance Company Limited	7	4
39	The Monarch Insurance Company Limited	8	4
40	Trident Insurance Company Limited	6	3
41	Trinity Life Assurance Company Limited	5	3
42	UAP Insurance Company Limited	6	3
43	Heritage AII Insurance Co Ltd, The	7	4

44	Fidelity Shield Insurance Co Ltd Ltd	6	3
45	Bicquis Insurance	8	4
46	Aon Minet Insurance Brokers Ltd	8	4
	Total	324	175

Appendix IV: Authorization Letters

REPUBLIC OF KENYA

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telegrams: "SCIENCETECH", Nairobi
Telephone: 254-020-241349, 2213102
254-020-310571, 2213123,
Fax: 254-020-2213215, 318245, 318249
When replying please quote

P.O. Box 30623-00100
NAIROBI-KENYA
Website: www.ncst.go.ke

Our Ref: **NCST/RRI/12/1/SS/706/3**

Date: 6th **August 2010**

Mr. Geoge Mathenge Macheru
University of Nairobi
P. O. Box 825
KISUMU

Dear Sir,

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "***Factors influencing involvement of insurance companies in corporate social responsibility in Kenya***" I am pleased to inform you that you have been authorized to undertake research in **Nairobi Province** for a period ending ***30th September 2010.***

You are advised to report to **the Chief Executive Officers of the selected Insurance Companies** before embarking on the research project.

On completion of the research, you are expected to submit two copies of the research report/thesis to our office.

SAID S. HUSSEIN
FOR: SECRETARY/CEO

Copy to:

The Chief Executive Officers
Insurance Companies in Kenya

CONDITIONS

1. You must report to the District Commissioner and the District Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit
2. Government Officers will not be interviewed with-out prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2)/four (4) bound copies of your final report for Kenyans and non-Kenyans respectively.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice

GPK6055t3mt10/2010

PAGE 2

THIS IS TO CERTIFY THAT

Prof./ Dr./ Mr./ Mrs./ Miss GEORGE MATHENGE MACHERU

of (Address) UNIVERSITY OF NAIROBI P.O. BOX 825, KISUMU

has been permitted to conduct research in .... Location,

NAIROBI District,

NAIROBI Province,

on the topic FACTORS INFLUENCING INVOLVEMENT OF INSURANCE COMPANIES IN CORPORATE SOCIAL RESPONSIBILITY IN KENYA.

for a period ending 30TH SEPTEMBER 20 10

REPUBLIC OF KENYA

RESEARCH CLEARANCE PERMIT

(CONDITIONS—see back page)

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Research Permit No. NCST/RRI/12/1/SS/706

Date of Issue 06/08/2010

Fee received SHS 1,000

Applicant's Signature

FOR: Secretary
National Council for Science and Technology