EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON BRANDS
PERFORMANCE IN THE BANKING INDUSTRY: A CASE STUDY OF FAMILY
BANK KENYA LIMITED

BY

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DECLARATION

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

Signed ………………………………………Date ………………………………………

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D61/68217/2011

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

Signed ………………………………………Date ………………………………………

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Although there may be many who remain unacknowledged in this humble note of gratitude there are none who remain unappreciated.
DEDICATION

This Research Project is lovingly dedicated to my parents, Mr & Mrs Ethan Muchiri who have been my constant source of inspiration. They have given me the drive and discipline to tackle any task with enthusiasm and determination. Without their love and support this project would not have been made possible.
ABSTRACT
Most organizations have realized the importance of integrating Corporate Social Responsibility (CSR) in their operations. Commercial banks too have embraced the concept of incorporating Corporate Social Responsibility. CSR is a way of giving back to the community within which organizations operate. It is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the well-being of their internal stakeholders as well as for the local community and society at large.

The purpose of this study was to establish the effects of corporate social responsibility on brands performance in the banking industry. The study focused on Family Bank Limited. The study sought to achieve one objective: to establish the extent to which corporate social responsibility affects the performance of brands in the banking industry in the case of Family Bank Limited. The study adopted a case study research design and data was collected through an interview guide from 30 senior managers from the 15 Family Bank branches that are within the Nairobi CBDA. The findings indicate that the bank has is very keen on incorporating CSR activities in their operations. The bank has a CSR policy that supports Education, health, sports and there are also keen on young talent development. It was clear from the study that Family Bank’s market share has greatly improved helping them spread into more towns in the country due to their well thought and executed CSR activities.

The adoption of a sound CSR policy by the bank has helped them become and strong and successful brand in the industry. It has made it the fastest growing bank in the country. There is a lot of good will on the ground and this has positively impacted their performance. The study recommends that more studies be conducted on more than one
bank so as to avoid the overgeneralization of the findings. The study also recommends the banks to explore other CSR activities that are being offered by the other financial institutions so as to be at par with the industry standards. This could help them penetrate areas where they have not been able to penetrate.
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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CBDA</td>
<td>Central Business District Area</td>
</tr>
<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>CEOs</td>
<td>Chief Executive Officers</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>ATM</td>
<td>Automatic Teller machine</td>
</tr>
<tr>
<td>PWC</td>
<td>Price Waterhouse Coopers</td>
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<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today’s business executives are faced with complex strategic resource allocation decisions which are not only based on their financial outcomes, but also have to measure up to a set of societal and emerging stakeholder expectations. Environmental and social concerns are becoming increasingly important influences on corporate strategy (Ebrahimi, 2011). Corporate Social Responsibility (CSR) is defined as the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities (WBCSD, 2001).

An organization that builds a strong and successful brand will create stronger earnings, and will be more stable in its marketplace performance. Brand performance is defined as the relative measurement of the brand's success in the market place (O'Cass & Weerawardena, 2010). In today’s world, running a business is no longer just considering how to make profits, but also includes bearing certain responsibilities in the society. Such issues further extend the companies’ view from a business level to a community or society level. This also reflects a fact that consumers’ values are changing in the society, companies have to adapt to the changing value of consumers and seek for long term relationship with consumers so as to survive and grow (Yuen et al., 2007). The performance of business organizations is affected by their strategies and operations in market and non-market environments. One construct that might capture a major element of these non market strategies is corporate social responsibility.

Corporate social responsibility (CSR) has become one of the most pressing issues for corporations worldwide. Many consumers and businesses in the U.S. and Europe as well as in Australia are reluctant to purchase goods from manufacturers or retailers who are associated with "sweat-shop" type or other socially irresponsible practices. A socially
responsible corporate reputation is, therefore, becoming an important aspect of corporate branding that allows firms to differentiate their marketing mix and obtain a better position in both the business-to-business and the business-to-consumer markets. One of the main reasons to apply CSR is to increase the brand equity of the venture (Van Eard, 2007).

1.1.1 Concept of Corporate Social Responsibility

Corporate social responsibility (CSR) has been debated since the 1950s. The present-day CSR (also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) covers the relationship between the corporations and the society within which they interact (Werther & Chandler, 2010). It is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the well-being of their internal stakeholders as well as for the local community and society at large.

Carol (2003) defines corporate social responsibility, corporate responsibility, corporate citizenship, responsible business, sustainable responsible business or corporate social performance as a sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship through their waste and pollution reduction processes, by contributing educational and social programs, and by earning adequate returns on the employed resources. The triple bottom line approach to CSR emphasizes a company’s commitment to operating in an economically, socially and environmentally sustainable manner. The emerging concept of CSR advocates moving away from a ‘shareholder alone’ focus to a ‘multi-stakeholder’ focus. This would include investors, employees, business partners, customers, regulators, supply chain, local communities, the environment and society at large.
1.1.2 Concept of Brand

Brand is beyond a name and is a key part of management. Although brand is not a goal itself, it can be an important tool to evaluate the general performance of an organization. Brand can create the value for customers and result in more revenue for the company. Brands will have more success and better performance in this regard if they intelligently and continuously evaluate themselves. The different dimensions of brand equity can be assumed as an important factor in the growth and decline of the general performance of a brand. Brand equity is an added value that is created due to the brand name and knowing its dimensions can make a better understanding of the strengths and weaknesses of the brands in markets and it can make the comparison of a brand and its rivals easier. Brands which have higher equity can get the customer’s preferences and tendencies and result in higher level of sale. Therefore, in order to have a strong brand, it is wise that the factors affecting the brand performance be evaluated more precisely (Ho & Merrilees, 2008).

1.1.3 The Banking Industry in Kenya

The banking industry in Kenya has emerged as one of the fast growing sector in the economy. The growth has been mainly underpinned by; firstly an industry wide branch network expansion strategy both in Kenya and in the East African community region. The banking industry is governed by the Companies Act, the Banking Act, and the Central Bank of Kenya Act. Central Bank of Kenya (CBK) is mandated to formulate and implement monetary policies and to foster liquidity and solvency and foresee the proper functioning of the financial systems in the country (PWC, 2010). This sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. There are forty six commercial banks in Kenya, large, small and medium sized (PWC, 2010). The banks are under the Kenya Bankers Association which serves as a lobby for the banking sector’s interests. The banks offer both corporate and retail banking services depending with clientele that the banks serve. With increased competition in the industry banks are
also embracing technology in their service delivery. To this regard, most banks have installed ATM (Automatic Teller Machines) in order to increase their network coverage. Quite a good number of banks too have also introduced Agency Banking, where they have recruited agents to offer flexible banking services on their behalf in both the rural and urban centres; and especially in areas where the banks do not have branches.

1.1.4 Family Bank Limited

Family Bank Limited (FBL) was founded on 1\textsuperscript{st} October 1984 as ‘Family Finance Building Society’ under the Building Societies Act (Cap 489 Laws of Kenya). On 30\textsuperscript{th} April 2007, Family Finance converted into a fully-fledged commercial bank and was formally licensed under the provisions of the Banking Act (Cap 488 Laws of Kenya) and the Central Bank of Kenya (CBK) Prudential Guidelines. Family Bank is a member of the Deposit Protection Fund (DPF) and a full member of the Kenya Bankers Association (KBA). The bank is regulated by the Central Bank of Kenya (CBK) and is also regularly inspected using the CAMEL ratings which look at Capital, Assets, Management, Earning and Liquidity (www.familybank.co.ke).

The bank has seventy branches and 120 ATMs countrywide. Family Bank provides financial services to the low and medium income earners as well as institutions and corporate. The bank was the first to introduce the paperless banking system giving it a competitive edge over the rest. The bank’s performance had been on an upward trend having marked the largest growth percentage of 132\% in their 2013 half year results. In the long run, the bank hopes to be the financial institution that will enable people create and sustain wealth through access to flexible, affordable financial services (www.familybank.co.ke).
1.2 Research Problem

It’s globally accepted that brand is one of the most valuable assets of any business (Bharadwaj et al. 1993). It is no longer acceptable for a corporation to experience economic prosperity in isolation from those agents impacted by its actions, or failure in its brands management. To promote and achieve profits, a firm must focus its attention on both increasing its bottom line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organizations to reshape their frameworks, rules, and business models. To understand and enhance current efforts, the most socially responsible organizations continue to revise their short- and long-term agendas, to stay ahead of rapidly changing challenges.

There is also a growing consensus that corporate social responsibility (CSR) has crossed the line from being a business jargon to becoming a critical business function. The importance of CSR in marketing has been demonstrated both in academic circles and in managerial practice by the growing importance and publicity given to it (Baldauf, Cravens and Binder, 2003). As such, corporate social responsibility (CSR) is the idea that companies should combine economic, social and environmental concerns, seems an unavoidable component of discourses on business and society. The fact that social responsibility has become an “inescapable priority” in business enterprises have led to the study of its influences towards brand performance in major organizations and to business leaders (Porter & Kramer, 2006).

Family Bank has made a deliberate effort to demonstrate leadership in Corporate Social Responsibility initiatives. As a responsible corporate citizen, the bank has introduced social programs responsive to the needs of the society within which they operate. A list of well thought out CSR programs being run by the bank are helping communities meet needs in the area of education, talent development, healthcare and support for orphaned and vulnerable children.
Recent studies have been done on corporate social responsibility. For example, Muchemi (2010) conducted a study on the attitudes and perceptions of the employees of National Bank of Kenya and reported the employees were apathetic towards participating in CSR activities. Situma (2012) did a study to assess the internal publics’ participation in corporate social responsibility activities in the case of selected banks in Kenya. Otieno (2009) carried out a study of the practice of corporate social responsibility by commercial banks in Kenya and found that functional groups like the Marketing Department or the Public Relations departments initiates the banks CSR activities. Gachanja (2011) too conducted a research to examine the impact of corporate social responsibility activities among the urban poor. The fact that none of the studies looked at the relationship between corporate social responsibility and brand performance in the banking industry on a bank that just adopted a universal banking model depicts a research gap. This study aimed at investigating the effect of corporate social responsibility on brands performance in the banking industry in the case of Family Bank Limited. The study sought to answer the question; which CSR activities/ practices are adopted by Family Bank Limited towards the performance of its brands?

1.3 Research Objective

The objective of this study was to investigate the effects of corporate social responsibility on brands performance in the banking industry in the case of Family Bank Limited.

1.4 Value of the Study

This study will be valuable to the Family Banks’ management in that they will understand the effects of CSR towards brand management in their operations bearing in mind that the bank reviewed their CSR pillars last year after the acquisition of the universal banking model.
This study may be used by different stakeholder groups which include other banks, employers, investors and the general public. In particular, the models used in CSR by companies and their effect on brand will enable the banks and other employers/organizations to review their policies and procedures governing employee participation in CSR activities. The models will help in motivating the employees in related organizations to get more involved in CSR activities.

The findings of this study may also benefit the government and other policy makers concerning the role they play towards the operations in the banking sector. This way they may be in a position to improve or come up with new policies that guide them towards effective operations of stakeholders in the banking sector. Other than adding to the body of knowledge on what is known about CSR, the relationship of it towards a brand's performance will be identified. In this case, the study will go along way in creating a foundation for further research which may benefit future authors/scholars.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
This chapter presents the literature reviews on adoption of corporate social responsibility and its effects on brands performance. The main areas presented in this study are; the concept of CSR, brand performance, theories and models of CSR, Effect of CSR on brands performance.

2.2 Theoretical Foundations of the Study

This study presents two models; the social economic and the stakeholder model. Socio-economic model is a classical CSR model which according to Zu (2008) has got two distinctive arguments. The first argument maintains that social responsibility of a business is a single dimensional activity in which businesses have the only responsibility being to supply goods and services to the society at a profit (Friedman, 1989; 1970; Chamberlain, 1973; Bhide & Stevenson, 1990; Gaski, 1985, cited in Zu, 2008). Zu explains that this model has a narrow focus of the role of business to the modern society. Zu further argues that the classical CSR model focuses on the cost of the company's social involvement and sees profit as the only way to measure the efficiency of business operations. This argument according to Carroll (1979) cited in Zu ignores the reality that businesses is part of the bigger society and therefore has the obligation to expand its activity boundaries beyond profit maximization in its short term operations.

Moser (1986) and Carroll (1979) explain that socio-economic models therefore argues that in order to understand the complexity of the social responsibility in the modern business a second dimension of the contemporary views in social responsibility is needed. This is explained by the managers’ view of the company and decision making based on their assessment of the role of the company and whether their decision will result in profits. For organizations that practise CSR, the economic benefits outweighs the
social interests of the beneficiary communities. So it can be argued that such a model might not appeal to the employees in participating in the CSR activity. In this study the researcher will be exploring the attitude of employees who work with banks that use the socio-economic model.

CSR management model according to Mallin (2009) suggests that companies have an influence on the various stakeholders such as customers, internal publics, local communities, government and interest groups. According to Zu (2008) Stakeholder model was developed due to the realization of the lack of practicality in the socio-economic models by management scholars. This model postulates that companies should consider the interest of the different stakeholders in their operations, production and decisions. Mallin (2009) explains that as much as stakeholders are recipients of the companies CSR, they also exert some influence on the company’s CSR behaviour. Acquila and Jackson (2003) cited in Mallin view the creation and transformation of institutions as a result of the mutual interaction of the agency of actors influencing institutions. Mallin explains that consideration of the stakeholders who are related to CSR activity as actors may lead to a conclusion that CSR is a result of the interaction of the different actors. Zu (2008) explains that this model solved the problem of measurement and testing by defining the actors and their positions and functions in relation to one another.

The stakeholder model unlike the socio-economic model focuses primarily on the interests and concerns of the organization’s stakeholders over economic interests. From the stakeholder model perspective, the focus becomes how to please and build mutually beneficial relationship with the beneficiary community. Based on this assumption, it can be argued that the underlying philosophy for CSR activities under the stakeholder model can produce positive attitude among employees thereby increasing their participation levels. In this study, the researcher will be examining the influence of the stakeholder model CSR activities on employees in the banking sector in Kenya Mallin (2009).
The Triple-bottom line model according to Mullerat and Brennan (2005) refers to the incorporation of financial, economic and environmental into the company’s commitment to growth and sustainable profitability. According to Bernejee (2007) the proponents of the triple bottom line approach claim that by using the three parameters, it is possible to map the environmental and social domains of sustainability and ultimately assess the performance of companies in a triple bottom line. According to Bernejee (2007) the interaction of the environment, society and the economic aspects are three shear zones that produce a variety of opportunities and challenges to business. Hence this approach gives a broader view and evaluation of the company performance. In this study, the researcher will explore how the three independent factors can effectively be integrated to motivate employees in their participation of CSR activities.

The business case model to CSR according to Mohr et al (2010) is primarily driven by the ability of CSR initiatives to create positive business results. The CSR investments are therefore aimed at serving shareholders. This is because of their economic outcome (Mohr et al., 2010). Mohr et al. point out that companies following this approach may be responding to external drivers, such as threats to regulation, negative publicity and becoming the target of activists among other negative events. Mohr et al. explain that to such companies, CSR is viewed to be only relevant when it translates to competitive advantage in unambiguous way.

2.3 Corporate Social Responsibilities (CSR)

Werther and Chandler (2010) give the account of CSR in history to originate from the ancient times. Werther and Chandler explain that Ancient Chinese, Egyptian, and Sumerian writings often gave guidelines to promote trade and the protection of the interests of the wider public. Asongu (2007) records the history of CSR to have evidence in 1700BC in Mesopotamia. Asongu explains that under the leadership of King Hammurabi, a code requiring builders, innkeepers, and farmers to be put to death if their negligence led to the death of others or caused major inconvenience to other residents.
Gupta (2009) explains that organizations are members of a society and they take resources for use from the society. Based on this, corporations have moral responsibility to return a value for the resources extracted. Gupta argues that the society have the powers to decide and determine the value to be returned by the corporations. Siltaoja (2009) explains that the works of Carroll (1999) give a description of CSR to include economic, legal, ethical and philanthropic responsibilities imposed on companies. Siltaoja (2009) gave four categories of responsibilities of corporate citizens namely: economic, legal, ethical and discretionary responsibilities. Siltaoja (2009) explains that economic responsibility requires organizations to be profitable to meet the customers’ needs, while legal responsibility is the requirement to work within the legal framework of the business and observe the rules and regulations within the jurisdictions of the business. On the contrary, ethical responsibility refers to following the moral standards in carrying out business while discretionary responsibility refers to the companies’ voluntary actions to benefit the society in which they operate in by improving the quality of life of the citizens Siltaoja (2009).

Mallin (2009) argues that socially responsible companies are expected to integrate economic, social and environmental concerns into their business strategies and activities beyond their compliance with the law. Mallin explains that social responsibility is not corporate philanthropy. This is because companies can be philanthropic but fail to be ethical or law abiding. Wilkinson, Reed and Cadman (2008) explain that the variation in the activities that companies are involved in explains the existence of the different types of CSR. According to Lanthos (2001) cited in Wilkinson et al. explain that the different types of CSR have evolved from economic, legal, ethical and philanthropic responsibilities. Lanthos (cited in Asongu, 2007) and Wilkinson et al. (2008) give three types of CSR activities. These are ethical activities, altruistic, and strategic activities. However, Lanthos argues that the CSR boundaries are not clear and its legitimacy is debatable.
According to Asongu (2007) Ethical CSR, involves ‘avoiding societal harm’ which is an obligation. Wilkinson et al. (2008) explain that ethical CSR is the moral, mandatory fulfillment of a corporation’s economic, legal and ethical responsibilities regardless of the benefit accrued to the business. Wilkinson et al. further explain that altruistic CSR is similar to philanthropic CSR. It involves a business’s contribution to the good of the society even if the activity compromises the profitability of the company (Wilkinson et al., 2008).

Acquila and Jackson (2003) presents the following pillars of CSR. Within the ambit of corporate governance, major issues are the accountability, transparency and conduct in conformity with the laws. Good corporate governance policy would enable the company to realize its corporate objectives, protect shareholder rights, meet legal requirements and create transparency for all stakeholders.

2.4 Brand Performance

Financial pressure is relentlessly increasing. Marketers are charged with increasing brand sales while keeping costs under control. Improving brand performance results from focusing on execution excellence O, Cass & Ngo (2007). Performance is often used as a dependent variable in marketing literature Tran & Minh (2006). The performance of brand points out that how successful a brand is in the market and aims to evaluate the strategic successes of a brand Ho & Merrilees (2008). Some researchers considered the performance of brand in two parts including the brand market performance and brand profitability performance. They declare that the brand profitability performance is an index of the financial share of a brand in relation with the retailing profits and is evaluated using the profit and the margin of profit while the brand market performance considers the market demands and evaluates the indices such as sale levels and market share Baldauf et.al (2003).
In order to evaluate the brand performance Aaker (1996) proposed some indices related to the evaluation of market behavior. He considered the market share, price and distribution coverage as the indices of brand performance measurement and he also pointed out that the brand performance measurement using the market share often provides a widespread and sensible reflection of the condition of a brand or its customers. When a brand has a relative advantage in consumer’s mind, its market share should increase or at least not decrease. He also points out that the market share or the sale related information is widely affected by distribution coverage. If a brand has a main market or loses that or it is developing in a region, the sale will be largely affected Aaker (1996). Keller and Lehman (2003) consider the price elasticity, price premium, market share, cost structure, profitability and the success in category extension as the main indices of brand performance measurement. According to their research, the brand premium is in fact the added price that a customer pays for the brand of a product and the price elasticity is the increase or decrease of brand demand as a result of rise or decline in prices.

Market share is an index that measures the success of marketing programs in brand unit sales. Cost structure or the ability to reduce the expenditures of marketing programs of a brand is as a result of the prevailing customer mindset. In other words, because customers already have favorable opinions and knowledge about a brand, any aspect of the marketing program is likely to be more effective for the same expenditure level. In addition, according to Keller and Lehman (2003) the profitability and the development of opportunities are other factors of performance measurement and demonstrate the brand success in supporting line and category extensions and new product launches to the related categories. It indicates the potential ability of a brand for development and increase of income flow. Chaudhuri and Holbrook (2001) concentrated on relative price and market share as the outcomes of the performance. They defined the relative price as the ratio of a brand price to that of the leading competitors. Meanwhile, Chaudhuri Arjun,
Holbrook Morris (2001) introduced the brand market share as the percentage of a brand sale to total sales of all brands of a product.

2.5 Factors influencing CSR adoption in organizations

Commercial banks through corporate social responsibility are giving back to the community to improve the communities in which they operate. To achieve this they have opted to value-based business practices as drivers to CSR initiatives. Milanovic et al. (2009) presents the following as the key drivers of CSR. Business ethics defines how a company integrates core values – such as honesty, trust, respect, and fairness – into its policies, practices, and decision making. Business ethics also involves a company’s compliance with legal standards and adherence to internal rules and regulations. Effective Human Resources Management is the most important and critical to a company. According to Moan and Swaen (2008) good CSR practices relating to workplace and labour relations can help in improving the workplace in terms of health and safety, employee relations as well as result in a healthy balance between work and non-work aspects of employees’ life. It can also make it easier to recruit employees and make them stay longer, thereby reducing the costs and disruption of recruitment and retraining.

Equal opportunity employer, diversity of workforce that includes people with disability, people from the local community etc., gender policy, code of conduct/guidelines on prevention of sexual harassment at workplace, prevention of HIV/AIDS at workplace, employee volunteering etc are some of the good practices which reflect CSR practices of a company at the workplace Moradi and Zaeri (2011). The business process of the company is not just limited to the operations internal to the company but to the entire supply chain involved in goods and services. If anyone from the supply chain neglects social, environmental, human rights or other aspects, it may reflect badly on the company and may ultimately affect business heavily. Thus, a company should use its strategic position to influence the entire supply chain to positively impact the stakeholders.
The products and services of a company are ultimately aimed at the customers Nzovah (2012). The cost and quality of products may be of greatest concern to the customers but these are not the only aspects that the customers are concerned with. With increased awareness and means of communication, customer satisfaction and loyalty would depend on how the company has produced the goods and services, considering the social, environmental, supply-chain and other such aspects.

For a company meeting legal requirements does not comprise CSR but it includes engaging in a way that goes beyond mandatory requirements and delivering environmental benefits. This would include, but not limited to, finding sustainable solutions for natural resources, reducing adverse impacts on environment, reducing environment-risky pollutants/emissions as well as producing environment-friendly goods Moan and Swaen (2008). A major stakeholder to the business is the community in which the company operates. The involvement of a company with the community would depend upon its direct interaction with the community and assessment of issues/risks faced by those living in the company surrounding areas. This helps in delivering a community focused CSR strategy making positive changes to the lives of the people and improving the brand-image of the company. Involvement with the community could be both direct & indirect – through funding and other support for community projects implemented by local agencies.

2.6 Effects of CSR on Brand Performance

Corporate Social Responsibility activities are important and cannot be ignored in that it helps create loyalty by the existing customers. The existing customers are proud to be associated with the bank that is having a positive impact on the community and are likely to continue banking with them. Corporate Social Responsibility helps a bank to attract new customers too. This is especially true for members of the community targeted by the bank. The new accounts opened lead to business growth and new opportunities. Corporate Social Responsibilities boosts the morale of the existing employees as they are
proud to be associated with such a bank. This pride in the employer increases employee productivity and reduces staff turnover resulting in reduced costs associated with hiring and training of new staff. Corporate Social Responsibilities also singles out the bank as an employer of choice as most potential employees look to them as their ideal employer therefore they are easily able to acquire the best skills in the market. Corporate Social Responsibility activities act as advertisement opportunities for the banks’ products. The products sold to the community are seen more than just bank products but as products that result to corporate Social Responsibility. Corporate Social Responsibilities helps in brand reinforcement among the populace. People generally easily associate such a bank and learnt to trust the bank viewing it as the one that cares for the welfare of the community. Increasing sensitivity of consumers and society to social and environmental issues, corporations will consider their role within the society. By this, they can increase their goodwill (Milanovic et al., 2009). Companies can differentiate their products by focusing on physical and unphysical properties. Competitive advantages, increasing cash flow of organization, providing premium price, profitability and customer loyalty are a result of a strong brand (Moradi, Zaeri, 2011).

Delgado-Ballester and Munuera-Aleman (2005) suggest that brand equity can be developed through brand trust. Brand trust must be maintained not only to foster consumer loyalty and brand equity, but to create a sustainable competitive advantage (Delgado-Ballester and Munuera-Aleman, 2005). Brand Equity is defined as a set of brand assets and liabilities linked to a brand, its name, and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers. In Aaker’s model (1996), brand equity is composed of five components: brand name awareness, brand loyalty, brand associations, perceived quality, and other proprietary brand assets such as patents and channel relationships. However, because most measures in the past studies did not include the component of “other proprietary brand assets”, this study also defines and measures industrial brand equity as composed of four components such as that of Aaker, namely brand awareness, brand loyalty, brand associations, and
perceived quality. Such as Wang et. al. (2006) and Lai et al (2010) brand satisfaction is added as another component of brand equity.

Branding is used to differentiate one product or service from another using a symbol, name or design (Pride et al., 2006). Branding can be used for customers to identify a product or service, making the introduction of new products into the market easier, whilst building brand equity, or the value a company can leverage off the brand. More importantly whilst branding makes it easier for consumers to identify products, it also makes it easier to develop brand loyalty (Pride et al., 2006, p.209). Although brand loyalty will vary depending on the item and consumer, brand trust is a major component to loyalty; consumers have faith in the product or service they are purchasing. Dunn and Davis (2004) state one of the greatest challenges CEOs can address is managing consumer loyalty effectively. Whether trust can be affected by external actions of the company rather than the performance of the product or service is what this study aims to research.

CSR and branding have a number of linkages, specifically through trust, corporate reputation and consumer attribution. Gurhan-Canli and Fries (2009) developed a corporate social responsibility and brand-related outcomes model. Gurhan-Canli and Fries (2009) suggest that both consumer characteristics, such as awareness of CSR programmes and personal judgment and company characteristics such as reputation are key outcomes. The branding outcome would include evaluation of the company, brand and product, in which brand trust would be considered. Fit between the CSR activities and the company and brand itself also impacts on the way consumers perceive the CSR activities (Ellen et al., 2000; Yoo et al., 2006).

The awareness of CSR in general provides influence on attitude, attribution and purchase decisions (Pomering & Dolcinar, 2009; Ellen at al., 2006; Yoon et al., 2006). Similarly, Maignan (2001) suggests further study to identify at which point consumers are aware of
the CSR efforts a company has undertaken. This is associated with leadership ability in the corporation and the need to communicate CSR activities (cause marketing included) while developing an appropriate direction or strategy (Morlin-Azorin et al., 2009). Marin and Ruiz (2007) suggest CSR has direct influence on a company’s identity attractiveness; this identity can both attract new consumers and influence marketing power for that company. Attractiveness is strongly affiliated with the awareness of a specific brand.

2.7 Conceptual Framework

<table>
<thead>
<tr>
<th>CORPORATE SOCIAL RESPONSIBILITY</th>
<th>BRANDS PERFORMANCE IN THE BANKING INDUSTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Awareness</td>
<td>- Share market</td>
</tr>
<tr>
<td>➢ Interaction</td>
<td>- Profitability in brand</td>
</tr>
<tr>
<td>➢ Customer bank inter-relationship</td>
<td>- Distribution coverage</td>
</tr>
<tr>
<td>➢ Customer satisfaction</td>
<td>- Cost/price structure of brand</td>
</tr>
<tr>
<td>➢ Loyalty &amp; Trust</td>
<td>- Brands competitiveness</td>
</tr>
<tr>
<td>➢ Consumer pride</td>
<td></td>
</tr>
</tbody>
</table>

- Ethics
- Culture
- Resources Management
- Diversity of workforce
- Types of Products and services
- Stakeholder
- Management Support

Independent Variables

Dependent variable

(Source: Researcher (2013))
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter presented the research methodology that was used in the study. The chapter therefore comprised of the following sub-areas; research design, population, data collection and data analysis.

3.2 Research Design

The research used a case study in establishing the effect of CSR on brand performance at Family Bank Limited. Bromley (1990) defines a case study as a systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest.

3.3 Data Collection

The study used an interview guide as the only data collection tool to collect views on the effect of CSR on brands performance at Family Bank Limited. The respondents of this study were two (2) staff from each of the 15 branches within the Nairobi CBDA. Two senior managers from each of these branches were interviewed; one in charge of Corporate Communications and the other one the branch Relationship Manager.

3.4 Data Analysis

Qualitative data collected through interview guides was analyzed qualitatively where content analysis technique was applied to answer the research questions. According to Baulcomb (2003) content analysis uses a set of categorization for making valid and replicable inferences from data to their context. This offered a systematic and qualitative description of the objectives of the study. The findings will be represented using charts, tables and graphs.
CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, interpretation and presentation of the study which was on the effects of corporate social responsibility on brands performance in the banking at Family Bank Limited. The qualitative data was analyzed by use of content analysis in answering the various questions in regard to the study objectives.

4.2 Response rate

The study targeted a total of 30 respondents who constituted one branch manager and one staff in all the 15 Family bank branches within the Nairobi central business district (NCBDA). A total of 30 interview guides were therefore distributed. Out of these, 26 interviews guides received responses while 4 were not returned.

**Figure 4.2 Response rate**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>26</td>
<td>87</td>
</tr>
<tr>
<td>Not responded</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Researcher (2013)*
The figure below presents the response rate of the study at 87%.

**Figure 4.1: Response rate**

![Response Rate](image)

**Source: Researcher (2013)**

**4.3 Demographic information of the respondent**

The study required the respondents to indicate their respective positions in the bank. According to the study findings, 100% of the respondents who participated in the study were either branch relationship managers, relationship assistant managers or branch managers. This implies that respondents were all in the management and these are the people who oversee CSR initiatives in the organization.

The respondents were required by the study to disclose the duration they had served in their organizations. According to the research findings, the study established that most of the respondents had served in their respective branches for period of 5 years and above while a few of the respondents said that they had served for over 10 years.
### Figure 4.3 Length of service

<table>
<thead>
<tr>
<th>Length of service</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4 years</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>5-10 years</td>
<td>16</td>
<td>62</td>
</tr>
<tr>
<td>11-14 years</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>15-19 years</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher (2013)

The respondents were required by the study to state their highest level of education. On this question, 60% of the respondents said that they had university graduate certificates, 20% had university masters certificates, 19% middle college level certificates and 1% PhD level education. This is an implication that most of the respondents had enough experience in their positions and the number of years they had served in their organizations.

### 4.4 CSR and Factors influencing corporate social responsibility at Family Bank Kenya Limited

#### 4.4.1 Understanding of Corporate Social Responsibility in the organization

The respondents were required by the study to indicate their understanding of Corporate Social Responsibility concept in the organization. On this question, 45% of the respondents indicated their understanding on CSR as a business contribution to sustainable development that meets the needs of the present without compromising the ability of the future generations to meet their own needs. 25% of the respondents also said that CSR is a concept whereby organizations consider the interests of the society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations.

16% of the respondents said that corporate social responsibility is about the integration of social, environmental, and economic considerations into the decision-making structures and processes of business; CSR is about using innovation to find creative and value-
added solutions to societal and environmental challenges. It is about engaging shareholders and other stakeholders and collaborating with them to more effectively manage potential risks and build credibility and trust in society. Further CSR was said to be all about taking account of society’s needs and finding more effective ways to satisfy existing and anticipated demands in order to build more sustainable businesses. 19% of the respondents said that CSR is about delivering improved shareholder value, providing enhanced goods and services for customers, building trust and credibility in the society in which the business operates, and becoming more sustainable over the longer term. 5% of the respondents also said that CSR is not only customer based but it is also about considering the needs of the employees of a certain organization.

### 4.4.2 Availability of business case for CSR and its justification

Respondents were required to state whether there was a business case for CSR adoption in their bank branch setting. On this question, 60% of the respondents said that it is out of CSR that; enhanced corporate image and increased staff, customers and stakeholder’s loyalty is achieved and that the bank’s main goal is to achieve a positive transformation of life in the areas of environmental, social and economic well-being of the society in which it operates at the same time promoting its welfare in the society. The respondent’s also said that the CSR adoption by Family Bank ensures a trade-off between economic and social goals of the efficient utilization of scarce resources; significantly improving business house reputation and confidence of the customers and business partners, and motivates the employees to work for a company they could feel proud of. 40% of the respondents stated that the organization’s adoption of CSR is because it leads to improved financial performance, reduced risk exposure, identification of new products and markets, enhanced brand image, increased customer loyalty, improved recruitment and retention performance, employee motivation, improved trust, community development, enhanced corporate reputations, improved government relations, tax waiver on socially and environmentally responsible business lines, reduced regulatory
intervention, reduced costs through environmental best practice leading to sustainable profitability.

4.4.3 Whether the branches have any CSR initiatives

The study required the respondents to confirm whether branches have any CSR initiatives and at the same time to list some of the ones they were aware of. On this question, majority of the respondents indicated that Family Bank has CSR initiatives in all their branches. Implementation of these activities is regularly monitored by the Marketing and Communications Department from the Head Office. The table below presents the no of respondents who confirmed on the availability of CSR in their branch (88%), those who were not sure (8%), and those who said there was no CSR (4%) respectively.

**Figure 4.4: Whether the branches have any CSR initiatives**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>23</td>
<td>88</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Not sure</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher (2013)*

The respondents also stated that the banks major CSR initiatives relate to its involvement in community development projects. The respondents said that Family Bank sponsors several students to pursue secondary education as part of its corporate social responsibility through the Family Bank Education Scholarship Fund and that their organization supports education initiatives with the sole aim of building and enhancing capacity. The selection of these students is a branch initiative which is done as soon as the KCPE results are announced. The bank has contributed cash and other related donations towards the support of education to the Kenya Private Schools Association AGM, sponsorship for the 38th University of Nairobi Accounting Students Association Anniversary Dinner, support of the vulnerable Student’s Education and in
addition donated trophies to various schools to award the best students and schools during prize giving events.

The respondents also indicated that Family Bank supports entrepreneurs or business start-ups through business seminars. The bank helps in the nurturing of talents to those who seek and wants to grow their popularity in the society. One of the respondents actually said that ‘in the past we have supported local gospel musicians in launching of their albums. This all falls under our CSR budget allocation as a branch. The respondents added that the bank is also keen to lead in corporate stewardship with regard to environmental management. In this regard, respondents said that Family Bank in partnership with the other organizations, have in the past participated in a clean-up exercise for some major towns though mostly outside Nairobi. This initiative was well received and inspired the business community in the town to develop strategies for continuous improvement.

Other CSR initiatives mentioned by the respondents include the banks sponsorship in the Heart To Heart Foundation Run in collaboration with the Karen Hospital. As part of their CSR activities Family Bank, Kenyatta Avenue branch donated a cash award of two hundred thousand to help in the reconstructive surgery of the Loreto Msongari accident survivors. Family Bank has also formed a green team that supports tree planting and environment cleaning initiatives. In addition, the lending policy of Bank ensures due diligence by advancing credit to environmental friendly projects. For example, an interviewee said that through a partnership with Masinde Muliro University, the bank supported the first ever Tropical Forest Resources Conservation Symposium in Kakamega and will do even more in the future.

The respondents also said that their organizations participation in the jigger eradication campaign run by Ahadi Kenya Trust where the management donate funds to purchase spraying kits for the schools and homesteads of those infected and affected by jiggers; the
bank have extended donations to charity homes such as Alpha Joy Care Centre, Imani Children’s Home in Kayole, Springs of Hope Orphanage, Kuluthira Children’s home, and the Little Sisters of the Poor in Kasarani. Respondents also indicated that their organization also sponsors trainings for farmers in various field days. CSR initiatives as noted by the respondents have also been extended to those affected and infected with HIV /AIDS through giving donations under the leadership of the Nairobi City Council.

The Bank and individual staff from the branches also contributed foodstuff to feed the hunger stricken Kenyans in the Eastern Province; blankets and mattresses to the victims of post-election violence. During the Christmas festivities, all the Family Bank staff contribute clothes and other items to children and other needy homes situated across the entire branch network and not only in the Nairobi region. Some of the respondents said that Family Bank takes part in sport events sponsorship for talent development under their CSR budget. For example the bank supported The Kenya National Football Team – Harambee Stars’ trip to Guinea, for the World Cup cum Africa Cup of Nations qualifiers in 2008, the annual Eldoret Half Marathon, Family Bank Open Golf tournament in Kiambu Golf Club last year, the Centenary Celebrations of Parklands Sports Club Golf tournament and the recent tournament at the Nyahururu club.

4.4.4 When the organization introduced CSR in its operations and why.

The study required the respondents to indicate when the organization introduced CSR in its operations and why. On this question, 90% of the respondents said that the organization introduced CSR in its operations since the inception of the Family Building Society 28 years ago; that organization introduced CSR in its operations since it was incorporated through the Building Societies Act; that CSR has been in existence relative to the age of Family Bank. However a sound CSR policy was developed after the bank converted into a fully fledged commercial bank in 2007. On the question as to why the organization incorporated CSR in its operations, all respondents indicated that it was in
the interest of giving back to the society within which they do business ensuring value create, satisfaction, loyalty, growth, trust, popularity and recogntion in the society.

4.4.5 Factors considered towards the adoption of CSR activities by the branch

The study sought from the respondents the various factors considered towards the adoption of CSR in their respective branches. On this question, the study established that 70% of the respondents said that the branches budget allocation from the Head Office determines what CSR initaitives to support. However, some CSR initiatives like the education scholarship have a special budget because it is managed under the Family Bank Education Scholarship Fund.

The same respondents at the same time cited effective communication systems; management commitment, effective auditing, effective monitoring and planning; management support, investors and other stakeholder interest; staff motivation, staff training and development and availability of required resources as other major factors that are normally considered towards the adoption of CSR in their respective branches. Ethics, culture, effective resources management, diversity of the workforce and the types of products and services offered by the organization were also listed by the respondents as other factors that determine the effectiveness of CSR initiatives at family bank Kenya limited.

Other factors considered towards the adoption of CSR activities as revealed by 30% of the respondents include the availability of value-based business practices and application of modern technology. Four relationship managers also revealed that some CSR activities will vary with the branches clientele.

4.5.1 Percentage of annual budget allocated to CSR in the organization

The study sought to find out from the respondents on what percentage of annual budget allocated to CSR and the reasons as to why. According to the findings, majority of the
respondents thought the question was too demanding. Family Bank being a private organization they were not willing to divulge any information on the budget allocation. The interviewee said that the amount set aside for CSR was too confidential and they would not want to leak it into the competition. However, one Relationship Manager said that approximately the bank spends about 10% of its annual budget. The amount is also determined by the banks performance in the previous year. The major CSR budget is then allocated to the seventy branches across the Family Banks network. This is an indication that the organization is keen on incorporating CSR in their operations.

4.6 Brand Performance

4.6.1 Various own branded products and services offered in the bank branches

The study required the respondents to indicate the various own branded products and services offered by the bank through their various branches. This was aimed as established whether the staffs understand the banks products and services well. This would help me in evaluating the performance of these brands and whether CSR has had any effect of their performance. On this question, 90% of the respondents seemed to know the products very well. 10% were however not very conversant with all the banks products. The mobile money transfer service Pesa Pap was the strongest brand that Family Bank has. The other products and services that were mentioned fall under the two broad categories; loans and accounts. The common ones were Family Bank Current and Savings accounts e.g the Mwananchi Account, Mkodi, Maridadi Boost loans, Overdrafts, treasury Bills and Bonds Investment, Growing Homes mortgages, as the major product and services offered by their bank branches. Other services or products listed by the respondents included; Easy Pay Bill Payment Service, Diaspora products Mkenya Daima, Family Bank Mortgages, Dhamana Baccasurance, as other brands (in products and services) offered in the bank branches. The bank has a lot of brands both services and products all under the major Family Bank brand.
Figure 4.3: Branches performance on the various brands.

Source: Researcher (2013)

The graph above explains that majority of the respondents as shown by 62% were of the view that their branches performance on the various brands was good.

4.6.2 CSR based factors that lead to the improved Family Bank’s brand performance

The research study sought to find out from the respondents the various CSR based factors that lead to improved Family Bank’s brand performance. According to the responses 45% of the respondents said that various CSR based factors lead to the improved Family Bank’s brand performance. These factors were tied to effective customer relationship management practices that have continuously led to brand awareness, customer bank inter-relationship, customer satisfaction, loyalty & trust and consumer pride.
30% of the respondents also indicated that the CSR activities like the support for education directly touch on the people’s lives and this had impacted the banks performance positively since its launch. More CSR based factors that have had an impact on the Family Bank branch include: Youth development programs, Support for health and talent development, environmental conservation measures, and basically initiatives that have an impact on the peoples social lifes eg support for sports. 25% of the respondents added that the availability of an effective communication system in place brings about improved relations with the investment community and better access to capital. The respondents made it clear that CSR activities that touch on the welfare of the privileged members of the society receive more attention and more effects including increased customer advocacy are felt in the bank.

4.6.3 How CSR activities enhance the performance of brands of Family Bank Kenya Limited

In the determination of how CSR activities adopted by Family Bank Kenya Limited enhance the performance of brands in organization, respondents who participated in the study indicated that the investments in CSR activities has an impact on the external customers and also on the internal customers who are the banks employees. CSR initiatives for employees will include activities that nurture employee’s motivation and pride. When this is observed, employees are better placed to execute their duties hence more productivity which promote the growth of various brands within the bank and in the long run promoting the growth of the Family Bank brand.

The respondents said that sound CSR activities have a direct impact on the banks market share. This was witnessed after the launch of the Family Banks Education Scholarship Fund where the banks visibility was enhanced hence translating into more people making Family Bank the Bank of their choice. The respondents respondents also said that CSR initiatives adopted by their branches promote respect for their company in the marketplace which result in higher sales, enhance employee loyalty and attract better
personnel to the firm. Respondents stated that CSR activities focusing on sustainability issues lower costs and improve efficiencies as well and that it has been an added advantage in helping them attract new customers and new investors; hence leading to the organizations brands performance in the long run. Two respondents also had the same view that CSR activities lead to company’s stock price optimization, making executives’ stock and stock options become more profitable and shareholders happier and the long run promoting the organizations brands performance.

The study required the respondents to indicate the extent the CSR initiatives adopted by the branch enhance the performance of brands in the organization.

**Figure 4.6: Extent the CSR initiatives adopted by your branch enhance the performance of brands in the organization**

<table>
<thead>
<tr>
<th></th>
<th>4</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Great extent</td>
<td>18</td>
<td>69</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Little extent</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>No extent</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source: Researcher (2013)**

From the results in the table above, the study found out that majority of the respondents as shown by 69% said that CSR initiatives adopted by the branch enhance the performance of brands in the organization to a great extent, 15% said to a very great extent while 8% said to a little extent.

4.6.3 Influence of awareness, customer Interaction, customer satisfaction, brand loyalty created through CSR on performance of Family Bank Kenya limited

Respondents were required by the study to indicate how Brand Awareness through CSR, Customer Interaction through CSR, Customer Satisfaction, brand Loyalty created through CSR and consumer Pride influence brand performance of Family Bank Kenya Limited.
According to the results obtained, 35% respondents said that; through brand awareness through CSR, Corporate social responsibility (CSR) activities have the potential to create several distinct forms of value for customers making them feel associated with the bank. A potential benefit of CSR brand awareness campaign as stated by one of the respondents is that ‘it can improve a company’s reputation and branding and this in turn improves the prospects for the company’… making it to be more effective in the way it manages communications and marketing in efforts to attract new customers and increase market share’. The respondents added that brand awareness through CSR with various tools can help a company to position itself in the marketplace as a company that is more responsible and more sustainable than its competitors; hence promoting its brands performance. 30% respondents indicated that customer interaction by way of CSR initiatives helps the staff feel free and learn from consumers on best ways of improving current services and products. It makes it easy for the banks to collect useful feedback on areas that need improvement.

On the same question, 35% respondents indicated that when customer satisfaction is enhanced through CSR initiatives, customers tend to believe more in the organizations products and services hence buying more of their products than from any other bank in the city. Therefore corporate social responsibility helps the banking industry in creating repeat business and Family Bank prides itself for having achieved this with most of their customers.

4.7 Effects of CSR on Family Bank’s performance

The respondents were required by the study to explain the effects of CSR on some of the measures of performance of brands in their organization. According to the results obtained from 27% of the respondents, the study established that CSR enhances the organizations market share. These respondents added that people generally easily associates with the bank gain trust with the bank viewing it as the one that cares for the welfare of the community making them to continue banking with organization. A good
example of this cited by one of the Relationship manager was the Family Banks annual Eldoret Half Marathon that has helped the Eldoret branches scoop all the customers making them the most profitable in the entire Family Bank network.

50% of the respondents said that Family Banks support for CSR is echoed by the banks tagline ‘With you for life’. The banks incorporate CSR activities in their operations and these have helped increase brand awareness. Since the bank embarked on engaging the community in the various community development programs, more people have come to know more about the bank and the various products and services which they offer. At the same time this has increased the banks visibility even in areas where the bank is not represented. The banks CSR programs are implemented in all regions hence getting more people to recognize the Family Bank brand.

CSR also has a positive effect on the Family Banks reputation. This was echoed by the 23% of the respondents who participated in the research. According to the research finding, most respondents accepted that some of their CSR initiatives have helped them become resilient to negative publicity. This has helped them in maintaining their reputation which could otherwise have a big negative effect on the banks performance. Interestingly the study revealed that the banks with strong CSR initiatives have helped them handle price adjustments positively. One manager observed that their customers are willing to pay more for products and services offered by organizations that are more socially responsible. This has greatly helped in the introduction of new products by Family Bank.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusion and recommendations of the study which was on the effects of corporate social responsibility on brands performance in the banking industry in the case of Family Bank Limited. The findings have been discussed relative to the interview guide aspects which were on; demographic data on the respondent, CSR and factors influencing it, brand performance and the effect of CSR on brand performance of Family Bank Limited.

5.2 Summary of Major Findings

5.2.1 CSR Initiatives and factors influencing Corporate Social Responsibility at Family Bank Limited

The study established that most of the respondents had an understanding on CSR as a business contribution to sustainable development that meets the needs of the present without compromising the ability of the future generations to meet their own needs; as a concept where organizations consider the interests of the society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. According to the findings, the study established that corporate social responsibility is about the integration of social, environmental, and economic considerations into the decision-making structures and processes of business; CSR is about using innovation to find creative and value-added solutions to societal and environmental challenges. The results revealed that CSR is about delivering improved shareholder and debt holder value, providing enhanced goods and services for customers, building trust and credibility in the society in which the business operates, and becoming more sustainable over the longer term.
It was established from the study that that it is out of CSR that; enhanced corporate image and increased staff, customers and stakeholder’s loyalty is achieved and that the bank’s main goal is to achieve a positive transformation of life in the areas of environmental, social and economic well-being of the society in which it operates at the same time promoting its welfare in the society.

The study reveals that CSR adoption by Family Bank ensures a trade-off between economic and social goals of the efficient utilization of scarce resources; significantly improves business reputation and confidence of customers and business partners, and motivates the employees to work for a company they could feel proud of. The study found out that the organization’s adoption of CSR is because it leads to improved financial performance, reduced risk exposure, identification of new products and markets, enhanced brand image, increased customer loyalty, improved recruitment and retention performance, motivated employees, improved trust, community development, enhanced corporate reputations, improved government relations, tax waiver on socially and environmentally responsible business lines, reduced regulatory intervention, reduced costs through environmental best practice leading to sustainable profitability.

The study established that indeed Family Bank had CSR initiatives in place since its inception in 1984. The study revealed that some of the Family Banks major initiatives in; its involvement in community development projects; the bank sponsors students in secondary schools through the Family Bank Education Scholarship Fund, supports entrepreneurs or business start-ups through business seminars and also helps in the nurturing of talents to those who seek and wants to grow their popularity in the society. On the same, the study established that the bank has initiatives in environmental management while in partnership with the other organizations and have in the past participated in a clean-up exercise in major towns in the country.
It was established from the results analyzed that Family Bank was the first bank in Kenya to introduce paperless banking through smart card technology that enables customers to transact without having to fill in deposit or withdrawal slips, was a great honor towards going green and being environmental friendly thus contributing towards the millennium development goal of ensuring environmental sustainability. It was revealed from the findings that Family Bank has also formed a green team that supports tree planting and environment cleaning initiatives. In addition, the lending policy of Bank ensures due diligence by advancing credit to environmental friendly projects. The results indicated that that the organization participates in the jigger eradication campaign run by Ahadi Kenya Trust; the bank have extended donations to charity homes such as Alpha joy Care Centre, Imani Children’s Home in Kayole, Springs of Hope Orphanage in Machakos, Kuluthira Children’s home; their organization also sponsors trainings for farmers in various field days and that CSR initiatives have also been extended to those affected and infected with HIV /AIDS through giving donations. In addition, the study revealed that the Bank and individual staff also contributed foodstuff to feed the hunger stricken Kenyans in the Eastern Province and other needy homes situated across the entire branch network and also takes part in sport events sponsorship for talent development.

It was established from the study that it was in the interest of increasing operational efficiencies through reducing energy and materials as input factors for production ensuring value creation, satisfaction, loyalty, growth, trust, popularity and recognition to the society. The findings from the study showed that the various factors towards the adoption of CSR at Family Bank were; availability of value-based business practices, application of modern technologies in their operations, follow-up on consumer demand, the availability high skilled staff and the conducive commercial banking environment in Kenya. Besides, it was revealed from the study findings that; the effectiveness of the CBK Guidelines and ratings, Research and development, effective communication systems; management commitment, effective auditing, effective monitoring and planning; management support, investors and other stakeholder interest; staff motivation,
staff training and development and availability of required resources were other major factors that are normally considered towards the adoption of CSR in their respective organizations. The study found out that Family Bank values; ethics, culture, effective resources management, diversity of the workforce and the types of products and services to determine the effectiveness of CSR initiatives. The percentage of annual budget allocated to CSR in the organization was approximately 10% of the total annual budget, an indication that a favorable percentage is in each year set aside by the organization towards CSR initiatives in the organization.

5.2.2 Brand Performance

This study established that Family Bank as a brand is a very strong brand in the financial industry. It is in fact the fastest growing brand in this sector as evidenced by the half year financial results. The banks products and services are well known and common brands among the bank’s target market. Pesa Pap mobile service was among the strongest banks brand that the study revealed. Other well performing brands includes the Growing Home Mortgages, loan facilities, Family Bank Current and Savings accounts, Overdrafts, treasury Bills and Bonds Investment, Agency Banking services Etc. Other services or products listed by the respondents included; Easy Pay Bill Payment Service, Diaspora products Mkenya Daima, Family Bank Mortgages, Dhamana Baccasurance as the major products and services offered by the bank through the seventy branches country wide.

The study found out that the various CSR based factors that lead to improved Family Bank’s brand performance. According to the responses gathered from the respondents, the various CSR based factors that lead to the improved Family Bank’s brand performance were closely related to effective customer relationship management practices that have continuously led to brand awareness, customer bank inter-relationship, customer satisfaction, loyalty & Trust and consumer pride. In addition, the study revealed that CSR activities themselves act like factors and so are usually predetermined since not all may lead to brand performance of a given organization.
On how CSR activities adopted by Family Bank enhance the performance of brands in organization, the study found out that investment in CSR activities promotes goodwill to the bank and as well improve on the relationship between the customers and the employee to the bank. This is due to the fact that generally people want to be associated with organizations that care about the welfare of the society. Besides, the results revealed that CSR activities focusing on sustainability issues lower costs and improve efficiencies, helping them gain a stable share price hence an improved performance of the organization. This way the banks CSR initiatives are felt by all the stock holders.

The results revealed that creating brand awareness through CSR activities helps improve on the brands visibility. This helps in attracting new customers and eventually impacting on the brands market share. Sound CSR activities also have a direct impact on the brands reputation. Strong CSR activities help create strong brands. The study also revealed that that brand awareness through CSR with various tools help the company to position itself in the marketplace, hence promoting its brands performance.

The study found out that customer interaction by way of CSR initiatives helps the staff to freely interact with their customers and learn from consumers on best ways of improving current services and products. This way CSR helps in collecting customer feedback easily hence provide products and services that address the needs of the customers. When customer satisfaction is enhanced through CSR initiatives, they tend to believe more in the organizations products and services purchasing more of their products instead of running to the competition.

5.3.3 Effects of CSR on Family Bank’s brands performance

The study revealed that CSR is a critical consideration at Family Bank and cannot be ignored. It has helped the bank become a strong and a successful brand in the industry.
The research established that CSR enhances the organizations market share because people want to be associated with a bank that is also ready to work with them not only in their safe keeping of their money but also in their various community development projects. The study revealed that CSR has helped them in their strategic expansion strategies in the region. Peoples good will created through CSR has created the need to open more branches to serve the ever growing market. To this regard the bank has realized the need for sound CSR structures and it is currently preparing to launch the Family Bank Foundation to help in the implementation of the banks CSR policy. This will see the bank inject more resources into this function and eventually improving the performance of the projects that will be run under this foundation. This is bound to have a major impact of the bank’s performance.

5.3 Conclusions

5.3.1 CSR Initiatives and factors influencing Corporate Social Responsibility at Family Bank Limited

The study concludes that most of the managers and staff at Family Bank limited understand CSR and the associated issues. This study concludes that Family Bank has CSR initiatives each year since its inception and that the initiatives have various effects towards its brands performance in terms of profitability, shareholder value, market share, organizations positioning in the society. It is evident from the results that the incorporation of CSR into the banks operations helps in creating customer loyalty, satisfaction, trust, interaction, customer value which eventually lead to the brand performance of equity bank.

The study concludes that major CSR initiatives in the organization focus on community development projects especially in sponsoring secondary education through the Family Bank Education Scholarship Fund, environment sustainability, supporting entrepreneurs, the nurturing of talents to those who seek and wants to grow their popularity in the society; jigger eradication campaign charity homes support programs, sponsors trainings
for farmers in various field days and are also extended to those affected and infected with HIV/AIDS through giving donations.

The research study also concludes that there are various factors considered towards the adoption of CSR like availability of value-based business practices, application of modern technologies in their operations, follow-up on consumer demand, the availability high skilled staff, the conducive commercial banking environment in Kenya, the effectiveness of the CBK Guidelines and ratings as well as the vigorous Research and development activities the management supports. It can also be concluded from the study that effective communication systems; management commitment, effective auditing, effective monitoring and planning; management support, investors and other stakeholder interest; staff motivation, staff training and development and availability of required resources as other major factors that are also considered towards the adoption of CSR in their respective organizations.

5.3.2 Brand Performance

The study concludes that there are various products and services attached to Family banks brand which range from loans, foreign exchange dealing, currency swaps, corporate money market loans, overdrafts, treasury Bills and Bonds Investment, Market Information provision, Mpesa and other money transfer services, Pay bill services, availability of superior services and very competitive prices as the major product and services offered by their bank branches. The study concludes that monitoring of currency exchange rates, settlement and remittance of local and foreign currencies, analysis and information on currency trends and provision of home mortgages other products and services offered by the bank.

The study concludes that various CSR based factors that lead to the improved Family Bank’s brand performance were effective customer relationship management practices that have continuously led to brand awareness, customer bank inter-relationship, customer satisfaction, loyalty & Trust and consumer pride. In addition, the concludes that
CSR activities themselves act like factors and so are usually predetermined since not all may lead to brand performance of a given organization. CSR activities brings about improved profits and that it promotes respect for their company in the marketplace which result in higher sales enhance employee loyalty and attract better personnel to the firm. Besides, the results revealed that CSR activities focusing on sustainability issues lower costs and improve efficiencies, helping them gain a sustained listing in the Nairobi stock exchange and through the listing attracting customers and new investors.

The study concludes that the bank create brand awareness through CSR activities, bringing in a value to customers making them feel associated with the bank and that a potential benefit of CSR brand awareness campaign improve a company’s reputation and branding and this in turn improves the prospects for the company in efforts to attract new customers and increase market share. The study also concludes that brand awareness through CSR with various tools help the company to position itself in the marketplace, hence promoting its brands performance.

The study further concludes that customer interaction by way of CSR initiatives helps the staff feel free and learn from consumers on best ways of improving current services and products. When customer satisfaction is enhanced through CSR initiatives, they tend to believe more in the organizations products and services hence requiring more and more than from any other bank in the city. Corporate social responsibility in the form of new brands or product features has the potential to provide the broadest spectrum of value to stakeholders in general; enhancing their trust and pride as well.

5.3.3 Effects of CSR on Family Bank’s brands performance

On the effects of CSR on Family Bank’s brands performance, the study concludes that CSR enhances the organizations market share whereby people generally feel as associates with the bank, gain trust with the bank viewing it as the one that cares for the welfare of their community and definitely making them to continue banking with organization. The study established that this has led to the geographical diversification of Family bank in
the country since the existing customers are proud to be associated with the bank that is having products and services that have a positive impact on the community attracting more customers who are likely to continue banking with organization (family bank products and services). The study finally concludes that effectiveness in cost/pricing structure of brands in the organization through CSR helps their bank to attract new customers who open various cost structured accounts designed by the organization; that the enhancement of brands competitiveness where CSR acts as advertisement platform provides an opportunity for the available products and services which when sold to the community are seen more than not just bank products and services but as products and services that are out to populace and serve their equal purpose more than those of the competitors.

5.4 Recommendations

This study recommends that there is need for the management to ensure that all the staff at Family Banks’ branches acquires enough knowledge on CSR since it has become an integral part of business practice. CSR programs should be enhanced so as to enrich the employees with a good understanding of the issues associated to it. It can also be recommended that the management continue with the same motive of establishing more community pleasing initiatives.

This study recommends that the management at Family Bank conduct more research and development so as to increasing CSR awareness levels in order to ensure staffs buy in to the various CSR activities. There is also a need to develop new strategies towards brand management so that right initiatives which are less costly are adopted. Effective evaluation and monitoring need to be conducted so that the CSR behavior can be compared at various peaks of Family Bank’s brand performance. The right determinants of CSR adoption should also be evaluated alongside their associated risks if any. The study therefore recommends that the departments responsible of creating awareness on
CSR activities continue being effective in their mandate of communicating and coordinating.

On the effects of CSR on brands performance, the study recommends that the management ensure that the right brand performance measurements/statistics be put in place. This way, the managers responsible for customer relations will be in a good position to address related issues on; brand awareness, customer bank inter-relationship, customer satisfaction, customer loyalty & Trust, consumer pride created through CSR which in turn promotes the organizations position in the community in terms of products and services, thereby enhancing brands performance.

Lastly this study recommends that effective management of culture, communication, coordination, top management support and commitment be enhanced so as to streamline on the effectiveness of CSR in the organization for these are key moderating factors in the setting. The achievement of effective CSR if well handled will definitely lead to increased share market, profitability in brands offered by Family bank Kenya limited, distribution coverage, and effective cost/price structure of brand as well as brands competitiveness; all of which are enough metrics/measures of brand performance.

5.5 Recommendation for further studies

This study recommends that further study be done on the effects of CSR brand performance on more than one bank. This way other banks could be incorporated in the research to avoid a generalization of the findings. The studies should also attempt to look at awareness of corporate social responsibilities, level of participation of internal publics /employees in CSR activities as well as their perception towards the CSR activities.

The study does not bring out corporate social responsibility as a key source of competitive advantage in the banking industry yet it seems to be receiving a lot of support from the senior management all the way to the branches staff. More studies
should be conducted to establish the relationship between corporate social responsibility and its role in giving the bank a competitive advantage in the banking industry.
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APPENDIX 1: INTRODUCTORY LETTER

C/O University of Nairobi
P.O Box 30197 – 00100
Nairobi.

TO WHOM IT MAY CONCERN
Dear Sir/Madam,

REF: MASTERS OF BUSINESS ADMINISTRATION RESEARCH STUDY

I am a student from the University of Nairobi pursuing a post graduate degree in Marketing. In partial fulfillment of the requirements for the awards of the MBA degree, I am required to carry out a research study on ‘Effects of Corporate Social Responsibility (CSR) on brands performance; A case of Family bank limited’. I would like to request for an interview with the staff in your organization to enable me collect data for my research. The information collected will purely be used for the academic purposes only and confidentiality is guaranteed.

Yours faithfully,

Rosemary Njeri Muchiri
APPENDIX 11: INTERVIEW GUIDE

Section A: Demographic Data
1. What is your position in the bank?
2. How long have you served in this organization and also in this branch?
3. How many staff members do you have in your branch?
4. What is your highest education qualification?

Section B: CSR and Factors Influencing CSR
1. Please explain what you understand by the term Corporate Social Responsibility?
2. Does your branch have any CSR initiatives and which are some of these?
   Yes [ ] No [ ] Not Sure [ ]. Name some of these CSR initiatives.
3. When did you introduce CSR in your operations and why?
4. What are the various factors considered towards the adoption of CSR in your branch?
5. What percentage of your annual budget do you allocate to CSR and why?

Section C: Brand performance
1. Which are the various brands offered in this bank?
2. Kindly explain your branches performance of the various brands at Family Bank. State whether it’s very good, good, average, poor or very poor and explain.
3. Kindly explain the various factors that lead to the improved performance of the various brands mentioned?
4. To what extent have the CSR initiatives adopted by your branch enhanced the performance of brands in your organization? State whether it’s to a very great extent, great extent, average less extent or to no extent at all and explain.
5. How do the CSR activities adopted by your branch enhance the performance of brands in your organization? Explain.
6. Explain in simple words how the following affect brands performance in this organization?
Brand Awareness through CSR
7. Customer Interaction through CSR
8. Customer satisfaction
9. Brand Loyalty created through CSR
10. Brand Trust created through CSR
11. Consumer pride

Section D: Effects of CSR
1. Kindly explain the effects of CSR on the following measures of performance of brands performance in the organization?
   Market Share
2. Profitability in brand
3. Distribution coverage
4. Cost/price structure of brand
5. Brands competitiveness

THANK YOU FOR YOUR TIME
APPENDIX 111: LIST OF COMMERCIAL BANKS IN KENYA

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank
6. Brighton Kalekye Bank
7. CFC Stanbic Bank
8. Chase Bank (Kenya)
9. Citibank
10. Commercial Bank of Africa
11. Consolidated Bank of Kenya
12. Cooperative Bank of Kenya
13. Credit Bank
15. Diamond Trust Bank
16. Dubai Bank Kenya
17. Ecobank
18. Equatorial Commercial Bank
19. Equity Bank
20. Family Bank
21. Fidelity Commercial Bank Limited
22. Fina Bank
23. First Community Bank
24. Giro Commercial Bank
25. Guardian Bank
26. Gulf African Bank
27. Habib Bank
28. Habib Bank AG Zurich  
29. I&M Bank  
30. Imperial Bank Kenya  
31. Jamii Bora Bank  
32. Kenya Commercial Bank  
33. K-Rep Bank  
34. Middle East Bank Kenya  
35. National Bank of Kenya  
36. NIC Bank  
37. Oriental Commercial Bank  
38. Paramount Universal Bank  
39. Prime Bank (Kenya)  
40. Standard Chartered Kenya  
41. Trans National Bank Kenya  
42. United Bank for Africa  
43. Victoria Commercial Bank