MANAGEMENT PERCEPTION OF CORPORATE SOCIAL RESPONSIBILITY AT KENYA POWER AND LIGHTING COMPANY

BY

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DECLARATION

This research project is my original work and has never been presented in any other University or College for the award of degree, diploma or certificate.

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

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DEDICATION

To my Dad, Mum and my siblings for their continued moral and financial support

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My sincere appreciation to my parents and my siblings for their financial and moral support that enabled me complete this research project.

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ACRNONYMS AND ABBREVIATIONS

CSR:	Corporate Social Responsibility
ERC:	Energy Regulatory Commission
ESRP:	Energy Sector Recovery Project
GDC:	Geothermal Development Company
KENGEN:	Kenya Electricity Generating Company
KETRACO:	Kenya Transmission Company
KPC:	Kenya Pipeline Company
KPLC:	Kenya Power and Lighting Company
KRA:	Kenya Revenue Authority
NSE:	Nairobi Securities Exchange
REA:	Rural Electrification Authority
WBCSD:	World Business Council for Sustainable Development

ABSTRACT

Corporate Social Responsibility is a commitment that is taken up by organizations globally to contribute to the development of the economy of any country. This is done to improve the well-being of the communities around us. This study sought to find out the management perception of Corporate Social Responsibility at Kenya Power and Lighting Company. This was a descriptive study that was conducted by the use of questionnaires. Data were collected with the help of a structured questionnaire. The study targeted 53 managers from West Kenya sub-region. A response rate of92% was achieved. The data was analyzed by the help of descriptive statistics. The study found out that the most managers had a positive perception of the various statements on Corporate Social Responsibility. The findings of the study show that philanthropic giving increases the competitive advantage of Kenya Power and that engaging in Corporate Social Responsibility by the company enhances the company's image. The findings also show that the environmental interventions by the company be enhanced and continued as it contributed to conservation of the environment and that participation of the company in disaster situations in the country should continue. The study also showed that participation in Corporate Social Responsibility also encourages good citizenship. From the findings of the study across the various perspectives of Corporate Social Responsibility, most managers to a large extent have a positive perception towards Corporate Social Responsibility statements provided in the questionnaire, with the highest perception index of 0.88 attained. Other dimensions of Corporate Social Responsibilty could be studied in public corporations. The study concludes that the perception by the managers at the company is largely positive and that it will be in the long run self-interest of the company to actively continue engaging in Corporate Social Responsibility initiatives to support the community. From the study, the Key recommendations are that Kenya Power maintains Corporate Social Responsibility activities as a way of achieving long term results, business sustainability and continuity and enhancing its reputation and image. The study suggests further research to be carried out on other aspects of Corporate Social Responsibility in other parastatals and adoption of higher levels of statistical methods.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Over time organizations have existed to play different both in the economy and in society. The overarching role of organizations before the 1990s was shareholder wealth maximization. In most recent times, organizations have found it necessary to undertake activities that go beyond their purely economic mandates. Attention has now shifted from this which is a departure from the past to delivery of wider stakeholder value, hence recognizing the importance of various stakeholders in organizations' success. Organizations are now, more than ever before, under extreme pressure to deliver economically, socially and environmentally. This is within the realm of stakeholder theory, whose key postulation is that an organization has relationships with many constituent groups with whom it has symbiotic relationships (Reynolds, Schultz and Hekman, 2006).

Pearce and Robinson (2007) argues that within strategic management theory all organizations are environment serving, hence their continuous interaction with the environments in which they operate. This is underscored by the open system theory which offers an understanding that organizations depend on their environments for their continued survival and success. The resource dependence theory supports this proposition. According to this theory, organizations are not resource sufficient in themselves and must therefore develop relationships with various external stakeholders to obtain the required resources. Arising from these theoretical perspectives, organizations engagement in corporate social responsibility (CSR) has found more rationale. However, whether engagement in CSR has value or not could be a matter of perception more especially within the management team of an organization.

Dilworth (2005) argues that management's perceptual predispositions are explained by the cognitive psychological theories. These theories provide that perception is purely an idiosyncratic phenomenon that is anchored in individual's view of the world around him or her. According to Axelrod (1973), perception can be explained by the schema theory as a pre-existing assumption about the way the world is organized. This proposition argues that different people have different schematic configurations which inform their view and interpretation of the world around them as more and more information becomes available to them. Therefore, an organization's engagement in CSR could be perceived differently by the various members of the organization's management team.

The Kenya Power and Lighting Company Ltd (KPLC) is a key player in Kenya's energy sector. Given the nature of its mandate and its business as well as its ownership structure, the company has a number of stakeholders – both internal and external. Meeting the needs and expectations of the wide array of stakeholders has necessitated engagement in CSR. In the most recent times, KPLC has engaged in different CSR activities ranging from education, environment, sports and disaster response activities. Whether engagement in these activities is of value to the company could be perceived differently by the company's management.

1.1.1 The Concept of Corporate Social Responsibility

Different definitions of corporate social responsibility have been advanced by different authors. According to Brown and Dacin (1997), corporate social responsibility is a company's activities and status related to its perceived societal or stakeholder obligations. The World Business Council for Sustainable Development (WBCSD) (2002) defines CSR as a way in which organizations integrate social, environmental and economic concerns into their values systems, culture, decision-making, strategy and operations, so as to establish better practices within the organization, create wealth and improve society for all. It is the creation of a win-win situation for all the stakeholders (WBCSD, 2002).According to Khan (2010), CSR is a set of policies, practices and programs that are integrated into the business operations and decision making process in the organization. It means that CSR involves the legal, ethical, commercial and business related decision making by all stakeholders.

Pearce and Robinson (2007) points out that corporate social responsibility takes various forms or dimensions which include environmental, social, economic, stakeholders and voluntariness. Environmental dimension
of corporate social responsibility refers to the business's impact on the environment. The goal is to engage in business practices that benefit the environment. Social dimension involves the relationship between the business and society as a whole. This could involve sourcing fair trade products, taking on endeavors that benefit society. The economic dimension refers to the effect that corporate social responsibility has on the finances of your company. It is important to recognize the financial impact that these actions have and to balance being a good corporate citizen with making a profit.

Porter (1980) points out that the best companies take social responsibility activities seriously. This can be because these companies stand to gain competitive advantage, increase in brand value, greater access to finance, a healthier and safer workforce, motivated people, and customer loyalty. The public will view them as being caring and concerned about their welfare. Porter further observes that corporate social responsibility entails going beyond profit making by examining the impact is an obligation, beyond that required by the law and economics, for a firm to pursue long term goals that are good for society. How the management views CSR is key as this will determine whether the organization continues with the practice or not. The perceived value of corporate social responsibility varies from organization to organization as the managers have different perceptions on the same Giannarakis et al. (2009)

1.1.2 The Concept of Management Perception

There is no universal definition of the term perception. The definitions that have been advanced draw from different psychological and cognitive theories. Creem et al (2010) observe that the meaning of the term perception is itself variable among theories. They submit that perception is commonly defined in textbooks as a conscious sensory experience or one’s awareness of the world. Consequently, this experience can then be shown through numerous judgments such as verbal reports, magnitude estimations, and actions. Hence, perception is the process whereby people select, organize, and interpret sensory stimulations into meaningful information about their work environment.

As individuals, managers would perceive an organization’s activities differently more especially the non-economic activities. Key among these activities is engagement in corporate social responsibility. Management perception is how the managers of the different organizations view or perceive corporate social responsibility activities. This in turn will stir debate amongst the managers of the organization as this determines whether or not the company will engage in CSR activities or not. Since the concept was initiated in 1924, the perception may be in terms of financial loss or competing with the scarce resources.

Proponents of CSR are in agreement about the need of CSR benefits to outweigh the corresponding CSR costs. However, some scholars perceive CSR as a conduit to avoiding regulation by attempting to act proactively friendly to the environment (Dam, 2008). According to Salomon and Barnett (2006), the debate relating CSR and the organization’s financial performance has been a heated one; some scholars argue that CSR detracts from a firm’s financial performance (Friedman, 1970). The argument goes that any discretionary expenditure on social betterment unnecessarily raise a firm’s cost, hence placing the firm at an economically disadvantage in a competitive market where the financial muscle is required. On the contrary, other scholars (Cochran and Wood, 1987; Waddock and Graves, 1997) believe that the better a firm’s social performance, the better it can attract resources, obtain quality employees, market its products and services and even create unforeseen opportunities (Fombrun, Gardberg, and Barnett, 2000).

1.1.3 The Energy Sector in Kenya

The Energy sector in Kenya falls under the Ministry of Energy and all activities are supervised by the Energy Regulatory Commission (ERC) which was established under the Energy Act, 2006. Following the operationalization of the Energy Act, 2006, with effect from July 7 2007, the Electricity Regulatory Board (ERB) became Energy Regulatory Commission (ERC).The Energy Regulatory Commission (ERC) is mandated to supervise the activities the players. Some of the key players in the energy sector include Rural Electrification Authority (R.E.A), Kenya Generating Electricity Generating Company (KENGEN), Kenya Pipeline Company (K.P.C). Kenya Electricity Transmission Company, (KETRACO), Geothermal Development Company (G.D.C).

The nature of the business of the key players in the energy sector is clearly defined in their mandate. The player's activities have implications to the various stakeholders. There still exists a lot of pressure from the Stakeholders which in turn necessitates them to engage in corporate social responsibility. This, as a result brings about debate on whether or not to continue engaging in corporate social responsibility. This is the recent past has seen most of the key players engaging in corporate social responsibility activities. (KPLC Annual Report, 2011). Whether corporate social responsibility is of value or not is, can be a matter of perception in itself. This means that the management of various energy sector players may be in conflict with the stakeholders in their various companies about the level of engagement in CSR activities. However, since the stakeholders interests need to be considered, the management of the companies still engages in CSR activities for the betterment of the community and the stakeholders.

Some of the corporate social responsibility events done by Kengen include water provision through establishment of water collection point and construction of sand dams, Environmental conservation by conserving catchment areas and delicate ecosystem, Education through offering scholarships to secondary and university students around their installations, Sports by sponsoring events, health services by offering subsidizes health services through its dispensaries and in disaster response by offering relief food to drought stricken areas and floods. Kenya Power sets aside one percent of its net profit towards corporate social responsibility events like conservation of water catchment areas, in health, education and sports. (KenGen Annual Report , 2011)

The driving forces behind engaging in corporate social responsibility can be attributed to the fact that the returns on corporate social responsibility help the organization to reposition its corporate brand and also to win back customer loyalty. It also provides an avenue to showcase its products and services as well as collect views form the customers on what to improve and what has worked well for them. Most firm's corporate social responsibility undertakings have come up with CSR policy in order to align their projects well with their values and norms. Companies are moving towards well thought of corporate social responsibility initiatives that that have clear objectives that align with their business goals, brand and culture.

1.1.4 The Kenya Power and Lighting Company

Kenya Power and lighting company started in 1875 where Seyyied Bargash, the Sultan of Zanzibar, acquired a generator to light his palace and nearby streets. In 1980: Harrali Esmailjee Jeevanjee, a wealthy merchant in Mombasa, acquired the generator and transferred it to the Mombasa Electric Power and Lighting Company. Later in 1922 the two utilities in Nairobi and Mombasa were merged under a new company incorporated as the East African Power and Lighting Company (EAP&L). In 1932 East African Power and Lighting acquired a controlling interest in the Tanganyika Electricity Supply Company Limited (TANESCO). In 1936, E.A.P&L obtained generating and distribution licenses for Uganda, thereby entrenching its presence in the East African region. 1948: The Uganda Electricity Board (UEB) is established by the Ugandan Government to take over distribution of electricity in the country.

With its operations confined only to Kenya, E.A.P&L was renamed The Kenya Power and Lighting Company Limited (KPLC). The functions of generation are split from transmission and distribution. The Kenya Power Company, which has been under the management of KPLC since 1954, became a separate entity responsible for public-funded power generation projects. In 1998: The Kenya Power Company was re-launched as the Kenya Electricity Generating Company (KenGen). In 2004, the Energy Sector Recovery Project (ESRP), started to rehabilitate and reinforce the transmission and distribution network in order to improve the quality and reliability of supply, reduce system losses and increase access to electricity. In 2007, Rural Electrification Authority (REA) was established to speed up the implementation pace of the rural electrification programme. In 2008, Kenya Electricity Transmission Company (KETRACO) was incorporated by the government to accelerate transmission infrastructure development. In 2011, the Kenya Power and Lighting Company rebranded to Kenya Power in order to reposition itself in the minds of its customers.

Kenya Power is aware that its activities affect the environment and communities in which it operates. Every year, Kenya Power devotes one per cent of its net profit to CSR activities that benefit various communities and causes all over the country (KPLC Annual Report, 2011). The organization believes that it has a responsibility to identify and manage these impacts as effectively as possible. The Company, therefore, aims to support, through its Corporate Social Responsibility (CSR) programme, the promotion of environmental protection. The Company also seeks to reduce its impact on the environment and these communities through a commitment to continual improvement. The company has recently engaged in corporate social activities in various sectors of the economy like sports among them the Kenya Power charity cup, education, environment, heath, culture and sports.

1.2 The Research Problem

Corporations face an increasingly competitive and globalized environment where the impact of their business activities is placed under escalating scrutiny. Most organizations are today going beyond prioritizing shareholder wealth maximization which for many years has been the practice. While it is known to them their mandate is delivery of services to the public and customers, conduct business and still remain competitive, there is evidence that the companies are engaging in CSR activities which are nonprofit making. Further, while most organizations have realized that they stand to gain competitive advantage by engaging in corporate social responsibility activities, it is possible that others may view it as a waste of money for it eats into their profits. This debate has taken center stage whose basis could be a matter of management's perception of organizations' engagement in corporate social responsibility.

The Kenya Power and Lighting Company (KPLC) has in the recent years up-scaled its engagement in corporate social responsibility. For this reason, the company has devoted enormous resources to causes that range from sport sponsorship, health, education and environment among others. While these activities could be seen to be of value to society, this view could be only a matter of perception more especially from the company's management. Undertaking an investigation in order to document the nature of the company management's perception of the CSR activities is timely now than ever before.

A number of studies on corporate social responsibility as well as management perception have been carried out both locally and internationally (Gichana, 2004; Korir, 2006 and Ominde 2006). Gichana (2004) carried out a survey of corporate social responsibility practices by companies listed in the Nairobi Stock Exchange; Korir (2006) studied management perception of corporate social responsibility at Kenya Revenue Authority; Ominde's (2006) study focused on the link between corporate social responsibility & corporate strategy among companies listed in the Nairobi Stock Exchange.

The above studies have availed evidence that corporate social responsibility has been studied. Management perception has also been studied. Whereas a study on management perception of corporate social responsibility at KRA was undertaken by Korir (2006), the context was different from that of the current study's focus. Other studies have had a different conceptual as well contextual focus as well. This means that their findings cannot be generalized to apply at KPLC. There is thus a knowledge gap that this study sought to address. What is the nature of management perception of corporate social responsibility at Kenya Power and Lighting Company Ltd.?

1.3 Research Objectives

The objective of this study was to determine Management Perception of Corporate Social Responsibility at Kenya Power and Lighting Company.

1.4 Value of study

This study was anchored in the stakeholder theory, the open systems theory, the resource dependency theory and the cognitive psychological theory. The findings of the study have advanced the frontiers of knowledge within the key propositions of these theories. Unlike the shareholder approach, the stakeholder approach emphasizes that organizations should not only be accountable to their shareholders but also balance the interests of their other stakeholders, who can influence or be influenced by organizational activities (Marrewijk, 2003). It considers stakeholder rights and their legitimate interests, and links ethical theory to managerial theory but it cannot provide sufficient and specific objective function for the corporation, and is primarily concerned with the distribution of final outputs.

According to the study, the findings support the Stakeholder theory as majority of the respondents agree with most of the Statements that Corporate Social Responsibility activities are of value to the organization and also to the society at large. For instance, 78% of the respondents agreed that Kenya Power acts ethically and in a Social responsible manner in all its Corporate Social Responsibility activities, 76% of the respondents agreed that Kenya Power is an equal opportunity employer and 67% of the respondents agree that engaging in Health and Safety activities improves the Public Perception of Kenya Power.

The current CSR Policy established in 2006 should be reviewed. This is because the policy then emphasized on philanthropic giving. This is supported by the findings from the study. For instance, 76% of the respondents agreed that Philanthropic giving increases the competitive advantage of Kenya Power. The company should therefore adopt business sustainability approach in its CSR activities. For instance, the intention to establish Kenya Power Foundation will aid in promoting CSR and thus financial performance of the company. From the study, 82% of the respondents agree with this assertion.

The findings could form the basis of making various recommendations that would in turn inform policy development on corporate social responsibility as a key strategic orientation in the organization. How the decisions regarding corporate social responsibility are made in organizations would benefit from this study more especially the perceived value of corporate social responsibility. More so, Kenya Power's policy direction on Corporate Social Responsibility would be further enhanced by the recommendations of the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents theoretical, conceptual and empirical literature along the theme of the study. First, literature on the theoretical underpinnings of the study is presented followed by literature on corporate social responsibility and its aspects. Lastly the chapter presents literature on management perception of corporate social responsibility, which is the main focus of the study.

2.2 Theoretical Underpinnings of the Study

This study is premised on stakeholder theory (Freeman, 1984), the triple bottom line theory (Elkington, 1997), and the perception theories (Dilworth, 2005; Axelrod, 1973). Stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. The theory postulates that companies should serve the interests of a number of groups; not only that of shareholders. This approach is broad since it articulates management policies and attends to diverse stakeholders. Accordingly, organizations should acknowledge their legal and moral obligations to all legitimate stakeholders, both internal and external, individual and group, institutional and otherwise. From the ethical perspective, organizations have an obligation to treat all stakeholders fairly.

The triple bottom line theory introduced by Elkington (1997) is known as a common way for companies to conceptualize CSR. The concept of triple bottom line captures an expanded spectrum of values and criteria for measuring organizational success: economic, environmental and social. In practical terms, triple bottom line means expanding the traditional reporting framework to take into account ecological and social performance in addition to financial performance.According to Elkington (1997), The triple bottom line demands that a company's responsibility lies with stakeholders rather than shareholders. Accordingly, the business entity should be used as a vehicle for coordinating stakeholder interests, instead of maximizing shareholder profit. For these reasons, the triple bottom line theory sets directions and principles to evaluate and report companies' CSR achievements.

There are several theories that explain perception. Cole (2004), discusses the attribution theory of perception. The Attribution theory is a three step process through which we perceive others as agents. The first step is the perception of action, judgment of intention and attribution of disposition. Another theory is the Schema Theory. Axelord (1973) argues that a schema is a pre-existing assumption about the way the world is. It's also a subset of all the possible specifications of a case. When new information becomes available, a person then tries to fit the new information into the pattern which he/she has used in the past to interpret information about the same situation. The process starts when a message is received and finds out whether here is already an interpretation of the case. The direct perception theory states that the real world provided sufficient contextual information for our visual systems to directly perceive what was there, unmediated by the influence of higher cognitive processes.

2.3 Corporate Social Responsibility

Corporate social responsibility which can also be referred to as corporate citizenship means that an organization should be a good neighbor with the community. Most of the organizations have now started practicing it in order to stay competitive and productive in the market (Asian-Oceanic Computing Industry Organization (ASOCIO), 2004). Business leaders are increasingly concerned with how their organizations can grow and thrive from addressing societal challenges. Strategic CSR can benefit organizations through growth in market share and organizational learning, as well as more committed and engaged employees, supportive external stakeholders, and positive investor relations. According to Archie (2001) there are various perspectives of CSR which have guided debate over the nature and degree of an organization's CSR activities. These perspectives include economic, legal, ethical, philanthropic perspectives.

On the economic front, Archie (2001) observes that historically, business organizations were created as economic entities designed to provide goods and services to societal members. As such, the principal role of an organization was to produce goods and services that consumers needed and wanted and to make an acceptable profit in the process. On the legal perspective, business is expected to comply with the laws and regulations promulgated by federal, state and local governments as the ground rules under which business must operate. The ethical perspective embraces those activities and practices that are expected or prohibited by societal members even though they are not codified into law. Lastly, philanthropy encompasses those corporate actions that are in response to society's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill.

2.4 Management Perception of Corporate Social Responsibility

There has been increase in corporate social responsibility activities by corporations which in turn has attracted debate. Despite the apparent acceptance of CSR by businesses, many economists have taken a skeptical view of CSR and its viability in a competitive environment. For instance, Friedman (1962) maintained that the only social responsibility of a business is to maximize profits (conducting business in open and free competition without fraud or deception). Friedman emphasized that the corporate executive is the agent of the owners of the firm and said that any action by the executive toward a general social purpose amounts to spending someone else's money, be it reducing returns to the stockholders, increasing the price to consumers or lowering the wages of some employees.

However, Friedman (1970) noted that there are many circumstances in which a firm's manager may engage in actions that serve the long-run interest of the firms' owners and that also have indirectly a positive social impact. Such actions include investments in the community that can improve the quality of potential employees, or contributions to charitable organizations to take advantage of tax deductions. Such actions are justified in terms of the firm's self-interest, but they happen to generate corporate goodwill as a byproduct. Furthermore, this goodwill can serve to differentiate a company from its competitors, providing an opportunity to generate additional economic profits.

Husted and Salazar (2006) examined an environment where it is possible for investment in CSR to be integrated into the operations of a profit-maximizing firm. The authors considered three types of motivation that firms consider before investing in social activities. These include altruistic, egoistic, and strategic considerations. Altruistic consideration is where the firm's objective is to produce a desired level of CSR with no regard for maximizing its social profits, that is, the net private benefits captured by the firm as a consequence of its involvement in social activities. Egoistic consideration is where the firm is coerced into CSR by outside entities scrutinizing its social impact. Lastly, strategic consideration is where the firm identifies social activities that consumers, employees or investors value and integrates those activities into its profit-maximizing objectives.

Therefore, in agreement with Friedman (1997), Husted and Salazar (2006), conclude that the potential benefits to both the firm and society are greater in the strategic case: when the firm's socially responsible activities are aligned with the firm's self-interest. This is in tandem with modern theoretical and empirical analyses which indicate that firms can strategically engage in socially responsible activities to increaseprivate profits. Given that the firm's stakeholders may value the firm's social efforts, the firm can obtain additional benefits from these activities, including: enhancing the firm's reputation and the ability to generate profits by differentiating its product, the ability to attract more highly qualified personnel or the ability to extract a premium for its products.

Since its adoption as a corporate practice, debate about CSR has largely focused on its perceived value with proponents saying that the benefits outweigh the corresponding CSR costs (Cochran and Wood, 1987; Waddock and Graves, 1997; Margolis and Walsh, 2003) and others perceiving CSR as a conduit to avoiding regulation by attempting to act proactively friendly to the environment (Freeman, 1970). The borne of contention has increasingly been ‘for whose benefit and at whose expense should the firm be managed?’ Should the organization be socially responsible on issues closely related to its wider goal or should the firm be ethically responsible to any venture which may not be directly related to its interests. These questions bring to light the wider perspectives of CSR which can further underlie the perceptions of management of organizations engaging in CSR. These are the economic, legal, ethical and philanthropic perspectives (Carroll, 1991).

According to Carrol (1991), the economic responsibilities perspective underscores the fact that business organizations were historically created as economic entities designed to provide goods and services to societal members. As such, its principal role was to produce goods and services that consumers needed and wanted and to make an acceptable profit in the process. The legal responsibilities perspective lays emphasis on the fact that society has not only sanctioned business to operate according to the profit motive; at the same time business is expected to comply with the laws and regulations promulgated by governments and their regulatory agencies as the ground rules under which business must operate.

Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are expected or prohibited by societal members even though they are not codified into law. Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders’ moral rights. Lastly, Philanthropic Responsibilities encompass those corporate actions that are in response to society's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill (Carroll, 1991).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a description of the procedures that were used to undertake the study. In this regard, the research design which guided the study has been identified, described and justified. A description of the population of study, sample size and sampling technique has been offered. The collection method andprocedure has been described as well as the data analysis techniques. All the choices made in this chapter were guided by the objectives of the study.

3.2 Research Design

The study was carried out by using the cross-sectional descriptive design. According to Cooper and Schindler (2003), a cross sectional design is concerned with finding out what, when, and how much of phenomena. As a blue print for the study, the cross-sectional design will offer the researcher the opportunity to obtain information from a cross-section of managers at KPLC to enable a description of the phenomenon under investigation, that is, their perception of the corporate social responsibility.

Cross-sectional descriptive survey was considered appropriate for the study because the study will gather information from a clearly defined cross-section of a population in a snap short. This means that the respondents were subjected to the same set of questions across the board on various aspects under investigation. This design has been used in previous similar studies (Korir, 2006; Kiarie, 2006 and Nkatha, 2007) among others.

3.3 Population of Study

A population of study refers to a total collection of elements (group of people, events or things) that are of the interest to the researchers and that they wish to investigate on a particular phenomenon and make inferences (Cooper and Schindler, 2003). On their part, Mugenda and Mugenda (2003) view population as a complete set of individuals' cases or objects with same observable characteristics. Accordingly, the population for the study entailed all the managers at different levels in KPLC. According to staff record in the company, there were 413 managers as at 30th June 2013.

The managers have different titles depending on the level of management as well as the jurisdiction. There are Chief Managers in charge of Divisions and their deputies, Regional Managers in charge of Regions, Deputy Regional Managers in charge of Sub Regions, and Functional Heads in charge of the various functions across the company in the various regions and their deputies, and Branch Business Heads and their deputies are in charge of the branches. These managers are involved in strategic and operational decision making in the company. Their perception to the company's engagement in various activities will therefore matter.

3.4 Sampling

According to Kerlinger (2007) sampling is taking any portion of a population or universe as representative of that population or universe. Cooper and Schindler (2003) observe that sampling helps in drawing conclusions about the entire population. The sampling frame for this study was all the managers at KPLC which stands at 413 in total. Out of all these, 36 were at the Head Office while the rest 377 were at Regions, Sub-regions and Branches.

Using cluster sampling technique, where each sub-region was considered as a cluster, a sample of 53 managers was selected to participate in the study. This was the number of managers in KPLC’s West Kenya sub-region. The number entailed 1 deputy regional manager; 12 functional heads and 12 deputies; and 14 branch business heads and 14 deputies. This number met the requirement of adequate representation for large populations. Accordingly, all the managers in the West Kenya Sub-region were contacted to participate in the study.

3.5 Data Collection

The study made use of primary data which were largely quantitative in nature. Any necessary secondary data were obtained to supplement the primary data. The primary data were gathered by means of a semi-structured questionnaire that has been designed along the study objective. The questionnaire was divided into two parts. Part I focused on obtaining the demographic details of the respondents and general information on KPLC’s CSR activities and Part II sought data on management perception of CSR. To complement the primary data, recorded secondary data on KPLC’s CSR activities which were found necessary were obtained.

The researcher administered the questionnaire through mail as well as the physical “drop and pick later” method. This was intended to increase or enhance the response rate. The respondents were all the managers in West Kenya Sub-region as sampled in section 3.4 above. These managers were considered to be involved in key decision making at Sub-region level more especially those decisions on the CSR activities the company engages in. They were therefore better placed to fill the questionnaire. The respondents were Heads of Functions and their deputies, Branch Business Heads and their deputies.

3.6 Data Analysis

The obtained data were assessed and edited for completeness after-which they were prepared for analysis. Given that the data that were largely quantitative, the study used descriptive statistics for analysis. Measures of central tendency and dispersion were also used. The descriptive statistical tools that were used included percentages and frequencies while the measures of central tendency and dispersion that were used are mean scores and standard deviation.The descriptive statistics on Part II of the questionnaire were further used to generate perception indices. The indices were developed to measure management perception of CSR at KPLC. The findings are presented using frequency tables to facilitate interpretation of the research findings. The formula for calculation of perception index is as shown below.

$\sum$ (VRn x Wn) ÷ (TVR-NR) x 5x100

Where:

VR=Variable response for each CSR statement

n= 1-5

Wn= Weighting on the scale of 1 to 5

TVR=Total Response for the Variable

NR=Non-Response

The variable response is the variable statement that is presented on the questionnaire upon which the respondents were to indicate how they perceive each on a 1-5 likert scale. They were to indicate whether they strongly disagree, disagree, neutral, agree and strongly agree.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The purpose of this study was to find out the Management Perception of Corporate Social responsibility at Kenya Power and Lighting Company. The study was carried out using the cross sectional descsriptive design. Questionnaires were issued to collect the data. Out of the 53 questionnaires issued, only 49 were collected and this represents 92% response rate. This chapter presents the analysis of the respondents demographics, Corporate social Responsibility at Kenya Power and the awareness levels of the various aspects of CSR activities amongst its employees, Management perception of CSR by the managers of the organization by use of perception index and the discussions of the findings.

4.2 Respondent Demographics

This section discusses the gender, age, work experience and the management cadre of the respondents. The respondents are in charge of different functions and branches in the Sub region and are responsible for decision making in respect to Corporate Social Responsibility. They are also knowlegable of the needs of the different stakeholders in their respective functions and branches. Table 4.1 presents the findings for gender of the respondents

Table 4.1: Respondents Gender

Gender	Respondents	Percentage
Male	37	76%
Female	12	24%
Total	49	100%

Source: Field Data (2013)

From the table above, the population of the male respondents is higher than that of the female respondents. From this study, the percentage of female respondents (24%) is below the constitutional requirement of 30%. Table 4.2 presents the findings for age of the respondents

Table 4.2: Respondents Age

Age Bracket	Respondents	Percentage
30-35 years	6	12%
35-40 years	8	16%
40-45 years	22	45%
45-50 years	9	19%
50-55 years	4	8%
Total	49	100%

Source: Field Data (2013)

From the findings as illustrated in the table above, 45% of the respondents are in the age bracket of between 40 to 45 years old. This is a very productive age for management staff. Table 4.3 presents the findings for work experience of the respondents

Table 4.3:Respondents Work Experience.

No.of years	Respondents	Percentage
4-6 years	4	8%
7-9 years	10	20%
Over 10 years	35	72%
Total	49	100%

Source: Field Data (2013)

From the findings, 72% of the respondents have over 10 years experience followed by 20% of the respondents who have 7-9 years of work experience. This is due to the stringent promotion and academic requirement criteria at Kenya Power. Table 4.4 presents the findings for management level of the respondents.

Table 4.4:Respondents Management Level

Management Level	Respondents	Percentage
Standard	20	41%
Senior Standard	25	51%
Executive	4	8%
Total	49	100%

Source: Field Data (2013)

The results show that 8% of the respondents are on Executive terms. This implies that there are few positions higher in the management hierachy or organizatonal structure. For instance positions like Regionl Manager, Deputy Regional Manager and Chief Engineers qualify to be on Executive terms. Majority of the the respondents (51%) are on Senior standard terms.

4.3 Corporate Social Responsibility at Kenya Power and Lighting Company

Kenya Power has over the years engaged in Corporate Social Responsibility in different areas like Heath and Safety, Environment, education , improving working environment and sports. These activities generally benefit employees, other stakeholders and the organization itself. The The Board of Directors continues to oversee and monitor the Company's sustainability performance, and it is one of the company's eight strategic pillars. The company empowers people to lead better lives and they believe that supplying quality electricity in a sustainable manner is the best contribution they can make to our economy and society. In order to do this, Kenya Power works with various partners and communities to help meet electricity demand in the most economically, environmentally and socially responsible ways. Although the comapny meest all statutory requirements relating to the business, we continue to strive toimprove on our sustainability performance even beyond these legal requirements.

The findings of the study are analysed below as per the areas of activity.

Area of CSR Activity	**Frequency**
Health and Safety	29
Environment	45
Sports	49
Social Amenities	9
Benefits to employees	5

From the study conducted, Sports and Enviromnent have the highest awareness level of 49 and 45 responses respectively. This is followed by Health and safety with 29 responses then social amenities with 9 and finally benefit to employees with 5 responses. This therefore means that the company engages more in sports and environment. For example the company supports Western Stima Football club and tree planting, cleaning of beaches and garbage collection activities.

According to the Annual Report and Financial Statements 2011-2012, the company spent Kshs 42 Million in sports, education and environmental activities. In education, the Company increased its endowment fund to the Starehe Boys' Centre from Shs. 480,000 to Shs. 2.2 million so as to meet the school fees requirements of four students per year. Kenya Power also donated Shs. 260,000 towards the school fees and upkeep of four needy girls at the Starehe Girls' Centre. In 2009, Kenya Power was also involved in other development projects like the construction of sanitary facilities in Yuya Mixed Secondary School in Trans Nzoia District at a cost of Shs. 770,000; and the construction, furnishing, and stocking of a library at Star of Hope Primary School in Mukuru slums of Nairobi at Shs. 1.6 million. KPLC also donated Shs. 500,000 towards the upkeep of Materi Girls' School in Meru.

Under environment, Kenya Power has planted over 161,349 seedlings and donated 349,000 eucalyptus and indigenous tree seedlings to local communities. Apart from this initiative, Kenya Power in 2008 supported the Aberdare and Mount Kenya fencing projects to the tune of Shs. 1 million. The Company also donated 200 used electricity poles towards the fencing of Mount Kenya forest. Stima FC participated in the 2008 World Environmental Day Football Cup at a cost of Shs. 35,000. A total of 1,000 tree seedlings were planted during the event. In the same year, the Company also participated in a lakeside clean-up and sponsored a canoe competition at Hippo Point in Lake Victoria at Shs. 400,000.

Through a partnership with the Kenya Forest Service, Kenya Power in 2009 acquired, planted and is currently maintaining indigenous trees in Kuresoi Forest in Rift Valley Province, Buda Forest in Coast Province, Karura Forest in Nairobi Province, and Marsabit Forest in North Eastern Province. This was done at a cost of Shs. 1,040,000. In the same year, the Company donated Shs. 1 million to the Bill Woodley Mount Kenya Trust to support the fencing of the Mount Kenya forest. The Company also donated Shs. 500,000 to the Rhino Ark Charitable Trust towards the fencing of the Aberdare forest. These mountains and their environs are important water catchment areas for the country's hydro-electric dams. Additionally, in 2009, Kenya Power donated Shs. 250,000 towards the conservation of the Hell's Gate National Park. The Company participated in a wheel barrow race in the park at a cost of Shs. 50,000. The proceeds from the race went towards conservation efforts in the park.

4.4 Management Perception of Corporate Social Responsibilty at Kenya Power and Lighting Company

The objective of the study was to establish the management perception of Corporate Social Responsibility at Kenya Power and Lighting Company. The increase in Corporare social responsibility activities and whether CSR is of value or not to an organization has been a subject for debate. To achieve this response , the respondents were required on a 5 point likert scale, to rate how they perceive descriptive statements where 5 represented the highest level of sentiment while 1 represented the lowest sentiment on the descriptive statement. From this data, frequencies, percentages, perception index, mean and standard deviation was calculated.

The higher the perception, the positive the managers perception to Corporate Social Responsibility. Managers in the organization therefore perceive Corporate Social Responsibility positively. From the study, most of the managers are of the view that Corporate Social Responsibility is of value to the company. This is supported by the fact that the mean ranking of all the statements was above 3. The highest mean form the study being 4.43. The perception index of all the statements is above 0.60 meaning that o a large extent, most managers are in favour of the company engaging in Corporate Social Responsibility

4.4.1 Economic perspective of Corporate Social Responsiblity

This section sought to find out the perception of the respondents in regard to the econonic pesperctive of CSR. The respondents were to say whether engaging in CSR activities enhances the financial returns, whether it improves its profitability, the pricing of services and whether it achieves sustainability and enhances the continiuty of the business. Table 4.5 presents the findings.

Table 4.5: Economic Perspective of CSR

CSR Statement	Response	Freq.	Percent	Mean	Standard Deviation	Perception Index
Engaging in CSR enhances Kenya Power's financial returns	Disagree	17	34.7	3.35	1.071	0.67
	Indifferent//Neutral	3	6.1			
	Agree	24	49.0			
	Strongly Agree	5	10.2			
	Total	49	100.0			

Increased CSR activities affect shareholders value.	Strongly Disagree	3	6.1	3.12	1.235	0.62
	Disagree	17	34.7			
	Indifferent /Neutral	8	16.3			
	Agree	13	26.5			
	Strongly Agree	8	16.3			
	Total	49	100			
Continuous involvement in CSR will improve the profitability of Kenya Power	Disagree	7	14.3	3.82	0.928	0.76
	Indifferent /Neutral	5	10.2			
	Agree	27	55.1			
	Strongly Agree	10	20.4			
	Total	49	100.0			
CSR is about achieving long term results, sustainability and business continuity	Indifferent /Neutral	5	10.2	4.18	0.601	0.84
	Agree	30	61.2			
	Strongly Agree	14	28.6			
	Total	49	100.0			
Operating efficieny of Kenya Power has affected the CSR expenditure	Disagree	11	22.4	3.47	0.960	0.69
	Indifferent /Neutral	9	18.4			
	Agree	24	49.0			
	Strongly Agree	5	10.2			
	Total	49	100.0			
The pricing regime of Kenya Power reflects the economic situation and is affordable by the consumers	Strongly Disagree	2	4.1	3.84	0.921	0.77
	Disagree	2	4.1			
	Indifferent /Neutral	7	14.3			
	Agree	29	59.2			
	Strongly Agree	9	18.4			
	Total	49	100.0			
The profits generated by Kenya Power are fair and acceptable by the society.	Strongly Disagree	1	2.0	3.90	0.770	0.78
	Disagree	1	2.0			
	Indifferent /Neutral	8	16.3			
	Agree	31	63.3			
	Strongly Agree	8	16.3			
	Total	49	100.0			

From the study, the findings show that most of the respondents responded in favour of the arguments for the subject. The perception index for this section is above 0.73 across all statements and the mean ranking is above 3 across all the descriptive statements. The highest perception index attained was 0.84. This was attained in support of the fact that Corporate Social Responsibility is about achieving long term results, sustainability and business continuity where 89.8% of the respondends agreed with the statement while 11.2 % of the respondents were indifferent.

From the findings, none of the respondents strongly disagreed or disagreed with the descriptive statements . It is therefore safe to say that most managers agree that engaging in Corporate Social responsibility does not in any way affect shareholder value, engaging in CSR enhances the companys financial returns and the pricing regime reflects the econonic situation in the country. The company should therefore continue participating in CSR activities that are benefit to both the employees and its stakeholders.

4.4.2 Legal Perspective of Corporate Social Responsibility

The persective looks at whether the operations of the are compliant with the Laws of the land. This can be Statute laws like the Environmental Management and Coordination Act (EMCA). And the Public Procerement Act (PPA). Table 4.6 presents the findings

Table 4.6:Legal Perspective of CSR

CSR Statement	Response	Freq.	Percent	Mean	Standard Deviation	Perception Index
Kenya Power promptly pays the required taxes by Law	Indifferent /Neutral	1	2.0	4.24	0.480	0.85
	Agree	35	71.4			
	Strongly Agree	13	26.5			
	Total	49	100.0			
Kenya Powers environmental activities are in compliance with the Environmental Management and Co-ordination Act (EMCA)	Indifferent /Neutral	2	4.1	4.22	0.511	0.84
	Agree	34	69.4			
	Strongly Agree	13	26.5			
	Total	49	100.0			
Kenya Power carries out its operations within the relevant laws and regulations	Indifferent /Neutral	3	6.1	4.16	0.514	0.83
	Agree	35	71.4			
	Strongly Agree	11	22.4			
	Total	49	100.0			
Kenya Powers procurement procedures are compliant with the requirements of the Public Procurement Act.	Indifferent /Neutral	2	4.1	4.10	0.499	0.84
	Agree	35	71.4			
	Strongly Agree	12	24.5			
	Total	49	100.0			

Source: Field Data (2013)

From the study, the findings show that most of the respondents responded in favour of the arguments for the subject. The perception index for this section is above 0.84 and the mean ranking was of 4.18 across all the descriptive statements. The highest perception index attained was 0.85. This was attained in support of the fact that Kenya Power promptly pays the required taxes by Law. It atained a mean of 4.24 and a perception index of 0.85 where 97.9% of the respondends agreed with the statement. This is a positive perception and to a very large extent, the managers are of the view that the company carrries out its operations within the relevant regulations, the companys procurement procedures are compliant wih the Public Procurement Act.

From the findings, none of the respondents strongly disagreed or disagreed with the descriptive statements . It is therefore safe to say that that from the Legal Perspective, the company is not contravening the Legal requirements that were sought from the respondents. From the study, most of the respondents responded in favour of the arguments for the subject. Kenya Power complies with the relevant laws in rergard to the subject and that its operates within the relevant laws and regulation that govern its operations. The company therefore acts in legal manner as far as paying of taxes is concerned and its enviromental activities are in compliance with the Enviromental Management and Co-ordination Act (EMCA).

4.4.3 Ethical Perspective of Corporate Social Responsibility

This section sought to find out whether the company acts ethically in its operations. The respondents were to respond to the statements in regard to the subject. The responses are to determine whether Kenya Power acts ethical in in its CSR activities. Table 4.7 presents the findings

Table 4.7:Ethical Perspective of CSR

CSR Statement	Response	Freq.	Percent	Mean	Standard Deviation	Perception Index
Responsible corporate behavior by Kenya Power is in the best interest of shareholders	Disagree	1	2.0	4.10	0.684	0.82
	Indifferent /Neutral	6	12.2			
	Agree	29	59.2			
	Strongly Agree	13	26.5			
	Total	49	100.0			
Good corporate governance by Kenya Power enables the company achieve its goals and objectives for the benefit of all stakeholders	Indifferent /Neutral	2	4.1	4.24	0.522	0.85
	Agree	33	67.3			
	Strongly Agree	14	28.6			
	Total	49	100.0			
Disclosures of CSR activities in the annual reports and financial statements of Kenya Power's have increased the company's reputation	Disagree	1	2.0	3.94	0.689	0.79
	Indifferent /Neutral	10	20.4			
	Agree	29	59.2			
	Strongly Agree	9	18.4			
	Total	49	100.0			
Kenya Power is an equal opportunity employer	Agree	37	75.5	4.24	0.434	0.85
	Strongly Agree	12	24.5			
	Total	49	100.0			

From the study, the findings show that to a large extent, most of the respondents responded in favour of the arguments for the subject. The average perception index for this section is 0.82 and average mean of 4.13

across all the descriptive statements. The highest perception index attained was 0.85 and a mean of 4.24 where 95.9 % of the respondents agreed with the fact that good Corporate Governance by Kenya Power enables the company achieve its goals while 4.1 % (2 respondents) were indifferent . Only 2 out of 49 of the respondents disagreed with the four statements in this pespective which represents 4% of the respondents.

From the study, it is therefore correct to say that Kenya Power acts in an ethical way in its operations. This is supported by the fact that 100% of the managers are of the view that Kenya Power is an equeal opportunity employer, 85.7% of the respondents agreed that good corporate governance by the company enables it achievs its goals and objectives and 77.6% of he respondents agreed that disclosure of CR activities by the company in the annual reports and financial statements increases the companys reputation.

4.4.4. Philanthrophic Perspective of Corporate Social Responsibility

Philanthrophic activities have been supported by Kenya Power and Lighting Company. As part of CSR, it will remain one aspect of the companys sustainability strategy. At the same time, as part of the companys philanthropic activities, the company continues to support various worthy causes. This section was to establish whether the respondents agree or disagree with this and the extent. Table 4.8 presents the findings.

Table 4.8:Philanthrophic Perspective of CSR.

CSR Statement	Response	Freq.	Percent	Mean	Standard Deviation	Perception Index
Engaging in CSR activities at Kenya Power enhances the company's image	Indifferent/Neutral	1	2.0	4.43	0.54	0.88
	Agree	26	53.1			
	Strongly Agree	22	44.9			
	Total	49	100.0			
Philanthropic giving increases competitive advantage of Kenya Power	Disagree	1	2.0	4.06	0.556	0.81
	Indifferent /Neutral	3	6.1			
	Agree	37	75.5			
	Strongly Agree	8	16.3			
	Total	49	100.0			
Engaging in Health and safety activities improves public perception of Kenya Power	Indifferent /Neutral	1	2.0	4.29	0.500	0.86
	Agree	33	67.3			
	Strongly Agree	15	30.6			
	Total	49	100.0			
Environmental interventions by Kenya Power should be enhanced and continued	Indifferent /Neutral	2	4.1	4.35	0.561	0.87
	Agree	28	57.1			
	Strongly Agree	19	38.8			
	Total	49	100.0			
Employees participate fully in CSR activities of the company	Indifferent /Neutral	2	4.1	4.27	0.531	0.85
	Agree	32	65.3			
	Strongly Agree	15	30.6			
	Total	49	100.0			
Participation by Kenya Power in disaster situations in Kenya should continue.	Indifferent /Neutral	1	2.0	4.27	0.491	0.85
	Agree	34	69.4			
	Strongly Agree	14	28.6			
	Total	49	100.0			
Efficiency of service delivery is not the	Strongly Disagree	1	2.0			
	Indifferent /Neutral	4	8.2			

only thing society expects from Kenya Power	Agree	31	63.3	4.12	0.726	0.82
	Strongly Agree	13	26.5			
	Total	49	100.0			
Kenya Power' financial support of Western Stima Football Club has strengthened its public image	Strongly Disagree	1	2.0	3.86	0.736	0.81
	Disagree	1	2.0			
	Indifferent /Neutral	8	16.3			
	Agree	33	67.3			
	Strongly Agree	6	12.2			
	Total	49	100.0			
CSR activities in Kenya Power have also been used as marketing tools thus reaching it consumers	Indifferent /Neutral	3	6.1	4.31	0.585	0.86
	Agree	28	57.1			
	Strongly Agree	18	36.7			
	Total	49	100.0			
The intention to establish Kenya Power Foundation will aid in promoting CSR and thus financial performance of the company	Disagree	1	2.0	4.00	0.500	0.80
	IndifferentNeutral	3	6.1			
	Agree	40	81.6			
	Strongly Agree	5	10.2			
	Total	49	100.0			
Disability mainstreaming has strenghtened the perception of Kenya Power among employees and the public	Indifferent /Neutral	2	4.1	4.12	0.439	0.82
	Agree	39	79.6			
	Strongly Agree	8	16.3			
	Total	49	100.0			
Improved working environment significantly changes the image of Kenya Power	Disagree	1	2.0	4.12	0.564	0.82
	Indifferent /Neutral	2	4.1			
	Agree	36	73.5			
	Strongly Agree	10	20.4			
	Total	49	100.0			
Clean Development Mechanism (CDM)	Disagree	2	4.1			

project concerned with clean and green energy has enhanced the value of Kenya Power.	Indifferent /Neutral	5	10.2	4.12	0.754	0.82
	Agree	27	55.1			
	Strongly Agree	15	30.6			
	Total	49	100.0			
Drug and substance abuse campaign as a CSR activity among Kenya Power staff and the general public is worthwhile.	Disagree	1	2.0	4.04	0.576	0.81
	Indifferent /Neutral	4	8.2			
	Agree	36	73.5			
	Strongly Agree	8	16.3			
	Total	49	100.0			
Education initiatives in marginalised communities by Kenya Power should continue	Strongly Disagree	1	2.0	3.94	0.747	0.79
	Disagree	1	2.0			
	Indifferent /Neutral	6	12.2			
	Agree	33	67.3			
	Strongly Agree	8	16.3			
	Total	49	100.0			
Distribution of electricity should be the only CSR activity to be carried out by Kenya Power	Strongly Disagree	20	40.8	1.86	0.935	0.37
	Agree	21	42.9			
	Neutral/Indiferent	3	6.1			
	Agree	5	10.2			
	Total	49	100.0			
Participation in CSR by Kenya Power encourages good citizenship with the community.	Indifferent /Neutral	2	4.1	4.20	0.499	0.84
	Agree	35	71.4			
	Strongly Agree	12	24.5			
	Total	49	100.0			
CSR activities by Kenya Power are a mere Public Relations Exercise	Strongly Disagree	26	53.1	1.86	1.099	0.37
	Disagree	10	20.4			
	Indifferent /Neutral	8	16.3			
	Agree	4	8.2			
	Strongly Agree	1	2.0			
	Total	49	100.0			

Source: Field Data (2013)

From the study, the findings show that to a large extent, most of the respondents responded in favour of the arguments for the subject. The perception index for this section is above 0.72 and the mean ranking is above 3 of all which means moderate. The highest perception index attained was 0.88 and the mean of means is 4.43. This therefore means that to a large extent, the respondents agreed with the fact that good Corporate Governance by Kenya Power enables the company achieve its goals while 4.1 % (2 respondents) were indifferent . Only 2 out of 49 of the respondents disagreed with the four statements in this pespective which represents 4% of the respondents.

From the study, it is therefore correct to say that Kenya Power should continue with the Philantrophic activities of the company. This is because to a large extent, most managers are in favour of the statements. Kenya Power should also continue in engaging in health and safety activities, participation of the company in disaster situations. Its also correct to say that CSR activities by Kenya Power have been used as a marketing tool thus reaching to its consumers and that the intentention to establish the Kenya Power foundation will aid in promoting CSR activities and this financial perfomance of the company.

4.5 Discussion

There are several theories that support Corporate Responsibility and one of them is the Stakeholder Theory. It emphasizes that organizations should not only be accountable to their shareholders but also balance the interests of their other stakeholders, who can influence or be influenced by organizational activities and that an organization works to meet the environmental demands of multiple stakeholders such as employees and suppliers. From the findings of the study, it supports the theory in that most of the respondents agreed with most statements and that the perception indeces in all the sections of CSR is 0.80 on average.

Another thoery that supports Corporate Social responsibility is the Open systems theory which refers to the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival. The theory of Triple bottom line theory also supports the concept of Corporate Social responsibility. It captures an expanded spectrum of values and criteria for measuring organizational success: economic, environmental and social. It means expanding the traditional reporting framework to take into account ecological and social performance in addition to financial performance. The triple bottom line demands that a company's responsibility lies with stakeholders rather than shareholders. Accordingly, the business entity should be used as a vehicle for coordinating stakeholder interests, instead of maximizing shareholder profit. For these reasons, the triple bottom line theory sets directions and principles to evaluate and report companies' CSR achievements.

The current study of Management Perception of CSR at Kenya Power and Lighting Company supports the theories. The areas of support are that the theories argue that organizations should also put the interests of all its stakeholders at hear and work towards ensuring that they engage in activities such as philanthropy for the good of the society. There are past similar studies done in the past. For example Ominde (2006), focused on the link between corporate social responsibility and corporate strategy among companies listed in the Nairobi Stock Exchange. In her findings, it was evident that 89% of companies have their corporate strategic plans include CSR and that 89 % of the companies have a formal strategic plan in place. Only 11% of the companies had informal. From her findings also, 64% of the companies were of the opinion that the funds to support CSR should be provided in the budget.

Gichana (2004) on the other hand did a survey of corporate social responsibility practices by Kenyan Companies: A case for companies listed in the Nairobi Securities Exchange. In his study, his objective was to identify the CSR practices of firms listed on the NSE and to determine the factors that explain the kind of CSR practices. From the findings, CSR practices in Kenyan companies were found to be mostly philanthropic. This was characterized by Donations like foodstuffs, money, non-monetary resources like building materials, Support of community projects i.e. promotional competition and Sponsorship of awareness campaigns. Only 33.3% of the firms have a formal CSR strategy, 56.7% had informal while 10% had no CSR strategies. From his findings, the firms were required to rate the reasons why they engage in Corporate Social responsibility. Out of the 49 responses, 37% felt that they owe the society something and CSR was a way or redistributing their profits, 10% said CSR is a way of advertisement, 7% said that it was in line with meeting government legislation while 47% felt that it was one of the core value.

Korir (2006) studied Management Perception of Social Responsibilty at Kenya Revenue Authority. From his findings, he established that in general, managers at K.R.A agreed with most of the arguments in favour of Social Responsibility and disagreed with all arguments against it. 12 of the arguments in favour of Social Responsibility (86%) were perceived as important by managers. 64% of the arguments had perception indices ranging between 30 and 90.

CHAPTER FIVE:SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the findings of the study are summarized and discussed in relation to the study. Also in the chapter are the limitations, conclusion and recommendations to be used for policy and practice and suggestionss for further reserach in the area of Corporate Social responsibility.

5.2 Summary of Findings

The study sought to answer one question. It sought to estabish the management perception of Corporate Social Responsibility at Kenya Power and Lighting Company. Corporate Social Responsibility is a corporate strategy that Kenya Power has put in place and how it is reflected and practised in the organization and in its strategic plan.

The findings of this research have brought to the fore front several issues pertaining the practise of Corporate Social Responsibiliy. From the findings, to a large extent, most of the respondents are in favour of the statements that support CSR . The greatest duty for management is to maximize the CSR acivities in the different sections as it enhances continuity and sustainability of the business. The company should therefore increase the activities of Corprate Social Responsibility for the benefit of both the oganization and the community at large. Kenya Power should also put more empahsis in CSR activities like Social amenties and benefit to employees. Although the comapny engages in them, most employees are not aware about them and this is from the findings that only 9 employees which represents 16%, were aware of CSR activities in relation to social amenties and 5 employees which represents 10% ,are aware about benefit to employees.

In regard to management perception, it was established that to a large extent, most of the managers are in support of CSR. It was also evident that the company participates in social activities and that there are plans to continue to the other parts of the country where it is required with the support of the Board of Directors who approve policies related to CSR in the organization. From the findings also, it’s evident that CSR is of value. There is therefore, the need to keep communicating and where possible involve all employees in CSR activities. Allocate employees time to carry out CSR activities of their choice which will be more memorable to employees due to their involvement levels and to continue to publicize Kenya Power’s involvement in CSR activities to stakeholders. Also, explore having a Kenya Power Foundation for more impact. From the study, its also evident that the company has CSR as a policy in its strategic plan.

5.3 Conclusion

Under the ethical perspective, the study sought to find out whether Kenya Power acts ethically in its operations. From the findings of the study, it was established that the company acts ethically in its operations. All the responses had a mean of above 3.9 and a perception index of above 0.17. This is a positive perception and to a very large extent, managers are of the view that the company acts in an ethical manner. From the study, 87.5% of the managers are of the view that responsible corporate behavior by Kenya power is in the best interest of its shareholders. The mean of means for this perspective is 4.13.

In regard to philanthropic, the study sought to establish whether Kenya Power engages in philanthropic CSR activities. The findings from the study show that the company engages in activities like health campaigns (97.9%), conservation of the environment i.e. planting of trees, campaigns on drugs and substance abuse (89.8%), philanthropic giving increases competitive advantage of the company (91.8%). To a large extent, most of the managers are in agreement with all the descriptive statements which show a positive perception. The mean of means is above 4.10 across all.

Under the legal perspective, the study sought to establish from the managers whether the company complies with the various legislations in regard to its operations which include Acts of Parliament. From the findings, it was established that 97.9% of the repondents were of the view that Kenya Power promptly pays the required taxes by Law. To a very large extent, most managers are of the view tht the comany operates in a legal manner that r required. The perception index is above o.84 across all and the mean of means is 4.18. This shows a positive perception.

Under economic, the study sought to find out the view of the managers in respect to the economic impact of engaging in CSR activities. It also sought the view from the managers on whether engaging in CSR activities affects shareholder value, whether it improves the profitability of the company. The study also sought responses in regard to the pricing of the company services and profits made from the customers point of view. From the study, to a large extent, 79.6% of the managers are of the view that the profits that are generated by Kenya Power are fair and acceptable by the society. 59.2 % of the respondents were of the view that the operating efficiency of Kenya Power has affected the CSR expenditure. This means that the perception is moderate in this regard. The mean of means is 3.90.

The findings of this study agree with other previous studies that have been done on Corporate Social Responsibility. For example the findings by Korir (2006) established that in general, managers at Kenya revenue authority had a positive percepton towards Social Responsibility and that 100% of the arguments against Social Responsibility were perceived as unimportant. and Ominde (2006) on the other hand in her findings, it was evident that 89% of companies have their corporate strategic plans include Corporate Social Responsibility and that 89 % of the companies have a formal strategic plan in place. Only 11% of the companies had informal.

5.4 Recommendations for Policy and Practice

From the findings of the study conducted, recommendations will be done that will inturn form the basis and inform policy development on corporate social responsibility as a key strategic orientation in the organization. From the economic perspective, the highest perception index obtained was 0.84 and a mean of 4.18. This translates to 89.8% of the respondents who were of the view that CSR is about achieving long term results, sustainability and business continuity. 5 out of the 49 respondents were indifferent and the remaining agreed. And none of the resondents disagreed. From this finding, Kenya Power should continue engaging in CSR acivities as it achieves long term results.

From the legal perspective, the statement, the highest perception index obtained was 0.85 and a mean of 4.24. This translates to 97.9% of the respondents agreeing in favour of the fact that Kenya Power promptly pays the required taxes by law. Only 1 respondent out of 49 was indifferent and none of them disagreed with the descriptive statement. From the findings, Kenya Power carries out its operations within the legal framework. From the ethical perspective, the highest perception index attained was 0.85 and a mean of 4.24, which means that to a large extent the managers are of the view that Kenya Power is an equal opportunity employer. 100% of the respondents agreed with the statement. Good corporate governance by Kenya Power enables it to achive its goals and objectives for the benefit of all astakeholders also attained a perception index of 0.85 and a mean of 4.24. Only 2 respondents out of 49 awere indifferent while the rest agreed.

Lastly from the philanthrophic perspective, engaging in Corporate Social Responsibility enhances the image the company. This descriptive statement achieved a perception index of 0.88 and a mean of 4.43. which is the highest in all the statements under this perspective. 88% of the respondents which represents 58 out of the respondents were of ths view. Only 1 respondent was indifferent. This is a positive perception and to a very large extent, the managers are of the view that the company enhaces its image by engaging in CSR activities.

5.5 Limitations of the Study

Limitations of this study were categorized under conceptual, contextual amd methodological. The concept of Corporate Social Responsibility is wide and the study only focussed on the management perception of Corpotate Social Responsibility at Kenya Power and Lighting Company . The concept is wide and it was not possible to thoroughly cover everything.

Another limitation to the study is contextual. The study was done in the context of Kenya Power and Lighting Company. The responses achieved only represent the management views of 49 managers only out of 413 companywide. This sample is not representative and may not be generalised to all managers at the company. The responses of the managers are their personal views and will differ from one manager to another should the study have been conducted. The study was also done in only one of the companies that fall under the Ministry of Energy.

The last limitation is methodological. This means the methods that were used to collect and analyse data may have been outdated. There exists other high level statistical methods of data analysis that could have provided the outcome in a different way. The non response of 4 managers which could have given more insights were ommitted. Other descriptive statistical tools of measurement could have been used apart from the use of percentages and frequencies to analyse data. The representation of respondents does not give an overall result of the management perception country wide. This is because if the study was conducted in the whole organization, the findings could have been different.

5. 6 Suggestions for Further Research

From the conceptual limitation realised, the study could have been conducted on other aspects of Corporate Social Responsibility. Other aspects that could be studied in the future in the same field include stakeholder perception of Corporate Social Responsibility, the relationship between Corporate Social Responsibility and profitability and the link between CSR and strategy.

In regard to contextual limitation , the study can in future can be done on the Management Perception of Corporate Social Responsibility in other parastatals that fall under the Ministry of energy like Kenya Pipeline Company, Rural Electrification Authority, Kenya Transmission Company and Geothermal Development Company. The findings of these studies compared to this one could bring to the fore areas that need urgent atention nd priority be placed on them as a matter of policy. The organizations can also learn from one another on how strategic planning on CSR is done and improve on their current plans.

Methodological limitations that were faced during the study can be improved by adopting the use of other high level statistical methods of data analysis that could have provided the outcome in a different way other than the use of percentages and frequencies. For example the use of bar graphs and bar charts to present the findings. If 100% response rate could have been achieved, the results could have been slightly different. This , in future should be that target that should be achieved. The study can also be carried out in the entire company so that the views of all the managers at the diferent levels to be capture and this will give a much higher reponse rate.

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APPENDICES

Appendix I: Letter of Introduction (Self)

Dear Respondent,

TO WHOM IT MAY CONCERN

I am a post graduate student undertaking a Master in Business Administration Degree at University of Nairobi, school of Business. I am carrying out a research on management perception of Corporate Social Responsibility at Kenya Power and Lighting Company. This is a requirement to complete my MBA course at the University.

Your institution has been selected to form part of this study. This letter therefore is to request you to aid me by filling in the questionnaire which will be collected. The information will be strictly for academic use only.

A copy of this project will be made available to you upon request.

Yours faithfully,

Tabitha Bosibori Omwenga

REG NO: D61/61965/2010

Appendix II:Letter of Authority

Appendix III: Questionnaire

Kindly answer to the following questions as honestly as possible by ticking where appropriate. The information will be used strictly for academic purposes only.

Section A:

1. What is your gender?

   Male ( ) Female ( )

2. What is your age bracket?

   30-35 yrs ( ) 35-40yrs ( ) 40-45 yrs ( ) 45-50yrs ( ) 50-55 yrs ( )

3. Please indicate the number of years of work experience:

   Less than 1 yr ( ) 2-3 yrs ( ) 4-6 yrs ( ) 7 – 9 yrs ( ) Over 10 yrs ( )

4. What is your management level?

   Standard ( )

   Senior standard ( )

   Executive ( )

Section B:

1. Are you aware of Kenya Power's engagement in CSR activities?

   Yes ( ) No ( )

2. If yes in question 1. above, in which areas has the company engaged in CSR activities (Tick)

(i)	Health and safety	( )
(ii)	Environment	( )
(iii)	Sports	( )
(iv)	Social amenities	( )
(v)	Benefits to employees	( )

3. To what extent is the engagement in CSR activities part of Kenya Power's strategic agenda?

(i)	Not at all	( )	(iv) Large extent	( )
(ii)	Less extent	( )	(v) Very large extent	( )
(iii)	Moderate extent	( )		

4. To what extent should Kenya Power engage in CSR activities?

(i)	Not at all	( )	(iv) Large extent	( )
(ii)	Less extent	( )	(v) Very large extent	( )
(iii)	Moderate extent	( )		

Section C:

Please indicate the level of agreement with the following statements with regard to Corporate Social Responsibility (CSR) at KPLC.

1. Strongly Disagree

2. Disagree

3. Indifferent/neutral

4. Agree

5. Strongly Agree

Corporate Social Responsibility Aspects	1	2	3	4	5
1. Engaging in CSR activities at Kenya Power enhances the company's image.					
2. Engaging in CSR enhances Kenya Power's financial returns.					
3. Philanthropic giving increases competitive advantage of Kenya Power.					
4. Engaging in Health and safety activities improves public perception of Kenya Power.					
5. Environmental interventions by Kenya Power should be enhanced and continued					
6. Employees participate fully in CSR activities of the company.					
7. Participation by Kenya Power in disaster situations in Kenya should continue.					
8. Efficiency of services is not the only thing that the society expects from Kenya Power.					
9. Increased CSR activities affect shareholders value.					
10. Continuous involvement in CSR will improve the profitability of Kenya Power.					

Corporate Social Responsibility Aspects	1	2	3	4	5
11. Responsible corporate behavior by Kenya Power is in the best interest of shareholders.					
12. Efficiency of service delivery is not the only thing society expects from Kenya Power.					
13. CSR is about achieving long term results, sustainability and business continuity.					
14. Kenya Power’ financial support of Western Stima Football Club has strengthened its public image.					
15. Good corporate governance by Kenya Power enables the company achieve its goals and objectives for the benefit of all stakeholders.					
16. CSR activities in Kenya Power have also been used as marketing tools thus reaching it consumers.					
17. Disclosures of CSR activities in the annual reports and financial statements of Kenya Power’s have increased the company’s reputation.					
18. Operating efficiency of Kenya Power has been affected the CSR expenditure.					
19. Kenya Power acts ethically and in a social responsible manner in all its CSR activities.					
20. The intention to establish Kenya Power Foundation will aid in promoting CSR and thus financial performance of the company.					

Corporate Social Responsibility Aspects	1	2	3	4	5
21. Disability mainstreaming has strenghtened the perception of Kenya Power among employees and the public.					
22. Improved working environment significantly changes the image of Kenya Power.					
23. Clean Development Mechanism (CDM) project concerned with clean and green energy has enhanced the value of Kenya Power.					
24. Drug and substance abuse campaign as a CSR activity among Kenya Power staff and the general public is worthwhile.					
25. Education initiatives in marginalised communities by Kenya Power should continue.					
26. Distribution of electricity should be the only CSR activity to be carried out by Kenya Power.					
27. The pricing regime of Kenya Power reflects the economic situation and is affordable by the consumers.					
28. The profits generated by Kenya Power are fair and acceptable by the society.					
29. Kenya Power is an equal opportunity employer.					
30. Kenya Power promptly pays the required taxes by Law.					
31. Kenya Powers environmental activities are in compliance with the Environmental Management and Co-ordination Act.					

Corporate Social Responsibility Aspects	1	2	3	4	5
32. Kenya Power carries out its operations within the relevant laws and regulations.					
33. Kenya Powers Procurement procedures are compliant with the requirements of the Public Procurement Act.					
34. Participation in CSR by Kenya Power encourages good citizenship with the community.					
35. CSR activities by Kenya Power are a mere Public Relations Exercise.					

THANKYOU