CORRELATION BETWEEN CORPORATE SOCIAL RESPONSIBILITY (CSR) AND CUSTOMER LOYALTY IN THE KENYAN BANKING INDUSTRY: A CASE STUDY OF THE STANDARD CHARTERED NAIROBI MARATHON

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ABSTRACT

Corporate social responsibility in the modern economy and in the management literature has been one of the most notable global trends over the last 20 years. Because of increasing competition and public concerns for the natural environment, for the respect of human rights, for the ethical aspects of business and for other social issues, firms have multiplied their efforts to deal with their responsibilities to society. As markets become more competitive, many companies recognize the importance of retaining current customers and some have initiated a variety of activities to improve customer loyalty.

The main objective of the study was to examine the correlation between Corporate Social Responsibility (CSR) and customer loyalty in the Kenyan banking industry. This research is a case study of Standard Chartered Nairobi Marathon and targeted four public relations officers and 389 customers at Standard Chartered Bank. Data was collected using questionnaires and analyzed using descriptive and inferential statistics.

The study established that corporate social responsibility influences customer loyalty in the Kenyan banking industry and contributes to both attitudinal loyalty and behavioral loyalty of customers. The attitudinal loyalty is manifest in the increased level of satisfaction with services provided by the bank, enhanced customers' preference for products and services provided by the bank, increased number of times customers talk about their experience with the bank, customers' willingness to recommend products and services of their bank to friends and relatives.

The behavioral loyalty of customers as a result of CSR is evident in the willingness of consumers to continue banking with the same bank, the increased frequency of purchase of products from the bank, the willingness to increase the frequency of purchase of products/services from the same bank in the future, the enhanced likelihood to continue purchasing a variety of products/services from the bank and enhanced reluctance of customers to shift to other banks. The study established challenges to
and recommends measures to improve corporate social responsibility in the Kenyan banking industry.

Recommendations for policy consideration:

- Creation of awareness among stakeholders on the role of CSR in enhancing corporate image and enhanced customer loyalty.

- Continuous development of policies or guidelines that outline the expectations in regards to social responsibility.

- Creation of an efficient feedback programme to collect views from customers on how best CSR projects can be implemented.

- Empowerment of employees to take part in decision making processes for policies governing CSR.

The study recommends further research on appropriate strategic management approaches towards implementation of corporate social responsibility policies. The study should seek to discover the management strategies that will help in achieving greater customer loyalty through corporate social responsibility.