CORPORATE SOCIAL RESPONSIBILITY AND BRAND IMAGE IN BANKING INDUSTRY; A CASE OF KENYA COMMERCIAL BANK LTD

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

OCTOBER 2013

DECLARATION

This research project is my original work and has not been presented for examination in any other university.

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This research project has been submitted for examination with my approval as a university supervisor.

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ACKNOWLEDGEMENT

First, my gratitude goes to our Almighty God for His mercies and grace that have enabled me to come this far.

I wish to acknowledge and gratefully thank the following, To Caren Angima, my supervisor, for her valuable guidance, support and dedication throughout the period of study.

DEDICATION

This work is dedicated to my dear parents and family members for their support and encouragement, and to the Almighty God with whom I would not have come this far.

ABSTRACT

Corporate social responsibility is a concept born of the premise that both for profit and not for profit organizations have various stakeholders whose different interests are affected one way or the other by an organization's goals, operations or the behavior of its members. Corporate Social Responsibility in the banking sector is becoming a well-established notion in the service industry and financial institutions are coming round to the idea that there is more to invest than just to focus on the figures. This study was carried out to determine the role played by CSR in brand image in Kenya Commercial Bank. To KCB, the findings of the study will be important to the bank's senior management as well as its middle level management in their day to day decision making and enable managers of corporate companies to gain a better understanding of the role of CSR in brand management. Interview guides were the primary method of data collection. The data collected was first coded, followed by data entry and analysis. Content analysis was used to make numerical comparisons among and within the collected information. Findings revealed that engaging in CSR not only fulfils the duty of providing for the needy in our societies but also promotes the image of a company. The study findings also revealed that engaging in CSR is not only beneficial to KCB' s stakeholders in terms of improvements in levels of education, better health, conservation of the environment entrepreneurship opportunities and aid to avert natural calamities but also to the Bank with regards to brand loyalty which translates to new business and the retention of existing business. Such an issue can be addressed as matter of policy through publicizing of CSR activities and establishment of critical linkages and relations with the media as well as increased community involvement in CSR activities. CSR is not about free goodies. It is an effort by organizations to deploy their resources in a way that helps the organizations build a mutually productive and sustainable business relationship between them and the communities with which they do business. If well implemented, CSR is a win-win initiative for both the organization and the CSR beneficiaries. This information can be utilized by KCB as a means of creating new interventions as a matter of policy in such areas.

TABLE OF CONTENTS

DECLARATION ..... **ii**

ACKNOWLEDGEMENT ..... **iii**

DEDICATION ..... **iv**

ABSTRACT ..... **v**

TABLE OF CONTENTS ..... **vi**

LIST OF TABLES ..... **ix**

TABLE OF FIGURES ..... **x**

ABBREVIATIONS/ ACRONYMS ..... **xi**

CHAPTER ONE: INTRODUCTION **1**

1.1. Background 1

1.1.1. Corporate Social Responsibility 2

1.1.2. Brand Image 3

1.1.3. Corporate Social Responsibility and Brand Image 4

1.1.4. The Banking Sector in Kenya 5

1.1.5. Kenya Commercial Bank Limited 6

1.2. Research problem 8

1.3. Research objective 9

1.4. Value of study 10

CHAPTER TWO: LITERATURE REVEIW **11**

2.1 Introduction 11

2.2 Theoretical Foundation 11

2.2.1 Stakeholder Theory 13

2.2.2 The Triple Bottom Line: 14

2.3 Principles of corporate social responsibility 15

2.4 Drivers of Corporate Social Responsibility 16

2.5 Brand Image 18

CHAPTER THREE: RESEARCH METHODOLOGY 20

3.1. Introduction 20

3.2. Research Design 20

3.3. Data Collection Methods 20

3.4. Data analysis 21

CHAPTER FOUR:DATA ANALYSIS, FINDINGS AND DISCUSSION 22

4.1 Introduction 22

4.1.1 Response Rate 22

4.1.2 Gender 23

4.1.3 Age 23

4.1.4 Education Level 24

4.3 Views on Corporate Social Responsibility and Brand Image 24

4.4 CSR activities respondents participate 25

4.5 Customer's Image of KCB 26

4.6 Suggestions of CSR activities for KCB 28

4.7 Views on CSR with respect to strong Brand Image 29

CHAPTER FIVE:SUMMARY, CONCLUSIONS AND RECOMMENDATIONS. 32

5.1 Introduction 32

5.2 Summary of the Findings 32

5.3 Conclusion of the study 34

5.4 Recommendation of the study 34

5.5 Limitations of the study 35

5.6 Suggestions for further studies 35

REFERENCES 37

APPENDICES 44

Appendix 1: Letter of Introduction 44

Appendix 2: Interview Guide 45

Appendix 3: KCB Branches in Nairobi 46

LIST OF TABLES

Table 4.1 Response Rate 22

Table 4.2: Gender 23

Table 4.3: Age 23

Table 4.4: Education Level 24

Table 3.4: Population 46

TABLE OF FIGURES

Table 4.1 Response Rate 22

Table 4.2: Gender 23

Table 4.3: Age 23

Table 4.4: Education Level 24

Table 3.4: Population 46

ABBREVIATIONS/ ACRONYMS

CS:	Corporate Sustainability
CSR:	Corporate social responsibility
EABL:	East African Breweries
KCB:	Kenya Commercial Bank
TBL:	Triple bottom line

CHAPTER ONE:

INTRODUCTION

1.1. Background

Corporate social responsibility is a concept born of the premise that both for profit and not for profit organizations have various stakeholders whose different interests are affected one way or the other by an organization's goals, operations or the behavior of its members. The community in which the organization operates will be interested in employment opportunities, increased economic activity, improved development and good environmental management. Friedman (1970) asserts that engaging in CSR is symptomatic of an agency problem or a conflict between the interests of managers and shareholders. He argues that managers use CSR as a means to further their own social, political, or career agendas, at the expense of shareholders. According to this view, resources devoted to CSR would be more wisely spent, from a social perspective, on increasing firm efficiency.

Corporate Social Responsibility in the banking sector is becoming a well-established notion in the service industry and financial institutions are coming round to the idea that there is more to invest than just to focus on the figures. Many organizations in Kenya such as the Kenya Commercial Bank (KCB), Safaricom Limited and the East African Breweries (EABL) have formed foundations to help them implement their respective CSR programs. Not all organizations may have the resources to set up foundations and in any case, successful CSR programs essentially have to have community implementing

partners. This growing trend on banks and other corporate organization elicits questions on why these organizations are spending so much money on CSRs and how the company's image is influenced by the banks participation in the CSR activities. The CSR has emerged in recent years as both an important academic construct and a pressing corporate agenda item, it manifests itself in large companies not as a uniform concept but as a variety of conceptions and thus it is significant for KCB to carry out this study to identify the significance of the CSRs.

1.1.1. Corporate Social Responsibility

(Ruggie, 2002) denotes that CSR is a strategy for demonstrating good faith, social legitimacy, and a commitment that goes beyond the financial bottom line. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government. CSR is viewed, then, as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision-making processes throughout the company and usually include issues related to business ethics, community investment, environmental concerns, governance, human rights, the marketplace as well as the workplace.

The understanding of CSR gives a better reflection on the roles of private sectors in connection to community service. Donald and Abagail, (2001) emphasizes that corporate social responsibilities are the actions that appear to further some social good, beyond the interests of the firm and that which is required by law. These perceived benefits are as a result of using CSR to create competitive advantage and hence making CSR a tool for positioning the companies. Kortler and Zaltman, 2005), in a detailed discussion stated that CSR engagements could help companies increase sales and market share, strengthen

brand positioning, improve corporate image, attract, motivate and retain employees, reduce operating costs and enhance appeal to investors and financial analysts.

1.1.2. Brand Image

Ghodeswar (2008) defines brand as a distinguishing name and/or symbol (such as logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. A strong, believable and easily recognizable brand is all the difference between attracting positive attention or none at all. Corporations have learnt that it is important to be understood and appreciated, not just by investors, customers, suppliers and employees but also by opinion formers, activist groups and the general public (Interbrand, 2004). The brand of an organization is what holds the reputation that is paramount, and companies that are known for the quality of their products and services, their integrity and the transparency of their actions are the ones best placed to sustain a competitive advantage.

Brand image is the perception in the mind of the customers about the brand and its associations. Many organizations have come to the realization that successful brand management nowadays is a complex task and it requires skills and the ability to do market-research on companies, advertising agencies and to liaise with the community for corporate social responsibilities. The brand managers certainly need to be familiar with all these fields, but they also need to understand how a brand can be managed for the benefit of shareholders a concept called brand positioning. Positioning the brand according to Aaker (1996) is related with creating the perception of a brand in the customer's mind and of achieving differentiation that it stands apart from competitors'

brands/offerings and that it meets the consumer's needs/expectations. Brand marketer's major objective should be to create the desired perception in the target consumer's mind.

1.1.3. Corporate Social Responsibility and Brand Image

Dutton (1994) posits that companies and banks have found out that one component of customer's motivation to engage in relationships with companies is to help companies provide to consumers in order to satisfy one or more key self-definitional needs through identification. The relationship between a brands concept and its image must be managed throughout the life of the brand and therefore (Park, Jaworski and Maclnnis, 1986) formulated the three basic brand management concepts including introduction, elaboration and fortification.

Most commercial banks in Kenya have adopted a number of best practices when trying to create differentiation in brand recognition through corporate social responsibilities which include focusing on strengths, developing a strong marketing campaign, a unique logo and brand and a unique image in order to have a sustainable competitive advantage. There is a positive and significant association between a bank's CSR score and its financial size and quality. Furthermore, noticeable significant changes regarding their relative position with respect to CSR performance it is an increasingly important issue in the international banking industry.

CSR, therefore, is not about free gifts and voluntary work. It is a strategy by organizations to deploy their resources in a way that helps the organizations build its brand image, brand position and company reputation through a mutually productive and

sustainable business relationship with its community members. If well implemented, CSR is a win-win initiative for both the organization and the CSR beneficiaries.

1.1.4. The Banking Sector in Kenya

Banks act as financial intermediaries in our society, they price and value financial assets, they monitor borrowers, they manage financial risks and they organize the payment system Greenbaum and Thakor (2007). By performing these functions, banks have a huge impact on the society. They usually require firms and households to adopt certain behavior in order to increase the chances that these lenders will pay interest and amortizations.

The banking industry in Kenya is well established with a myriad of commercial banks which are categorized as large, medium and small banks. Competition is very high between these banks and also the demand for banking services is also increasing with the gradual increase in economic growth. There is need to enhance value delivery for the clients to stay competitive in the industry. Banks tend to increase branches in the country to beat competition but the new trend is to improve service delivery and harness technology to serve customers better hence increased revenue (Koivu, 2002).

The banking industry uses the brand to create a Ballantyne *et al* (2006), defines brand image as the consumers' perception about the brand. As such, it will guide a future development of a possible bound between consumers and organizations that have its highest expression through consumer loyalty, and the willingness of the consumer in paying a premium price. Positive CSR behaviors can facilitate brand building. CSR help brands to increase the public awareness in society and also enhance its uniqueness as

customers usually prefer to purchase the products produced by companies with high social responsibility (Maneet, 2011).

According to Cafaro (2001) cooperative banks, from inception in the 19th century, have been seen as innovative and revolutionary enterprises capable for resolving economic and social problems, even in the face of market failure. They have embedded as they were within local areas and communities as a result creating strong relationships amongst their members based on trust and reciprocity and significantly increasing banking access to small and medium enterprises (SMEs), farmers and low income households, fostering local economic and social development (Bongini, 2007).

1.1.5. Kenya Commercial Bank Limited

Kenya Commercial Bank's vision and mission is to drive efficiency in the growing market share and to be the preferred financial solutions provider in Kenya and Africa at large. The history of Kenya Commercial Bank dates back to 1896 when it started its operations on the island of Zanzibar as the National Bank of India. A year later, the Bank opened a branch in Kenya, on Mombasa Island, later growing to become one of Kenya's and East Africa's largest commercial banks. In the year 2009 the Bank reported a KES 6.3 billion pretax profit from KES 6.0 billion in 2008 (KCB Annual Report, 2011).

Currently, KCB Limited group is the largest financial services group in East Africa, with an asset base of over Kshs 2.12 trillion. The group has a wide network of banking outlets covering Kenya, Uganda, Rwanda, Southern Sudan, Tanzania and Burundi backed by over 276 automated teller machine outlets. The bank has a wide network of

correspondent relationships totaling to over 200 branches across the globe for a seamless facilitation of their international trade requirements (KCB Annual Report, 2009).

KCB is engaged in the business of banking and provides a wide array of financial services through its wide and extensive branch network and subsidiary companies. The current product range involves Retail Banking, Corporate Banking, Treasury, Mortgage Finance and Asset Based Finance. As a regional bank, it is committed to working with other stake holders to boost the region's capacity to conduct trade among members. This was realized by providing an improved information technology platform that facilitates online real-time one-branch banking, fast transmission of payments and easy access to funds wherever their customers may be in the region.

KCB's ultimate dream is to be a Pan- African bank, supporting growth and development for a majority of people in Africa, this sentiments are supported by the social performance indicator total expenditure committed to KCB's community investment focused on health, education, environment, welfare, entrepreneurship, sports and sanitation. Omega (2012) summarizes the culture of Kenya Commercial Bank employees' best in its five core values. These values defines behavior by the employees of the bank and they include: putting the customer first, working as a team, being professional in everything you do, a willingness to change and caring for the community. However, the philanthropic approach might be the root of Corporate Sustainability (CS) in the bank.

Through its foundation, the bank has adopted different approaches to indulge in corporate social responsibility by clearly showing that CSR is a new and distinct phenomenon. The

bank is involved in a number of activities through its KCB foundation. The KCB Foundation is a charitable organization set up in 2007 to facilitate corporate social responsibility initiatives for the KCB Group. The Foundation supports community programs in the markets where the bank operates in Kenya, Uganda, Southern Sudan, Tanzania and Rwanda. This support is driven by a strong belief that thriving communities businesses, underpinned by focus on economic, social and environmental sustainability (KCB Report, 2011). The Foundation supports the community in the following areas; environment, education, enterprise development, health, and humanitarian Intervention.

1.2. Research problem

KCB uses the brand of a lion to create and communicate their identity in building their image in the consumers' perspective. A lion is the King of the jungle and a member of the big five. Hence KCB is recognized as a leading big and caring bank. In 2007, KCB strengthened its ability to effectively support the communities by launching the KCB Foundation, a charitable trust with the mandate to carry out the Bank's community support initiatives. On a certain extent, the strength of brand image perceived from the customers sometimes depends on how much information the customers accept and remember (Keller, 1993). According to KCB, (2013) the main function of foundation would be a key tool for the bank in addressing economic, social and environmental sustainability issues.

The KCB foundation according to the bank report (2010), invested significantly in corporate social responsibility activities over the past three years mainly in education (KShs10 m), reforestation (KShs15 m) and sports (KShs45 m). This figures have grown from kshs 60 million to over 80 million (44%) in KCB Foundation social investment

between 2008 and 2009. The ardent contribution to the CSR activities raises pertinent issues on the role of CSR in the creation and enhancement of the banks brand image

Various studies have been conducted in the area of CSR and how companies need to do more in the society. Makau (2006) found out that customers are more loyal to companies that engage in CSR while a study by Korir (2006) found out that management at Kenya Revenue Authority perceived CSR as important for companies because the company operations affect the society through its activities. Awuor (2010) in her study 'CSR and sustainability at Kenya Commercial Bank' has determined CSR practices and the motivation behind CSR at KCB which she stresses can be used to develop a CSR strategy to be used. She continues to argue that CSR is a road map that allows a firm to be successful by using its resources to meet market needs. However she did not link CSR to brand image. Lastly Kirva (2011) conducted a survey of CSR and Business strategy at Equity Bank Kenya.

It is evident from the foregoing Literature that previous studies at least in Kenya, have not explored the role of CSR on Brand image in KCB. In addition the above studies that were done in different contexts do not clearly assess the role CSR performs in an organization and may need to be replicated. Therefore, it is not in dispute that there exists a knowledge gap which this study intends to address by answering the question: What is the role of CSR in brand image in Kenya Commercial Bank?

1.3. Research objective

The objective of this study is to determine the role played by CSR in brand image in Kenya Commercial Bank.

1.4. Value of study

The findings of this study will contribute to practice especially in companies that endeavor to be responsible corporate citizens. The study will enable managers of corporate to gain a better understanding of the role of CSR in Brand management. To KCB, the findings of the study will be important to the bank's senior management as well as its middle level management including KCB Bank Foundation management in their day to day decision making.

The knowledge provided will be available to students and researchers for referencing and further research. This is so because among other things this study will seek to know the role of CSR in brand image and why the bank uses so much resource in the CSR activities.

Most importantly it will contribute to policy formulation in the banking sector related to participation of the bank in the CSR. That will provide an effective guide on whether CSR has a role in brand image.

CHAPTER TWO:

LITERATURE REVEIW

2.1 Introduction

In the recent past many banks have turned to social and environmental costs as a driver to build corporate reputation and brand image. This social sustainability approach is perceived to be a new marketing approach that many companies have opted to adopt. This section reviews literature by previous scholars and authors on the topic of study. Theoretical Foundation of the study, Principles of corporate social responsibility, Drivers of Corporate Social Responsibility, Brand Image and Conceptual frameworks

2.2 Theoretical Foundation

CSR can make a contribution to brand image of companies (Middlemiss, 2003). To set themselves apart from other companies, they first have to be known in the market. Customers are increasingly demanding companies to be socially responsible. This demand has even created a whole new segment of customers, who are looking for specific types of products or services. CSR has been considered as the part of Western business ethics where most of the large business organizations originated. Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (Holme & Watts, 2000).

Dahlsrud (2008) explained the five key dimensions that the CSR definition should include, and they are very important to improve the plan to serve the needs of societies.

The environmental dimension relates to how the corporation sustains or promotes respect for the natural environment. Closely tied to this dimension is the social dimension, which explains the relationship between business and society. The economic dimension deals with the socio-economic or financial aspects of the business, including describing CSR in its operational terms. While these basics require businesses to continually generate profits, the stakeholders' dimension also requires businesses to serve the needs of their communities, and CSR is precisely the principle under which these needs are met. The last dimension of CSR, voluntariness, is related to the actions not prescribed by laws that firms undertake to promote volunteer service to the people and their communities.

After decades of lethargy, the corporate social responsibility concept has regained momentum with the growing expectations of both consumers and firms. This emerging panorama has not only produced a new socially responsible consumer, but it has also enhanced concern for social welfare comfort (Fernandez and Castello 2005). Such a relationship should be the target of any organization with CSR programs. For example such relationships include the KCB Tree Planting, Dettol Heart Run, Safaricom Marathon and the Rhino Charge where individual and corporate Kenyans as well as some foreigners book the activities in their diaries and set aside funds to participate.

According to the traditional view of the corporation, it exists primarily to make profits. From this money-centered perspective, insofar as business ethics are important, they apply to moral dilemmas arising as the struggle for profit proceeds. Broadly, there are three theoretical approaches to these new responsibilities:

2.2.1 Stakeholder Theory

Stakeholder theory, which has been described by Freeman (1984), is the mirror image of corporate social responsibility. Instead of starting with a business and looking out into the world to see what ethical obligations are there, stakeholder theory begins with the world. It lists and describes those individuals and groups who will be affected by (or affect) the company's actions. In a single sentence, stakeholder theory affirms that those whose lives are touched by a corporation hold a right and obligation to participate in directing it. The purpose of the firm, underneath this theory, is to maximize profit on a collective bottom line, with profit defined not as money but as human welfare (Burke and Logsdon, 1996).

Company managers are primarily charged not with representing the interests of shareholders (the owners of the company) but with the more social task of coordinating the interests of stakeholders, balancing them in the case of conflict and maximizing the sum of benefits over the medium and long term. Corporate directors, in other words, spend part of the day just as directors always have: explaining to board members and shareholders how it is that the current plans will boost profits (Carroll, 1999). They spend other parts of the day, however, talking with other stakeholders about their interests: they ask for input from local environmentalists about how pollution could be limited, they seek advice from consumers about how product safety could be improved and so on. At every turn, stakeholders are treated (to some extent) like shareholders, as people whose interests need to be served and whose voices carry the real force Clarkson (1998).

2.2.2 The Triple Bottom Line:

According to Epstein and Roy (2001) Tripple bottom line is a form of corporate social responsibility dictating that corporate leaders tabulate bottom-line results not only in economic terms (costs versus revenue) but also in terms of company effects in the social realm with respect to the environment. Triple bottom line (TBL) model expands the traditional reporting framework to take into account social and environmental performance in addition to financial performance. In 1981 Freer Spreckley first articulated the triple bottom line in a publication called *'Social Audit - A Management Tool for Co-operative Working*. Spreckley (1981) argued that enterprises should measure and report on social, environmental and financial performance.

Tripple bottom line advocates believe that social and environmental performance can be measured in fairly objective ways, and that firms should use these results in order to improve their social and environmental performance. Moreover, they should report these results as a matter of principle, and in using and reporting on these additional “bottom lines” firms can expect to do better by their financial bottom line in the long run (Elkington, 1998).The concept of Tripple Bottom Line demands that a company's responsibility lies with stakeholders rather than shareholders. In this case, stakeholders refer to anyone who is influenced either directly or indirectly by the actions of the firm. According to the stakeholder theory, the business entity should be used as a vehicle for coordinating stakeholder interests, instead of maximizing shareholder (owner) profit (Mowat, 2002).

2.3 Principles of corporate social responsibility

Corporate Social Responsibility (CSR) embraces a range of principles or ideas, ranging from: corporate governance, business ethics, and sustainable development through to human rights and environmental concerns. Business ethics are used as a guide in legal or religious compliance and in accomplishing profit maximization. It is merely one form of decision making Hartman (2002). Ethical businesses assess the moral implications of their actions, from product development to manufacturing to distribution, in order to stay competitive.

Business ethics is concerned with a compliance of internal regulations and government mandates. A company's ethical behavior is the mirror image of its culture, a shared set of values and guiding principles deeply ingrained throughout the organization (Paine, 1994), and the ethical behavior and culture become part of the definition of corporate identity. Social responsibility is a subset of sustainable development, for others it underlines and distinguishes the social dimensions of the impacts of business and other organizations, given that sustainable development has come to imply a focus on the environment (Brammer and Pavelin, 2004).

Corporate governance is the basis of accountability in companies, institutions and enterprises, balancing corporate economic and social goals on one hand with community and individual aspirations on the other. It has been argued by (Orllizky et al., 2003) that corporate governance is a new approach that has been adopted by most organizations to improve the corporate performance by holding an integrated stakeholder approach.

The key attributes that define a company's essential character and the contemporary turn to values reflect an evolution in what has sometimes been called the personality of the corporation or the corporation's identity (Paine, 2003). Corporate identity reflects what a company really is, rather than what a company might advocate. Many companies have established a corporate identity using branding, which has become a focal point of their success and competitive advantage Werther & Chandler (2006).

2.4 Drivers of Corporate Social Responsibility

CSR has two meanings. First, it's a general name for any theory of the corporation that emphasizes both the responsibility to make money and the responsibility to interact ethically with the surrounding community. Second, corporate social responsibility is also a specific conception of that responsibility to profit while playing a role in broader questions of community welfare. Bob (2002) argues that CSR is a specific theory of the way corporations interact with the surrounding community and the larger world. In this regards, CSR is composed of four obligations:

The economic responsibility to make money. Required by simple economics, this obligation is the business version of the human survival instinct. Companies that don't make profits are; in a modern market economy, doomed to perish. For the vast majority of operations, however, there have to be profits. Without them, there's no business and no business ethics. These views were also supported by (Brammer and Pavellin, 2004)

The legal responsibility to adhere to rules and regulations. Like the previous, this responsibility is not controversial. What proponents of CSR argue, however, is that this obligation must be understood as a proactive duty. That is, laws aren't boundaries that

enterprises skirt and cross over if the penalty is low; instead, responsible organizations accept the rules as a social good and make good faith efforts to obey not just the letter but also the spirit of the limits.

The ethical responsibility to do what's right even when not required by the letter or spirit of the law. This is the theory's keystone obligation, and it depends on a coherent corporate culture that views the business itself as a citizen in society, with the kind of obligations that citizenship normally entails (Bob, 2002).The philanthropic responsibility to contribute to society's projects even when they're independent of the particular business.

Sensitivity to local stakeholders is a factor according to Clarkson (1998), the CSR concept has been developed in and for medium sized companies. But even though SMEs are unlikely to see CSR in terms of risks to public reputation and brand image, they are often likely to follow sentiments closer to home such as employer motivation and retention, and community involvement. Virtually all firms in their sample regarded "local community involvement" as an important issue, and were engaged in social or environmental activities at the local level.

Sensitive to public perceptions, one of the most cited drivers of CSR is corporate reputation, or more specifically, the public perception of the firm or of the firm's products or services. This may include the perception of consumers (Bhattacharya & Sen 2004), of the firm's employees, potential employees and investors, creating a market for socially responsible investments. CSR-related activities may be part of such a strategy which demands considerable corporate resources. In other words, many SMEs seem to lack

resources, competences, and even the rationale, to utilize CSR as an instrument to fend off government regulations. Still, the literature in general describes businesses' perceptions of government as a threat to autonomy rather than as a source of inspiration

2.5 Brand Image

Businesses use the brand to create and communicate their identity and building their image in the consumers' perspective. The brand image of a successful brand is a valuable business asset because consumers identify more easily, products and services through the respective brands, than otherwise (Kamakura and Russell, 1993). Another important aspect of branding is that, they provide the basis for positioning and differentiation strategies. There are different points of view and different definitions of brand image. These differences reside at the abstract level in which the image is created in the consumer mind. Furthermore, there are also different theories for the construction of the brand image, others take in consideration associations related to the business (Biel, 1993), or the country of origin, or the user image (Aaker, 1996).

Initially it was Levy (1959) who conceptualized the concept of brand image. He suggests that products have social and psychological attributes and, as such, consumers develop emotional connections with the brands. Businesses across the globe continue to be driven towards more ethical and social practices. Porter and Kramer (2006) stress that a firm's CSR strategy is related to its core business. Normally a business is held responsible to its shareholders and the degree of success is monitored by the amount of dividends paid out at the year's end. With the increasing financial crisis, that has crippled many banks, there have been a few attempts at introducing other criteria for attracting and retaining

customers, as a way to earn sustainable revenues. Following this perspective, (Ballantyne *et al* 2006), define a brand image as the consumers' perception about the brand. As such, it will guide a future development of a possible bond between consumers and organizations that have its highest expression through consumer loyalty, and the willingness of the consumer into paying a premium price (Holbrook, 1993).

CSR has gained attention in multiple disciplines including marketing, management, strategy, and business ethics. A relatively broad definition of CSR is the company's status and activities with respect to its perceived societal obligation (Ballantyne et al., 2006). For the management of brands, firms need a strong understanding of what is driving brand images.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1. Introduction

This chapter describes the research design, data collection and the techniques for data analysis that were used.

3.2. Research Design

The research employed a descriptive case study design on KCB. This method gave an in-depth and comprehensive inquiry to determine how CSR has contributed to the brand image. The case study provided very focused and valuable insights to phenomena that may be vaguely known or understood.

The research design was descriptive case study survey of the role of CSR on brand image. According to Kothari (2004), a descriptive survey is a study that is concerned with specific predictions, with narration of facts and characteristics concerning an individual, a group or situation. The descriptive survey was the most appropriate because the objective of the study was to describe, explain and validate findings.

3.3. Data Collection Methods

This study focused on Nairobi customers, since it would have been time consuming and expensive to collect information from all parts of the country. The said respondents have a good measure of brand perception and the demographics vary. Primary data was collected from the 11 branches randomly picked from the total of 37 branches as tabulated in table (appendix 3). The study included both internal (employees of the bank

who use the service and products of the bank) and external customers (persons served by the bank).

A total of 110 respondents were picked from the 11 branches (10 customers each). This constituted:- Business account holder, cub account holder, teenager account holder, Biashara Club customer, corporate customer, asset based finance customer, Mtaani/agent banking customer, director, middle level manager and clerk. These respondents were proficient enough in providing the required data.

The primary data tool used to collect was an interview guide, composed of closed ended questions to the selected respondents. The interview guides are easy to administer and gather information without bias.

3.4. Data analysis

Data collected was first coded. This involved giving all statements numeric codes based on meaning for ease of data capturing. This was followed by data entry and analysis. Content analysis was used to make numerical comparisons among and within the collected information. It was especially useful in tabulating the results of multiple interviews; it often yields frequencies of response by category and coding unit. The analysis was critical in achieving the goal of highlighting useful information, suggesting conclusions, and supporting decision making.

The data collected was quantitative. The data was examined for completeness, comprehensibility, consistency and reliability. The perceived relationship between CSR and brand image will be analyzed using content analysis.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter consists of findings and discussion on the data gathered to address this study. Data was gathered by use of an interview guide. The results are presented based on the objectives of the study. This study sought to establish the role played by CSR with respect to brand image in Kenya Commercial Bank. The study focused on eliciting information from the customers of the KCB bank.

4.1.1 Response Rate

The purpose of this study was to establish the perceived relationship between CSR and brand image. The respondents were KCB customers Nairobi region. Out of a sample of 110 customers, 97 responded to the interview guide implying that there was an 88% response.

Table 4.1 Response Rate

Categories	**Frequency**	**Percentages**
Response	97	88%
Non Response	13	12%
Total	**110**	**100%**

.

4.1.2 Gender

Table 4.2 illustrates the gender of the respondents. Majority respondents were female (62%) and male (38%) who bank with KCB.

Table 4.2: Gender

	Frequency	Percentages
Female	60	62%
Male	37	38%
Total	97	100%

4.1.3 Age

Table 4.3 shows age of the respondents. Majority of the respondents (61%) ranged between 26-35 years with the least age group (7%) being between 19-25 years. Results also reveal that 22% of the respondents were of 36-45 years while 10% were above 45 years of age. The high number of youthful respondents implies that the banking sector customers are young and may be motivated to align themselves with a bank that is doing well in terms of CSR.

Table 4.3: Age

Age	Frequency	Percent
19-25	7	7%
26-35	59	61%
36-45	21	22%
above 45	10	10%
Total	97	100%

4.1.4 Education Level

Figure 4.4 illustrates the education level of the respondents. Majority of the respondents 54% had achieved a degree, while a 28% had attained masters while 19% had an O level qualification. These results indicate that the levels of education also determine access to banking products and services.

Table 4.4: Education Level

Education	Freq	Percentage
Degree	52	54%
Masters	27	28%
O level	18	19%
Total	97	100%

4.3 Views on Corporate Social Responsibility and Brand Image

This section presents views from respondents on their knowledge of corporate social responsibility with respect to brand image in KCB.

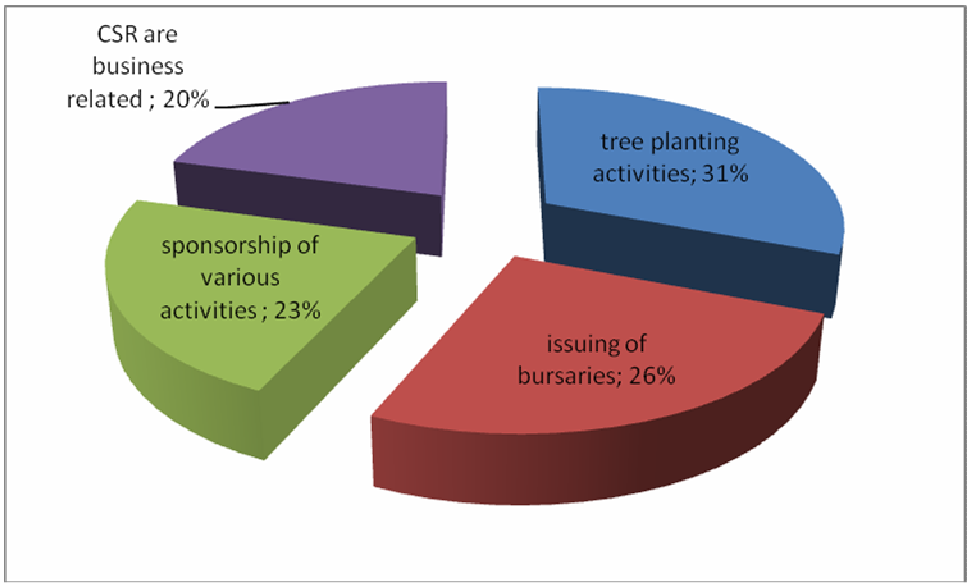

Figure 4.1: CSR activities

Figure 4.1 illustrates respondent's awareness on CSR. Respondents were aware of what CSR is and went ahead to give examples of some of the CSR activities. Thirty one percent (31%) stated tree planting activities, 26% issuing of bursaries, 23% said sponsorship of various activities such as sports, and 20 % said CSR are business related activities. These shows that quite a number of the respondents do understand what CSR is. The same is supported by Bob (2002) who argues that CSR is a specific theory of the way corporations interact with the surrounding community and the larger world.

4.4 CSR activities respondents participate

Views from respondents on knowledge of KCB's corporate social responsibilities, showed that respondents had an idea of what it is and went ahead to give examples such as mentoring, tree planting, charity to under privileged, educating the underprivileged and provision of water facilities to the marginalized areas of Kenya. These could be interpreted to mean that KCB is actively involved in CSR shown from the responses from

the respondents. CSR is a relatively new concept in Kenya but it was evident that majority of the respondents had a clue of what it was and they proved this through the examples they gave which in real sense were not far from the truth.

Figure 4.2 shows information gathered on the participation of respondents in any of KCB's CSR. Results indicated that all respondents have participated in the activities and went ahead to give examples such as tree planting (23%), supporting charity runs(31%), anti-jigger campaigns(17%) and 29% volunteer at children's home.

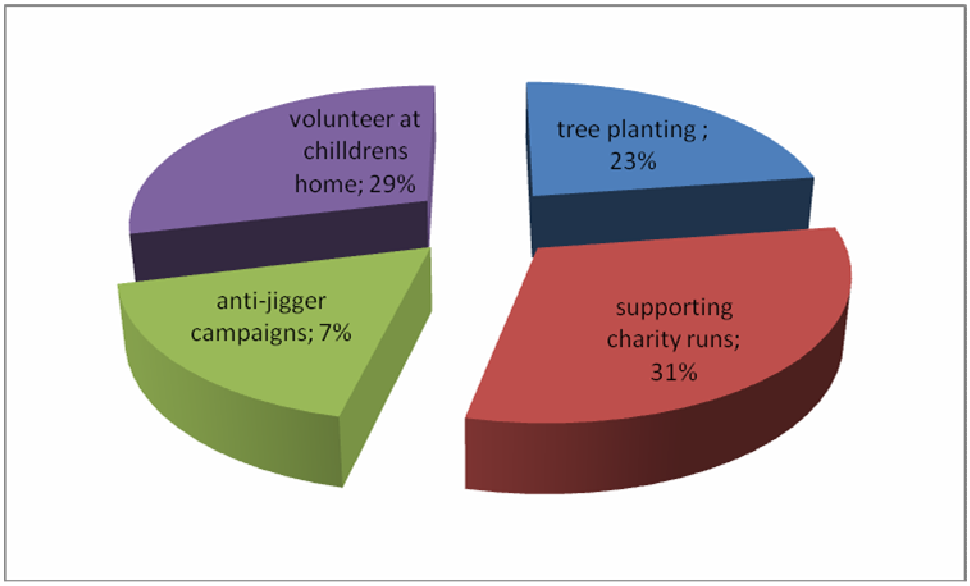

Figure 4.2: CSR activities respondents participate

4.5 Customer's Image of KCB

The study sought to find out what customer's image of KCB is. The results show that 16% of the respondents consider KCB an employer of choice, 24% said it was fast growing and profitable, 14% said it adds value to stakeholders and 20% of the respondents were of the opinion that KCB gives back to the community. The positive

responses highlighted KCB's strong brand image. On the question of KCBs image, majority of the respondents (26%) indicated that KCB can do better in terms of image.

Customer's image on KCB is supported by Aaker (1996) who relates it with creating the perception of a brand in the customer's mind and of achieving differentiation that it stands apart from competitors' brands/offerings and that it meets the consumer's needs/expectations. Brand marketer's major objective should be to create the desired perception in the target consumer's mind.

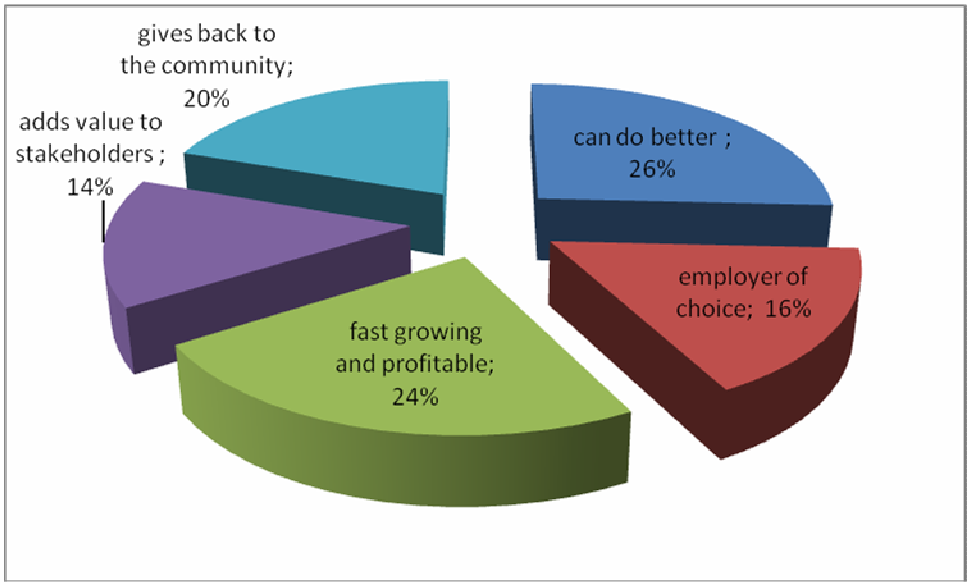

Figure 4.3: Customer's Image of KCB

Some of the responses that best explained these answer include;

The response that customers view KCB as fast growing and profitable bank. This conforms with Brammer and Pavellin (2004) who said that banks have economic responsibility to make money.

The response that customers view KCB as employer of choice is supported by Clarkson (1998) who noted that employer motivation and retention are key responsibility of organizations, and by Bob (2002) who argues that CSR is a specific theory of the way corporations interact with the surrounding community and the larger world. Therefore, organizations have a role to give back to the community.

4.6 Suggestions of CSR activities for KCB

The study sought the suggestions on the CSR activities that KCB should engage in. The results show that 32% of the respondents indicated that KCB should engage more in activities such as donation to chronic diseases research such as diabetes and cancer, 19% management of air and water pollution through introduction of programs. Twenty six percent 26% suggested that KCB should introduce a scheme were they pay hospital and medical bills for their customers on agreement terms and 22% partner with other co-operate institutions to reach out to more people.

This is supported by (Bob, 2002) who argues that a coherent corporate culture should view the business itself as a citizen in society, with the kind of obligations that citizenship normally entails The philanthropic responsibility to contribute to society's projects even when they're independent of the particular business.

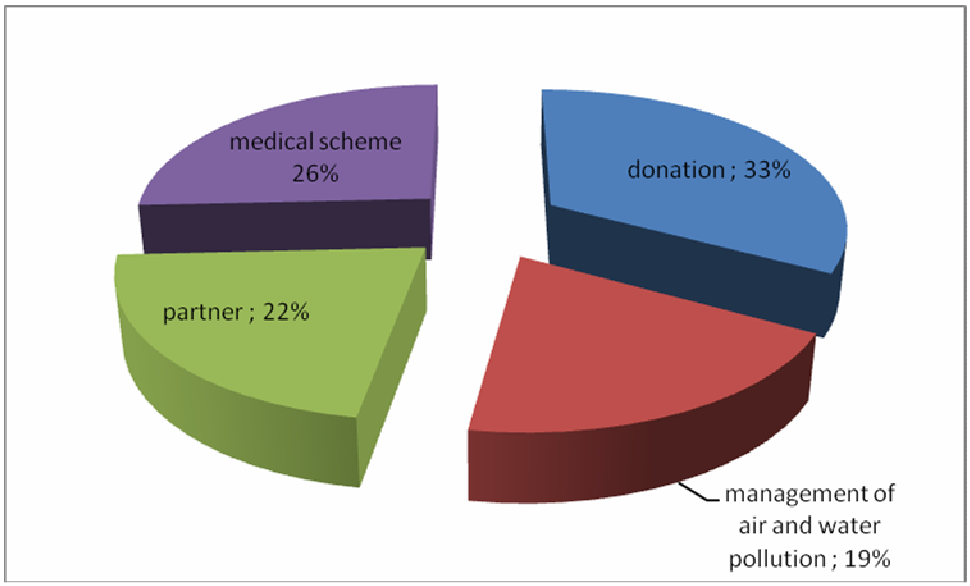

Figure 4.4: Suggestions of CSR activities for KCB

KCB has emerged as one of the most renowned participants in this initiative. Responses further indicated that government authorities alone are unable to combat poverty and ensure sustainable development, international organizations, local NGOs and national and international companies and financial institutions need to support them in their efforts. CSR in most cases is used as a strategy by most firms to ward off government regulations, which is a prime interest of firms to guard against autonomy. This finding is similar to that of Bhattacharya & Sen (2004).

4.7 Views on CSR with respect to strong Brand Image

The study sought to find out the views on CSR with respect to a strong brand image. Personal views on CSR with respect to strong brand names fetched a range of responses. Ten percent 10% had a general positive rating in regards to CSR and strong brand names. Twelve percent 12% positively viewed KCB as creating value to stakeholders with respect to CSR and strong brand image ,24% viewed failure because of lack of exploring

potential, 30% positively viewed in creating value to employees and 24% positively viewed in creating value to employers. These results show that it is imperative that a profit-making organization must engage in socially responsible activities to improve the company's image.

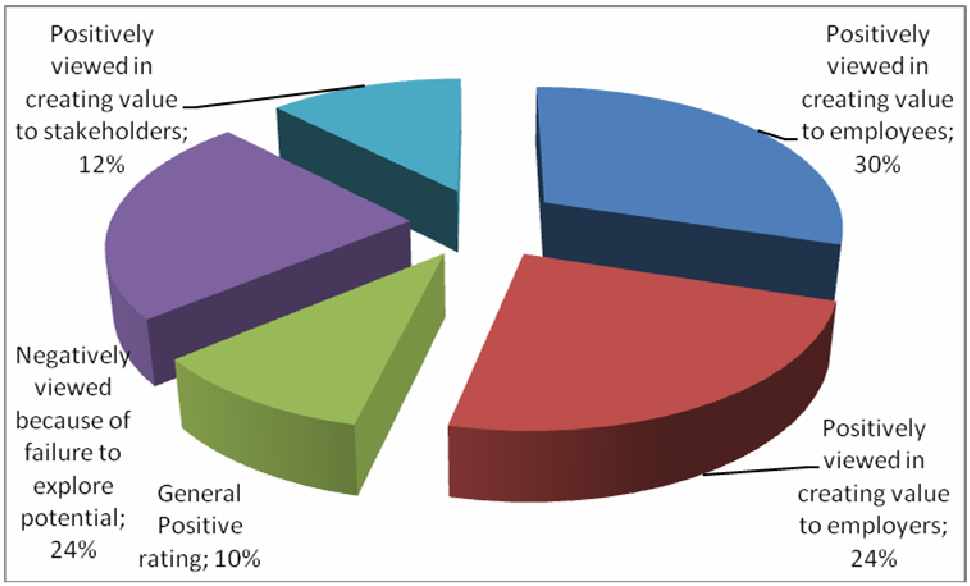

Figure 4.5: Views on CSR with respect to strong Brand Image

As KCB involves itself in CSR projects it differentiates itself from competitors targeting the same market segment. Results further indicate that KCB uses its brand image to communicate its identity and build its image in the consumers' perspective. To set itself apart from other banks, it has made itself known to the market by the market diversification in products, services and geographical location. Further results indicate that demand from customers on companies to participate in CSR has created a whole new segment of customers, who look for specific types of products or services. This findings support those of Middlemiss (2003). A strong, believable and easily recognizable brand

is all the difference between attracting positive attention or none at all. Corporations have learnt that it is important to be understood and appreciated, not just by investors, customers, suppliers and employees but also by opinion formers, activist groups and the general public.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of the findings of the study. These were done along with the objective of the study which was to determine the role played by CSR in brand image of Kenya Commercial Bank.

5.2 Summary of the Findings

Findings indicate that indeed CSR in brand image of Kenya Commercial Bank is evident and significant. These results show that it is imperative that a profit-making organization engages in socially responsible activities to improve its image. The interesting finding is that the relationship between brand image and CSR in Kenya Commercial Bank is strongest for familiarity, not for favorability. That is if a company is well known, in its community, its CSR activities will strengthen its brand more than they would if the company were less known. A company involving itself in CSR projects can differentiate itself from competitors targeting the same market segment through their brand. CSR concept has emerged in recent years as both an important academic construct and a pressing corporate agenda item; it manifests itself in large companies not as a uniform concept but as a variety of conceptions.

From the results it can be concluded that there is a great public awareness on corporate social responsibility activities. From the respondents feedback, 24% stated tree planting activities, 28% issuing of bursaries, 25% said sponsorship of various activities such as sports and 23 % said CSR are business related activities. Customers want to identify

themselves with companies that actively participate in CSR activities. Therefore, CSR in brand image should be taken more seriously. Some organizations just carry out one time or many uncoordinated high media profile events erroneously believing that the members of the public will remember the events, hold the organization in high esteem and increase their business transactions with the company. The study concludes that such events may be a waste of resources because the impact of such activities is like a grass fire-quick, short-lived and quickly forgotten. They neither effectively benefit the organization nor the targeted beneficiaries.

Most respondents had an idea of what CSR is and went ahead to give examples such as mentoring, tree planting, charity to under privileged, educating the underprivileged and provision of water facilities to the marginalized areas of Kenya. These findings are an indication of the high levels of impact of KCB's social responsibilities with regards to the amount of resources the bank uses on these activities. This shows the continuing commitment by KCB to behave ethically and contribute to economic development while improving the quality of life of the customers and their families as well as of the local community and society at large.

Information gathered on the participation of any CSR, indicated that they have participated in the activities and went ahead to give examples such as tree planting, supporting charity runs, Anti-jigger campaigns, tree planting visiting the disabled and donation of foodstuffs and sanitary towels to schools. This result suggests that companies should attempt to go for CSR activities if they would like to reap the benefits of their brand image. Those companies who are not involved in the CSR activities can change their brand image only if they start working on the CSR concept.

On the opinion of KCB's image on the respondents, the indication was that KCB is well known with good corporate services and products, customer services were impeccable and friendly, growing with no target customers and also competitive. Consequently, a company's image is also very important to its success but can be altered in a more flexible manner in comparison to its reputation. Having and sustaining a good image is an absolutely fundamental asset for businesses success, due to the fact that a great part of consumers' decision making is placed on image and reputation.

5.3 Conclusion of the study

Following the study findings KCB should engage more on activities such as donation to chronic diseases research such as diabetes and cancer, management of air and water pollution through introduction of programs. More importantly KCB should introduce a scheme were they pay hospital and medical bills for their customers on agreement terms. Introduce low cost housing projects that are readily available to their customers.

For maximum performance organizations and the government should introduce CSR-related procurement policies, Governments, multilateral agencies and large NGOs could be encouraged to take the lead to implement CSR and brand imagery. This could send a powerful message to other cooperate firms that CSR and brand name has a measurable benefit in gaining and retaining customers.

5.4 Recommendation of the study

The study recommends that CSR is an avenue to make your brand felt, it is appreciated hence it might attract people to brand loyalty. Findings also indicate that CSR is

important and should be strongly embraced. A company involving itself in CSR projects can differentiate itself from competitors targeting the same market segment.

In conclusion, CSR and brand names is not about free goodies. It is an effort by organizations to deploy their resources in a way that helps the organizations build a mutually productive and sustainable business relationship between them and the communities with which they do business. If well implemented, CSR is a win-win initiative for both the organization and the CSR beneficiaries.

5.5 Limitations of the study

The study was limited to Kenya Commercial Bank in Nairobi region. It did not therefore take into consideration the Business interests of the Bank in other regions other than Nairobi. The study findings accuracy was limited to the extent to which the respondents were honest in responding to questions. Given the sensitive nature of data collected, there may have been likelihood of answering questions in a certain way so as to avoid giving away crucial and confidential information. This was despite the assurance that the study information would be used in a confidential manner. In addition, the findings may not be generalized to other KCB regions because the environments of the other regions are different from the Nairobi region.

5.6 Suggestions for further studies

The study explored the role played by CSR in brand image at KCB Nairobi region. The researcher recommends that a replica study be done on all regional KCB branches in Eastern Africa to find out what their perception is on CSR in brand image. The researcher

further recommends that a similar study be done on non-profit organizations for the purposes of benchmarking

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APPENDICES

Appendix 1: Letter of Introduction

Dear Respondent,

I am a post graduate student pursuing a Masters degree in Masters of Business Administration. I am inviting you to participate in my research project entitled *Corporate Social Responsibility and Brand Image in banking Industry; A case of Kenya Commercial Bank*.

The survey will take approximately 15 minutes and will be conducted through an interview guide that is aimed at obtaining information about your opinions, perceptions and experiences of corporate social responsibility. Kindly try and answer all the questions as comprehensively as possible.

Your response will be treated with utmost confidentiality it deserves and shall only be used for academic purposes.

Thank you in advance for your time and cooperation.

Yours faithfully,

Brenda Nyaboke Manyange

Appendix 2: Interview Guide

Section A. Demographic Information

1. What is your
    - Gender
    - Age
    - Level of Education
    - Employment status
    - How long have you banked with KCB

Section B. Corporate Social Responsibility

(a) Knowledge of Corporate social responsibility

1. Do you know what corporate social responsibility is? If Yes what are some of the CSR activities you know of
2. Do you know any KCB corporate social responsibilities?
3. Which KCB corporate social responsibilities have you participated?
4. Describe the image you have of KCB
5. In your own view (s), what other corporate social activities do you think KCB should engage in to improve our society?

Section C. Social Responsibility and Brand Image

6. What are your views on CSR with respect to a strong brand image of KCB

Appendix 3: KCB Branches in Nairobi

Table 3.4: Population

STRATA/BRANCH	CUSTOMERS
WESTGATE ADVANTAGE	214
NAIROBI HIGH COURT	758
SARIT MORTGAGE CENTRE	1,695
GARDEN MORTGAGE CENTRE	2,052
HAILE SELASSIE MORT CENTRE	3,016
BIASHARA ST	3,784
NGARA	3,791
GIKOMBA	4,996
VILLAGE MARKET	5,669
KISERIAN	6,061
UN GIGIRI	6,122
LIMURU	6,326
SALAMA HSE MORTGAGE CENTRE	6,402
KAREN	6,432
CAPITAL HILL	6,580
PRESTIGE PLAZA NGONG ROAD	6,794
BURU BURU	6,914

EASTLEIGH	6,969
RIVER ROAD	7,648
MASHARIKI	7,733
MILIMANI	7,765
KIMATHI STREET	7,857
KIKUYU	7,986
KICC	8,443
KAWANGWARE	8,580
INDUSTRIAL AREA	9,146
KARIOBANGI	9,427
TOM MBOYA ST	9,477
GATEWAY HOUSE - MSA RD	10,022
JOGOO ROAD	10,055
ONGATA RONGAI	10,207
KITENGELA	10,436
UNIVERSITY WAY	13,517
SARIT CENTRE	15,798
KIPANDE HOUSE	16,021
MOI AVENUE	72,202
Total	326,895