

**CORPORATE SOCIAL RESPONSIBILITY AND THE CORPORATE  
IMAGING OF KENYA COMMERCIAL BANK GROUP**

**BY**

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**A Research Project Submitted to the School of Journalism and Mass  
Communication in Partial Fulfilment of the Requirements for the Award of  
Master of Arts Degree in Communication Studies in the University of Nairobi.**

**NOVEMBER 2012**

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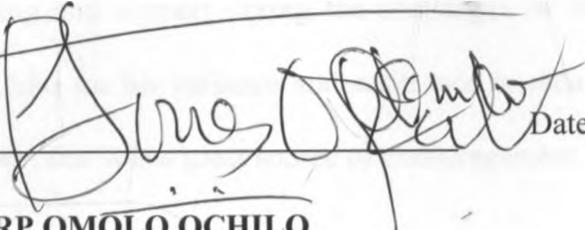
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## **ACKNOWLEDGEMENTS**

This research would not have been possible without the support, guidance and encouragement of several individuals and institutions.

First and foremost, my gratitude goes out to my supervisor, Polycarp Omolo Ochilo for his continuous academic advice, provision of analytical comments and critiques as well as the encouragement, patience and understanding, all of which shaped my thoughts and provided assistance in the analysis of this study. To my dear father Enos Oyaya for his unwavering financial support to ensure completion of my Master of Arts degree as well as provision of information on the CSR practices of the Luo community that aided in the understanding of the historical concept of CSR in Kenya. To my family members, friends and relatives for their understanding and support during the challenges of the course and especially to my partner Joseph Ondeko for his patience and assistance in data collection and data analysis as well as moral support that was a great source of encouragement towards the completion of this thesis.

I thank the management, administration staff and lecturers of the University of Nairobi School of Journalism and Mass Communication Studies for their patience, willingness to assist and the academic knowledge gained. Members of Staff of Kenya Commercial Bank Group for taking time out of their busy schedules to fill out the questionnaires and assist with the administration of questionnaires to customers. Lastly, the teachers and workers at Maria Immaculata Education Centre for their warm reception and willingness to provide information on the history of the school and the CSR activities carried out by KCB in the institution.

## **ABSTRACT**

### **Introduction**

There has been an increased and continued expenditure by a number of corporate organizations on activities that relate to corporate social responsibility (CSR) over the years. It is now accepted and expected that a profit-making organization must engage in socially responsible activities. This study was carried out to establish whether corporate social responsibility contributes to the improvement of a company's image.

The study on the relationship between corporate social responsibility and corporate image investigated the CSR practices of the Kenya Commercial Bank Group, as one of the leading financial institutions in Kenya, among the large corporate organizations that have actively taken up corporate social responsibility not only in Kenya but in the entire East African region. The Bank has also won several awards including the Banking Awards in 2012, 2010 and 2009 as well as the Company of the Year Awards (COYA), Public Relations Society of Kenya (PRSK) Awards for Excellence and Capital Markets Awards among others.

The study explored the effectiveness of CSR as a PR tool for promoting the image of KCB while assessing the stakeholders' perceptions of the company and evaluating the level of stakeholders involvements in the carrying out of CSR among a sample of KCB employees, KCB customers, teachers and workers of Maria Immaculata Education Centre, Kiamumbi together with residents of the surrounding areas to assess their levels of awareness, involvements and opinions on the CSR activities carried out at the school by the Bank.

## **Methodology**

Questionnaires were the primary method of data collection. The data collected was then analyzed through the use of computer programs namely MS Excel and SPSS (Statistical Package for the Social Sciences) and summarized in frequency distribution tables and percentage frequencies. Graphs, tables and charts were also used to give a clearer picture of the shape of the distributions of the data relating to the findings.

## **Findings**

The 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. The empirical evidence generated also revealed that involvements of external stakeholders such as the surrounding local communities in carrying out CSR activities results in increased awareness and sustainability of CSR projects through community ownership.

## **Policy Implications**

From the study findings, it was noted that there was lack of awareness by the residents of Kiamumbi area on the CSR activities carried out by KCB at Maria Immaculata Education Centre. 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.

The study findings also revealed that majority of the respondents at Maria Immaculata Education Centre and the surrounding areas did not have any form of ongoing relationships with the Bank. This information can be utilized by KCB as a means of creating new interventions as a matter of policy in such areas. These findings may also be an indication of the low levels of impact of both the communication and marketing departments with regards to the kinds of advocacy the Bank uses on its CSR activities. These may need to be reviewed and corrective measures taken as appropriate.

Oyaya Joan Arwa

November, 2012

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## ACRONYMS

CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
COYA	Company of the Year Awards
NGOs	Non-Governmental Organizations
KCB	Kenya Commercial Bank
PR	Public Relations
PRSK	Public Relations Society of Kenya
UN	United Nations

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## CHAPTER ONE

### AN OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY

#### 1.1 Introduction

The increasing importance of corporate social responsibility cannot be ignored given the undertakings of corporate social responsibility by various corporations globally. It has experienced a tremendous growth over the years as evidenced by a number of companies now implementing the CSR agenda in their corporate strategy of giving back to the communities in areas such as education, health, environment, humanitarian interventions and entrepreneurship. This has resulted in improved standards of living for various communities as well as individuals.

However, notwithstanding the fact that the origins of CSR are considered to be from the Western Liberal democracies, the concept has evolved into a global movement covering multiple sectors ranging from businesses, NGOs, governments and the general public (Benn & Bolton, 2011: 59).

The two scholars indicate that the practice of corporate social responsibility has moved from being insignificant in the business world in the 1980s to becoming a universally accepted and promoted practice by members of the society. The take up of CSR by major international organizations including the UN and World Bank has seen the institutionalisation of the promotion and monitoring of CSR activities. The paper looked at the concept and practise of CSR globally, within Africa and in Kenya.

The practice of corporate social responsibility in USA and Europe had been in existence for decades before it was taken up as a global initiative. The US was one of the first countries where many corporations had acknowledged CSR as a legitimate business concern as far back as 1971 (Eilbirt & Parket, 1973: 5). Despite the US and European countries being among the first to

incorporate CSR in their daily business operations, there are differences that exist in the concept and practice of corporate social responsibilities in these countries. In USA for instance, CSR is considered to be voluntary and not regulatory or governed by law as opposed to the European approach which has strict legislations and government interventions.

Corporate social responsibility today is receiving increased attention across the globe. For example, the Fortune Magazine in its ranking of Global 500 companies takes into consideration the world's most admired companies annually. Among the areas in which companies are awarded are their corporate social responsibility practices with regards to the reporting and accountability of their CSR activities.

The concept and practice of corporate social responsibility in Africa is fairly new and differs from that in the West (United States of America and Europe). CSR in Africa is mostly practised by large, high profile national and multinational companies and is more of philanthropy or charity. The practice of CSR in Africa focuses on specific matters relating to health such as HIV/AIDS, poverty alleviation and the provision of 'basic needs and services. According to Schmidheiny (2006) developing countries focus their emphasis on social issues which are usually given more exposure by media as well as through political and economic avenues than environmental, ethical or stakeholder issues.

In Africa, the activities carried out as part of organizations' corporate social responsibility are those that are normally considered to be the government's responsibilities such as investment in infrastructure, schools, hospitals, and housing. In the continent, as in other developing countries, the government is not in a position to meet all the requirements of its citizens and heavily relies

on the assistance of companies in the private sector to aid in poverty reduction and sustainable development. The practice of CSR in Africa is also centered on traditional and religious concepts which may result in differing CSR practices and impacts in countries within the continent as traditional and varied religious concepts shape the ways of life of individuals.

In East Africa, corporate social responsibility has been recognised as a requirement for doing business with its importance enhanced by the introduction of The East African CSR Awards in 2010 aimed at registered companies in Kenya, Uganda, Tanzania, Burundi and Rwanda with recognition of the companies in the following categories:

- i. Best workplace practice;
- ii. Environmental excellence;
- iii. Most ethical and responsible business practice for supply chains
- iv. Most sustainable and scalable community investment.

The introduction of these awards is in line with the increasing practise and importance of CSR in the East African region. According to the awards website, the aim of the awards is, “to clarify good CSR practice by recognizing what constitutes best-in-class CSR programs. Companies are rewarded for outstanding, innovative and high-class initiatives that create a high social and environmental benefit for the community and the businesses”. This realization has also been acknowledged globally, albeit earlier, as other CSR awards such as The Asian CSR Awards, Arabia CSR Awards and the Malaysian Prime Minister’s CSR have been in existence for some time.

In Kenya corporate social responsibility is relatively new. The concept has gained prominence over the years through the increased adherence and practice by numerous local companies and the public as a way of doing business. Corporate social responsibility is believed to have been introduced by Non Governmental Organizations such as the United Nations with the aim of aiding the government to combat poverty and promote sustainable development. The growth of CSR among Kenyan companies has been attributed to the need to meet the expectations of their foreign trading partners. Kivuitu, Yambayamba & Fox (2005) showed that what most companies describe as CSR in Kenya is actually more of philanthropy. Activities that are focused on education and training, health and medical provision, agriculture and food security as well as underprivileged children garner the highest proportions of donations from corporations.

In Kenya, CSR is practised on a large scale by large profit making companies. Majority of the companies that adhere to the practice of CSR have established full departments to demonstrate their levels of commitment to this course. Most of these companies such as Kenya Commercial Bank Group in the Banking sector, East African Breweries Limited in the breweries sector and Safaricom in the communication sector have set up Foundations that are exclusively focussed on working with various communities through implementing and monitoring the CSR activities in areas of their interest. Kenya Commercial Bank Group for instance, set up the KCB Foundation in 2007 with the aim of supporting communities in various social development initiatives in the areas of health, entrepreneurship, environment, education, welfare, sports, water and sanitation with an initial annual budget of Kshs. 60 million which was to be reviewed based on the performance of the business and the extent of the community needs. By 2011, the Bank had increased its allocation to the KCB Foundation to Kshs. 157 million. In 2007, KCB also set up a

sustainability management and reporting process in order to enhance stakeholder confidence in the business in line with the Global Reporting Initiative (GRI) guidelines.

With corporate social responsibility becoming a must for businesses in Kenya, it is no wonder that KCB as well as other big league organizations have continued to invest huge sums of money in their community social development programmes. On a similar scale Safaricom invested Kshs. 275 million in its CSR activities in the year 2009/2010 while the Nation Media Group set aside Kshs. 19 million for its CSR activities in 2011. These organizations have taken part in notable successful CSR initiatives in Kenya. The Safaricom Lewa Marathon began in 2000 and takes place annually at the Lewa Wildlife Conservancy, raising money for education, community development, and health and wildlife conservation projects across Kenya. In 2012, Safaricom issued a Kshs. 9.7 million sponsorship of the marathon. Nation Media Group have partnered with East Africa Breweries Ltd, Kenya Wildlife Service, Equity Bank and the Green Belt Movement to support Save the Mau Trust project which is a foundation dedicated to protecting the Mau Forest Complex.

The financial importance of corporate social responsibility cannot be overlooked. Recently, there has been growing evidence in academia suggesting that the relationship between CSR practices and financial performance is at least neutral but quite likely positive (Bodwell, Graves, & Waddock, 2002). Worldwide the realization and appreciation of CSR by many organizations has led to the integration of the practice in their values and daily operations besides publicizing CSR activities through the media. The inception of various awards also goes a long way in showing just how important CSR is considered. The societal and financial aspects of CSR were summarized by Friedman (1970: 122-126), who suggested that the social responsibility of

corporations is to make as much money as possible while conforming to the basic rules of society such as obeying the law and being ethical by carrying out business through open and free competition without deception or fraud.

This research paper focussed on the relationship between corporate social responsibilities and the corporate image of KCB and whether the practice of corporate social responsibility can actually be considered as a form of public relations, aiding in altering the attitudes of stakeholders thereby resulting in change of perception which in turn improves the image of the company. The main focus was on stakeholders perceptions; whether they view the rising uptake of CSR by KCB as a means of performing a greater good to the societies in which it operates or simply a public relations stunt by which the company promotes its image. The study focussed on the Kenya Commercial Bank Group, a leading financial institutions in Kenya. Regionally, the Bank has spread its operations in the entire Eastern Africa region in Tanzania, Uganda, South Sudan, Burundi and Rwanda.

The choice and suitability of KCB in this study was informed by the following considerations. The research targeted an organization whose core business was service provision hence interacts daily with various stakeholders. Thus, the choice of KCB provided us with an opportunity for detailed and comparative analysis of the topic. In addition, Kenya Commercial Bank is one of the leading financial institutions in Kenya and among the large corporate organizations that have actively taken up corporate social responsibility locally and regionally. The company has won numerous awards including 2011 Banking Awards as Best Bank in Mortgage Financing, Retail Banking, Best Corporate Banker of the Year, Product Marketing (2<sup>nd</sup> position), Asset Finance (2<sup>nd</sup> position) and Micro Finance (2<sup>nd</sup> position). 2011 Marketing Awards as Best Bank Quoted

Company of the Year, CEO of the Year, Leading Custodian and Pension Fund 2<sup>nd</sup> Runners Up, 2011 Public Relations Society of Kenya Awards (PRSK) in Best Internal Communications Campaign and Best Media Relations Campaign for the Kenyans for Kenya Initiative by KCB Foundation in conjunction with Safaricom Foundation, Kenya Red Cross and Media Owners Association. 2010 Banking Awards as Best Bank in Mortgage Financing, Product Marketing, Technology Use, Retail Banking and Asset Finance. 2009 Banking Innovation Award for KCB Connect which is a mobile Banking service. 2009 Euromoney Awards for excellence as the Best Bank in Kenya. 2009 Banking Awards for Best Recovery Award, Best Corporate Banker, Best Corporate, Best in Asset Finance (2<sup>nd</sup> Runners Up), Retail Banking (1<sup>st</sup> Runners Up) and Mortgage (1<sup>st</sup> Runners Up). 2008 PRSK Awards for Excellence in Best In-house Publication, Best Corporate Website, Best In-house Public Relations Department and 2<sup>nd</sup> Runners Up in Annual Report & Accounts and finally Company of the Year Award (COYA) 2008 as Best Company in Corporate Citizenship Category. Lastly, the Bank has a wide network operating in different regions in East Africa namely Kenya, Tanzania, Uganda, South Sudan, Rwanda and recently Burundi. Data obtained from this research can therefore be used to carry out a comparative study within these regions.

## **1.2 Defining Corporate Social Responsibility**

“Corporate social responsibility, another term for good citizenship, means producing sound products or reliable services that don’t threaten the environment and contributing positively to the social, political and economic health of society” (Newsom, Turk & Kruckeberg, 2004: 149). CSR involves the daily operations of a business that contributes to building a respectable corporate brand with stakeholders who include customers, vendors, employees and the public at

large. CSR is of great importance as the direct link between the stakeholders and the strength of a company's brand. According to Carroll (1999), in the 1980s, there were fewer and new definitions of the concept of CSR. However, alternative themes have since begun to mature. These alternative themes among others include CSP, stakeholder theory, business and ethics theory. Since the 1990s, CSR has continued to serve as a core construct that yields to or is transformed into alternative thematic frameworks.

CSR is frequently practiced as community relations, philanthropic or volunteer activities and is considered as the ethical responsibilities of business. In some cases, the usage of the term corporate social responsibility has been used synonymously with corporate responsibility and corporate citizenship (Scherer & Palazzo, 2008: 52).

### **1.3 Corporate Image**

Corporate image helps organizations to answer questions like "who are we" and "where are we going". Corporate image has been defined differently by various scholars but perhaps the most applicable definition of corporate image in relation to this study is that of (Smith & Taylor, 2003: 615). The two scholars define corporate image as the sum of people's perceptions of an organization stating further that it is a result of everything a company does (or does not do) and is formed from four areas: First, products and/or services which also includes product quality and customer care. Second, behaviour and attitudes which takes into account social responsibility, corporate citizenship, and ethical behaviour and community affairs. Third, environment which refers to the company's business operating space such as offices, showrooms and factories and lastly, communications which is carried out through advertising, Public Relations, personal communications, brochures and corporate identity programs. Corporate image thus plays a

significant role in the way an organization presents itself to both internal and external stakeholders and thereby determines how the public receives and processes its messages and perceives the organization.

There has been a continual link between CSR and corporate image, with a report of the European Commission stating that the rise of CSR has been attributed to the need for some corporations to address scandals that have threatened their image. This brings into play one of the objectives that this study sought to establish. That is, whether CSR could actually be effective in promoting corporate image. Does this in the long run change the public's perceptions of an organization? One of the documented cases that shows that CSR in some instances may fail to redeem the image of a company is that of Shell Company. Shell in Nigeria has for some time now been involved in a series of scandals ranging from environmental degradation, corruption and conflict in the Niger Delta where it drills oil reserves in a manner considered by many as a violation of human rights and a crime against humanity. This has resulted in damage to the image of the oil company: according to an article by the BBC, Shell's image has been badly damaged in recent years and despite efforts to redeem it, the company is still seen by many as one that damages the environment and supports corrupt regimes. This is notwithstanding the fact that in 2003, Shell contributed 54 million dollars to the government-backed Niger Delta Development Commission as well as 30 million dollars for its own community development programmes.

#### **1.4 History of Kenya Commercial Bank Group**

Kenya Commercial Bank Group (KCB) a leading financial institution in Kenya has actively taken up corporate social responsibilities locally by giving back to communities in the different regions where the Bank operates namely Kenya, Tanzania, Uganda, South Sudan, Rwanda and

recently Burundi. According to the organization's website, "the history of KCB dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the headquarters of the expanding railway line to Uganda. In 1958, there was a merger between Grindlays Bank and The National Bank of India resulting in the formation of The National and Grindlays Bank. The Government of Kenya acquired 60% shareholding in National & Grindlays Bank upon independence in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial Bank in Kenya. National and Grindlays Bank was then renamed Kenya Commercial Bank". The government has since reduced its shareholding to 17.75%. The Bank opened its first subsidiary in Tanzania in 1997 followed by Southern Sudan in 2006, Uganda in 2007, Rwanda in 2008 and Burundi in 2012. KCB and its subsidiaries are now referred to as the KCB Group. In 2010, KCB group merged with its mortgage subsidiary, Savings and Loans (S&L), now known as KCB Mortgages Division.

Through the KCB Foundation, the main arm of its CSR activities and whose slogan reads, 'investing in our communities', the Bank gives back to communities in the areas of Education, environment, humanitarian intervention, and health and enterprise development. According to the Foundation website, The Foundation was established in 2007 and has so far reached out to over 20,000 children through medical camps, planted over 1.5 million trees, provided 750 schools with learning materials, provided 200 students with scholarships and installed 4 dialysis machines in hospitals. The foundation invested over 300 million shillings in 2011 with over 120 million being invested in development projects in the region. In the beginning of the year 2010, the foundation realigned its strategy to ensure that assistance was offered to the areas that were

most in need. The focus areas of the foundation were then split into primary and secondary. Primary encompasses environment, education and enterprise development and accounts for 80% of the Foundation's budget, whereas secondary includes health and humanitarian intervention and account for the remaining 20% (KCB Community Social Development Report, 2010: 35). In the same year, the KCB Foundation enlisted various partners through the framework of Friends of the KCB Foundation launched in 2008 to effectively deliver on its CSR programmes by partnering with organizations and individuals that are providing support to needy communities. In 2011 for instance, the KCB Foundation in conjunction with the Safaricom Foundation, Kenya Red Cross, Media Owners Association as well as other corporate organizations and individuals came together for the 'Kenyans for Kenya Initiative' which saw the donation of food stuff to the hunger-stricken in Northern Kenya (KCB Community Social Development Report, 2011: 55-56).

### **1.5 Statement of the Problem**

The main role of commercial organizations is to make profit so as to enhance the shareholder value. Other groups of people and organizations other than the shareholders have interests in these commercial organizations. These groups include customers, suppliers, creditors, the government, the surrounding communities, trade organizations, professional societies, local schools and so on. These groups termed as external stakeholders, generally look at what the company has actually done whether good or bad in relation to its products, services and how these activities impact the local communities and its environment as well as how the organization treats its employees. In the long run, these indicators determine the company's future performance.

Most leading Multinational corporations are headquartered in Western liberal democracies where organizations are pressured by government regulations, the mass media, and NGOs to be socially responsible. Corporate organizations have thus seen the need to partner with other institutions and the communities to deliver on CSR. For instance, Friends of the KCB Foundation, established in 2010 has seen the KCB Foundation partner with other corporate organizations, government bodies and ministries, individuals, NGOs, educational institutions as well as media organizations to implement a number of relevant corporate social responsibility programmes across Eastern Africa (KCB Community Social Development Report, 2011: 55). Examples of partnerships include the Kenyans for Kenya Famine relief programme in partnership with Safaricom Foundation, Kenya Red Cross and Media Owners Association in 2011 and the Mercy Train initiative in 2009 for famine relief as well in conjunction with Kenya Red Cross, Kenya Railways and the Standard Media Group (KCB Community Social Development Report, 2009 - 2011). Some of the partnerships KCB has with other organizations are renewed annually such as the Secondary Education Scholarships for needy students in partnership with the Palmhouse Foundation.

The trends of globalization, changing social expectations and increase in wealth have turned the spotlight to social, environmental and other non-financial corporate issues resulting in corporate social responsibility becoming a must in today's corporate world. The world has become increasingly interconnected through technology, leading to easy and fast access to information and sharing of ideas thereby having a direct effect on the relationship between organizations and their stakeholders. The growing influence of media has also contributed to this by keeping the

public updated on any negative actions by organizations (Hohnen, 2007: 7). Changing social expectations and increasing wealth have resulted in consumers being more aware of their rights as well as being in a position to decide which organizations they want to be affiliated to hence organizations are seen to exist with the consent of their publics. Organizations are seen to gain legitimacy with the public in relation to how well these organizations carry out and fulfil their social responsibilities.

It is now accepted and expected that a profit making organization must engage in socially responsible activities. Social responsibility, though previously ignored by most institutions, is increasingly being viewed as an essential cost of doing business (Newsom et al, 2004: 15). Companies are taking the practice of corporate social responsibility seriously thus spending huge sums of money and time on corporate social responsibilities. Kenya Commercial Bank Group for instance has included the money spent on their various CSR activities in their annual budget. The question and therefore, the problem is whether the Bank's continued expenditure on a number of corporate social responsibility activities over the years have in anyway contributed to the improvement of the company's image. This is the key question and the problem that this study sought to answer. This is critical, given that a telephone interview with one of the managers at the KCB Foundation categorically revealed that no major research has been done on the CSR activities carried out by KCB to date.

## **1.6 Objectives of the Study**

The objectives of the study were:

1. To determine the effectiveness of corporate social responsibility as a public relations tool for promoting the corporate image of Kenya Commercial Bank Group.
2. To assess the impact of CSR activities practised by Kenya Commercial Bank Group on the stakeholders' perceptions of the company.
3. To evaluate the level of involvement of the beneficiaries of the CSR programs in the implementation and carrying out of CSR activities.

## **1.7 Justification of the Study**

The importance of corporate social responsibility has graduated to a level whereby countries have organizations that aim at raising the profile of CSR issues at national and international levels through increased awareness. This is done by way of education, training, research and accountability to enhance the social and image standing of the organizations practicing CSR. For example, Ufadhili Trust in Kenya not only sensitizes local stakeholders to CSR but also acts as a link for the country to international debates. According to the organization, the rationale behind companies getting involved in CSR is to improve the image of the company. Others include corporate sustainability, adherence to mission statement or CSR policy. Ufadhili Trust was founded in 2001 under the Public Trusts Act (Laws of Kenya) with the aim of promoting social responsibility in East Africa thereby reducing dependence on foreign aid.

The increased awareness of corporate social responsibility in East Africa as well as the rest of the world has brought about a realization of what good CSR constitutes and how it can bring about

regional development socially, environmentally and economically. The introduction of numerous awards locally and globally thus go a long way in proving how important CSR has become as a requirement of doing business while acknowledging organizations as well as individuals who have aligned the company's interests with that of thousands of the stakeholders. Arising from the literature generated, consistency was seen in the benefits accruing from the implementation of corporate social responsibility.

The study of this nature was thus justified to the extent that it was able to generate new empirical data by way of findings which in turn provided us with useful information that could be used by the society and the Marketing and Communications department at KCB in the evaluation of how much progress or success the Bank has had since setting up the KCB Foundation in 2007. The study also provided information that could be used to improve current and future policies of the Bank. The study was also relevant and justified from both a scientific and social perspective. For instance, the scientific perspective of this study was based on the fact that the topic of discussion is relatively new in Kenya and has not been extensively covered in Kenya. The literature generated and the data gathered would also help future generations in understanding the importance of CSR. From a social point of view, the relevance of the study was related to the fact that most communities usually face difficulties that they are unable to solve financially and thus offered insights on how the public can work with KCB to better the lives of various communities.

## **1.8 Research Questions**

The following research questions were formulated to guide our study:

1. What are the perceptions of stakeholders on the CSR practices of KCB?
2. What do the stakeholders see as the motivation for KCB to practice CSR?
3. Has CSR played a part in the continued relationships between KCB and its Stakeholders?
4. What are the levels of stakeholder involvements in the decision making process at KCB with regards to the implementations of KCB's CSR programs at Maria Immaculata Education Centre and the surrounding areas?
5. Has KCB brought about great improvements and changes to individuals and communities as a result of the Bank's implementations of CSR?
6. What benefits has KCB achieved by engaging in CSR initiatives?

## **1.9 Conclusions**

The importance of corporate social responsibility has seen increased attention the world over. As we have seen, the concept and practice of CSR is considered to be of western origin and has only recently been taken up in Africa in a bid to conform to the global expectations of business. This chapter has covered the concept and practise of corporate social responsibility around the world, in Africa and East Africa and finally in Kenya which was the focus of our study where we looked at the CSR practices of the Kenya Commercial Bank Group.

We have discussed the statement of the problem in relation to this study which was whether the Banks continued expenditure on CSR over the years contributed to the company's image. A

discussion on the justification of the study looked at the reasons why we were carrying out this study and with particular interest in KCB. The objectives of the study served as a guide in achieving the aims of this study and finally the research questions guided our research in terms of the questions used in the collection of data as well as the discussion of the findings.

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## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter we reviewed the relevant literature on corporate social responsibility from a historical perspective to the present day situation. We also analyzed literature from past research in the area of CSR on how corporate responsibilities relate to corporate image. This was discussed in the context of public relations and the relationships that exist between CSR and its role in determining stakeholder relationships with organizations, such as KCB. An examination of the theoretical concepts for purposes of analysis, interpretations and framing of this study was also included in this chapter.

#### **2.2 Corporate Social Responsibility: A Historical Overview**

The term corporate social responsibility is relatively new but the practice itself has been in existence for thousands of years with the practice of business of early human civilizations including the Mesopotamians, Chinese, Greeks and Romans. The history of social and environmental concern about business is as old as trade and business itself and can be viewed in three major periods; the pre-business era, pre industrial times and the early industrial revolution era and lastly the post industrial revolution years (Luthans & Hodgetts, 1976: 2-8). In the pre-business era, commerce was not as developed as it is now but business activities such as trade and manufacturing were in existence. Social responsibility during this era was based on personal ethics which was highly influenced by religious beliefs and social affiliations, and the laws or rules of conduct introduced by King Hammurabi in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local

citizens. This was the genesis of commercial logging operations together with laws to protect forests. The pre-industrial times and the early industrial revolution began with the era of petty capitalism (1000-1300) which saw the introduction of advancing goods and money for later payment. During the petty capitalism years, the Catholic Church was in prominence and Christian ethics guided what was wrong or right. Petty capitalists gave way to the mercantile capitalists (1300-1800). During this time, the church was losing its power with personal ethics taking precedence. The industrial revolution resulted in changes in the business world with the introduction of machines and factories. During the post industrial revolution years, businessmen were concerned with building large businesses and spared little time for social responsibility: this changed with the entrance of the 'robber barons' in the 1800s in America. These were a group of businessmen in America who brought about lasting impact in the history of business and social responsibility. This period saw the development of powerful labour unions, government regulation and industrial capitalism.

Asongu (2007: 9) showed that social responsibility was also evident in the Bible by relating it to the parables of Jesus such as the prodigal son and the Good Samaritan which advocate for the sharing of wealth. In his study, he also looked at corporate social responsibility in Africa, where it is also considered as part of the business history. He gave an example of the hunters in Cameroon as well as other parts of Africa who were expected to bring part of their catch to the chief.

In Kenya, social responsibility has a business history as well. In the Luo community for example, fishermen after a good day's catch were expected to give part of their catch to the head of the village as well as the poor as a way of showing their support for those who were less fortunate.

When a group of men went to hunt and one managed to kill an animal, he was expected to share the meat with the rest of the group as a way of advocating for the sharing of whatever little the other person had. A wealthy man was also expected to take care of as many widowed women as possible and provide for their children as part of taking care of the less fortunate in the community (E.O. Oyaya, personal communication, April, 28, 2012).

### **2.3 Corporate Social Responsibility as a Field of Research**

The origins of CSR have a rich history as mentioned in the historical overview but it was only perceived as a field of research in the 1950s, a period termed by Carroll as “the modern era of corporate social responsibility”. Carroll in 1999 did a large scale research having as its objective the building of a definition for the corporate social responsibility concept which he had earlier described to include the economic, legal, ethical, and discretionary expectations that societies have of organizations at a given point in time. Carroll reformulated his model of CSR in 1991 in the form of a pyramid substituting discretionary expectations with philanthropy stating that “ the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (Carroll, 1991: 43). The philanthropy concept of CSR was considered of the utmost importance therefore was placed at the top of the pyramid with the economic aspect at the bottom.

Modern day literature on CSR indicates that there has been a sharp rise in the practice of CSR globally leading to an increased interest in the topic by researchers. The research has not only been done in relation to the social sciences but in healthcare as well as education and business. According to Visser (2007: 476), the debate on CSR has been done mostly in a global context but in relation to developing countries; there has been little empirical research on the nature and

extent of CSR. The author notes an exception in this phenomenon from the research by Baskin (2006) which reported on CSR in developing countries and corporate responsibility behavior. Visser states that most research on CSR in developing countries has either been generalized about all developing countries or focused at national level rather than at regional level. He further states that the analysis at a regional level has become more common in Africa, Asia, and Latin America but papers at the sector, corporate, or individual level remain relatively scarce.

Notable works done on CSR in Africa include those by Uwafiokun Idemudia an assistant professor at York University whose research focuses on corporate social responsibility and the extractive industry ; the relationship between natural resources, sustainable development and conflict in the global south; and political ecology and environmental security. In relation to the objectives of this research, focus was on the thesis by Crispus Njoga whose research was on, "The Role of Corporate Social Responsibility in Enhancing Corporate Image" a case study of Magadi Soda Company. According to his findings, Njoga (2007: 113) established that CSR activities enhance the image of a company and that these activities go further in creating a competitive edge in a business environment resulting in reduced risks of sudden damage to a company's reputation or sales. Njoga's findings further stated that CSR was a key driver of reputation at Magadi Soda Company both internally (the employees) and externally (the surrounding community) and that the company's reputation was the reason behind the attraction and retention of its best employees. The data generated by carrying out this research was therefore analyzed with a view to determining whether the results obtained actually supported or contrasted his findings and if there was any new information that was generated that could contribute to understanding the concept of CSR in Kenya.

## **2.4 Corporate Social Responsibility: For Greater Good or Simply a PR Stunt**

Corporate social responsibility in the current business era is a common term referring to the activities of an organization that have a bearing on its corporate image. Corporate social responsibility has become synonymous with public relations as they both involve communication with various stakeholders by organizations within the communities in which they operate. Smith & Taylor (2003: 415) stated that there is some overlap between public relations, public affairs, corporate affairs and community affairs, community relations, corporate relations, and corporate communications. “Community relations, as a public relations function, is an institution’s planned, active, and continuing participation with and within a community to maintain and enhance its environment to the benefit of both the institution and the community” (Peak, 1991: 117).

Corporate social responsibility when correctly implemented proves to be of great benefits to individuals and the local communities. A look at the various school scholarships programs carried out annually by various companies in Kenya for instance is a good example of individual benefit. The scholarships have given bright and needy students the hope for a better life by providing the opportunities to further their education which they most likely would never have owing to their poor backgrounds. The same can be said of various community development projects that have resulted in communities becoming self-reliant and self-sufficient.

Over the years there has been a raging debate on whether companies engage in corporate social responsibility for the benefit of the society or purely for the benefit of promoting the company’s image bringing forth the argument that corporate social responsibility is purely for public relations purposes. Henderson (2001) emphasised this by stating that, “CSR is criticized as

being a PR stunt, bearing in mind that most CSR workers in companies sit in the communications and PR departments, and considering that the strategies of CSR - dialogue with NGOs, codes of conduct, social reports - were all designed and developed by PR companies such as Hill and Knowlton”.

According to an article published in the Guardian a UK based newspaper, Christian Aid, a non-governmental organization whose vision is to bring an end to poverty around the world, is sceptical of why companies get involved in CSR. The organization says that CSR is being used as a public relations tool and that it is no surprise that companies who provides goods and services whose production is harmful to the environment or detrimental to human health and rights such as in areas of oil, tobacco and mining are at the fore front in championing the practise of CSR. This has seen some companies being accused of engaging in CSR to help ‘greenwash’ the company’s image. Benn & Bolton (2011: 115), described greenwash as “a form of environmental public relations”. The practice is actually considered as a deceptive use of PR and is linked to the manipulation of image by the media and advertising industry. The authors further stated that greenwash has been associated with large corporations, being in response to public concerns over the environmental and social impact of corporate activities. For example, the oil spill scandal in 2010 on the Gulf of Mexico was considered to be one of the worst in history by environmental watchdogs, and BP is one of the oil companies currently positioning themselves as part of the solution to energy shortages and climate change.

Some of the questions these study aimed to answer were related to the stakeholders’ opinions on why KCB started CSR projects and why the Bank had continually engaged in this practice for over five years now since the inception of the KCB Foundation. Is the Bank’s involvement in

CSR as a result of caring for the local communities, a government requirement, a need to conform to international standards or a means to enhance the company's image?

## **2.5 Corporate Social Responsibility and the Stakeholder Approach**

A first broadly defined goal of public engagement in CSR is the alignment of business activities and public policy to achieve societal goals. Stakeholders are important in the process of representing, translating, and delivering their expectations to a company. Their importance to an organization can therefore not be ignored. Stakeholders are those people who have an interest in the action of an organization and may be affected by organizational decisions and have the potential to become or be made aware of organizational decisions and actions as well as influence the organization (Scherer & Palazzo, 2008: 86).

By involving different stakeholders in their CSR activities, companies are able to emphasize different aspects of CSR. There has been continuing debate leading to the categorizations of stakeholders into two groups; primary stakeholders who have an interdependent relationship with the firm without which the organization cannot survive and the secondary stakeholders who influence or are affected by the activities carried out by the organization representing special interests or public concern (Benn & Bolton, 2011: 200). Primary stakeholders include customers, employees and suppliers whereas secondary stakeholders include media, government and special interest groups. Stakeholders involvements in the day to day operations of a company's business is the premise for the stakeholder theory which is one of the theories that guided this study and aimed at showing the relationships that exist between organizations and stakeholders. By looking at this relationship, the research met one of its objectives which established the levels of

involvement of these stakeholders in the implementation and carrying out of CSR activities implemented by KCB.

## **2.6 Theoretical Framework**

The various aspects of the CSR practises of KCB in areas such as health, education, environment, enterprise development and humanitarian interventions were analyzed and interpreted from the general perspectives of several theories. These were the Systems Theory, Stakeholder Theory, McGuire's Information Processing Theory and Decision Making Theory respectively. The above theories were all relevant to our area of study and offered broad and relevant frameworks for the analysis of CSR directly and impliedly as well.

The Systems Theory, (also referred to as the General Systems Theory), is credited to biologist Ludwig von Bertalanffy who defines a system as a set of elements standing in interrelations among themselves and with the environment. The Theory is described as a trans-disciplinary theory, owing to its relevance and applicability in many disciplines. It has been used in psychology, management, environmental studies, and even in communications, by different scholars since it was first developed.

Systems theory is of importance in public relations as it gives us a way to think about relationships. The theory is not only useful in examining relationships with external stakeholders but also in looking at the internal functions and stakeholders of organizations. The theory attempts an objective approach to understanding organizational dynamics illustrating the kind of relationships organizations have with its stakeholders and the communities in general. Furthermore, "the systems theory embraces an organization and all of its publics. The idea is that all parts of a system are interrelated and function as an organized whole that is greater than the

sum of its parts. These systems are open to change from the outside environment, but the amount of change is relative to the degree of openness of the system” (Newsom et al, 2004: 117). Open systems maintain their dynamic existence through the continuous exchange of matter and energy with the environment as well as through interaction among themselves.

The KCB Foundation has resulted in interactions by the Bank with various stakeholders in carrying out of its CSR programs. For example, partnering with outside stakeholders, specifically individuals and organizations who are focussed on helping the needy has resulted in more effective ways in the implementations and carrying out of the Bank’s CSR activities. Relations with the Bank’s employees in CSR have resulted in interaction between the Bank and its employees. These have been enhanced through the introduction of the KCB Community Week which sees the Bank’s employees working together with needy communities to address the educational requirements of individuals and institutions in these communities. The theory was thus applicable in this study as organizations continuously relate with their stakeholders and depend on each other to function.

The Stakeholder Theory credited to R. Edward Freeman explains the nature of relationships between organizations and those persons with a ‘stake’ in the operations and outcome of a business’ activities (Benn & Bolton, 2011: 196). The theory postulates that a company’s relationships with stakeholders who are defined as any group or individuals who can affect or is affected by the achievement of an organization’s objectives, help to understand how the company operates and adds value as a business.

The success of businesses globally has been attributed to the positive relationships these businesses have with their stakeholders. Management face a wide range of interest groups who

have claims to company resources as well as having an effect on the operations of companies. KCB relates on a day to day basis with its various stakeholders ranging from customers, employees, suppliers, distributors and shareholders. By carrying out its operations openly and publicly, the Bank maintains the confidence and trust of these various groups of stakeholders. CSR activities can be considered as a positive way of KCB relating to its diverse and dynamic stakeholders. This theory was therefore applicable to this study aiding in understanding this relationship and acted as a guide in answering one of the research questions of this study which sought to determine stakeholder perception in relation to the CSR practises of Kenya Commercial Bank Group.

Information processing theories are based on two assumptions. First is that persuasion is a result of the processing of new information by an individual. Second is that individuals are complicated problem solvers who carefully evaluate information that they receive. Attitude change involves adoption of new opinions or attitudes resulting from a general impression as a result of analysis of different pieces of information. Information processing theory emphasizes how receivers process and evaluate information and how their needs are met by information (Tan, 1985: 109).

Information processing theories are based on persuasion and attitude change. Norman Anderson's information integration theory states that adaption of new opinion, attitude or behaviour is based on the formation of a general opinion on the basis of pieces of information which may support change of opinion, attitude or behaviour or may argue against change with information sources varying in expertise and objectivity. The Fishbein and Ajzens theory which is based on Fishbein and Ajzen's belief model of persuasion differs from Anderson's in that, "it uses the perceived probability of an attribute being associated with an attitude object as a weight

to determine the validity of information instead of weights based on source characteristics" (Tan, 1985: 111). McGuire's (1968) Information Processing Theory suggests that attitude change involves six steps with each step being a necessary precedent for the next (Severin & Tankard, 2001: 175). The authors further state that these six steps involve presenting the persuasive message, the receiver attending to the message, comprehending the message, yielding to the message by accepting and agreeing with the point of view it expresses, retaining the information transmitted and finally acting which involves behaviour change that should be observable to the persuader.

Mass media persuasion takes place in three forms. Firstly, commercial advertising that involves advertising of consumer products and services. Secondly, pro-social advertising (pro-social communication campaigns) which is also referred to as social marketing since such campaigns use familiar marketing tools to pro-social ends whose aim is to promote charitable causes. Finally, political advertising that involves election campaigns by political figures in a bid to lure voters. Persuasion can therefore be used in the promotion of charitable causes such as CSR activities. It involves inducing change in belief, attitude or behaviour and is therefore important in altering the public's perception. KCB for instance, publicizes its CSR activities using various forms of media such as print media, television, radio and recently social media through the Bank's Twitter and Facebook pages. The tools used in marketing the Bank's CSR activities are the same as those used in the marketing of the company's products and services, enlisting the help of the Marketing and Communication departments in both instances. The goal of publicizing CSR activities is also the same as that of marketing of company products in that it is aimed at changing the public's perceptions which in the case of a company is the corporate

image. Persuasion is therefore a strategy to affect public opinion using communication to win people over.

The Decision Making Theory takes into account how decisions are made in organizations to achieve effectiveness. Decision making is based on two models; the rational model which consists of a structured sequence that involves identifying the problem, generating alternative solutions, selecting a solution, implementing and evaluating the solution; and the normative model which bases its argument on the premise that decision making is not rational and is characterized by limited information processing and the use of rules of thumb or shortcuts, which involves choosing solutions that meet the minimum requirements.

Garvin and Roberto (2001:110) argued that decision-making is a process that can occur over "weeks, months, or even years; one that's fraught with power plays and politics and is replete with personal nuances and institutional history; one that's rife with discussion and debate; and one that requires support at all levels of the organization when it comes time for execution".

According to Klein and Weick (2000), there are three approaches to making decisions: the rational-choice approach, the intuitive approach and the experiential approach. The rational approach involves coming up with various options and determining which option is best suited for achieving the set objectives. This approach minimizes the risk of impulsive decisions and is usually relevant, appropriate and accurate. The intuitive approach relies on personal preferences and intuition. The experiential approach is mostly used when there is limited time for effective decision making, uncertainty, changing conditions, and goals or objectives that are not clear. The experiential approach is considered faster than analytic approaches because it "relies on memory and recognition to get an immediate sense of what's happening. It is also richer because

it makes fuller use of context, experience, informed intuition, and imagination to flesh out the initial sense" (Klein & Weick, 2000: 18).

Organizational decision making has become more complex in that the public is now more aware of company decisions as well as their rights thanks to the advent of technology. Through the publicizing of KCB's annual report and financial statements, the public is in the know of the various decision making avenues used by KCB as well as budgetary allocations. For instance, the public is made aware of the specific budgetary allocation approved by the KCB Group Board when it comes to community social development. Through social media, the public can easily raise queries and express their pleasures or displeasures in the operations of the Bank. Organizations therefore have to consider various stakeholders before making a decision. Participation by stakeholders in decision making enhances the likelihood of more effective decision making. This theory was therefore applicable in this study as the data collected aided in determining the stakeholder view on the decision making approaches used by KCB in the implementations and carrying out of CSR activities and how they include the interests of multiple, fragmented and conflicting stakeholders towards achieving a common goal.

## **2.7 Conclusions**

The concept of corporate social responsibility is as old as business itself, having been in existence during early human civilizations and has evolved through the pre industrial times and the early industrial revolution to the post industrial revolution years. As seen previously in this paper, the evolving concept of corporate social responsibility has been greatly associated with globalization which has in turn resulted in the increased awareness of stakeholders.

Existing literature on corporate social responsibility indicates that there is increasing take up of CSR as a practise as well as field of research. CSR is seen to have been taken up as a field of research in the 1950s. In relation to the practise of CSR, literature has documented the debates on why companies are increasingly adopting CSR as part of the company's policy with some individuals and organizations viewing it as a way for companies to do good for the society while others view it as simply for public relations purposes usually to aid in greenwash of the company's image. Greenwash is thought of as a form of public relations and has been taken up by companies after negative publicity involving degradation of the environment such as seen with oil spills.

Several theories namely the Systems Theory, Stakeholder Theory, McGuire's Information Processing theory and the Decision Making Theory are discussed in detail linking the concepts of these theories with the practise of CSR.

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## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

The methodology used in this study included the use of primary data collected from the field and secondary data generated from the library, past studies, books, journals and online sources from the internet. The methodology section was structured into research design, target population, sampling procedure, data collection methods and how data was analyzed to produce the required information necessary for the study.

#### **3.2 Research Design**

The data used in this study was collected through a mixed research method encompassing both qualitative and quantitative approaches through the use of questionnaires to conduct a survey in line with the objectives and the research questions of the study. The combination of both quantitative and qualitative data in the research offered an in depth analysis of the area of study and increased the validity of the study by comparing multiple forms of data and seeking convergence in the findings (Lindlof & Taylor, 2002).

#### **3.3 Population of the Study**

The study targeted a total of 150 respondents, 50 of whom were employees of the Kenya Commercial Bank Group specifically the managers and policy makers as well as the supervisors. The managers and policy makers were targeted due to the fact that they are policy makers and therefore are expected to have first hand information on the reasons for adoption of CSR activities as well as the challenges faced in the implementations of these activities. On the other hand, supervisors were targeted so as to provide us with the information required on how the

implementations of CSR activities affected their day to day work and any difficulties that may have arisen as a result of these activities. Such information is important for use in the future implementations and improvements of the Bank's CSR programs.

The study targeted the public by way of two specific groups; a group of 50 customers and another group of 50 beneficiaries of the CSR programs. The customers were mainly walk-ins to various KCB branches within Nairobi and its environs. This group was targeted so as to obtain information on their general views of CSR activities. Their answers were of importance in answering the key research questions and meeting our research objectives. The beneficiaries group were the teachers and workers at Maria Immaculata Education Centre in Kiamumbi and the residents of the surrounding area. The school was started in 1997 as part of the Maria Immaculata Hospital by a Sister working at the hospital who noticed the educational needs of the children in the surrounding area. The school focuses on providing education to needy students especially orphans. The school in 2007 was transferred to Kiamumbi due to lack of enough land to sustain the hospital and the school. The new land was donated by the community. Available evidence indicates that KCB has implemented several CSR activities at the school including construction of classrooms, donations of learning materials, planting of trees and contributing towards the construction of the science laboratory. According to the findings, the beneficiaries provided information on their levels of involvements in the implementations and carrying out of CSR projects as well as their levels of satisfactions, expectations and suggestions on how KCB can in future improve and expand its CSR programs.

### **3.4 Sampling Procedure**

Purposive sampling and simple random sampling techniques were used to select the sample population. Purposive sampling method was used as the target respondents were fully familiar with our research issues and were capable of providing us with the relevant answers, either as members of the communities who benefited from CSR, KCB customers, KCB employees or as stakeholders.

### **3.5 Data Collection Procedure**

A questionnaire was first developed by the researcher as the research instrument. The approach was statistically significant because of the number of respondents totalling to 150 respondents. The questionnaires addressed specific objectives related to the study and were therefore developed with the objectives and the research questions in mind. The validity of the research instrument was established by way of pre-test and post-test of the questionnaire by the head researcher. Thereafter, the questionnaires were administered individually to all respondents of the sample population by the various research assistants. The questionnaires had both open and closed-ended questions so as to give a more detailed response with regards to the objectives of the study.

### **3.6 Data Analysis**

The data collected from the respondents were analyzed using computer programs namely MS Excel and SPSS (Statistical Package for the Social Sciences) where appropriate. The results obtained were then presented through frequency distributions tables and percentage frequencies. Graphs and charts were also used for visual representations of the results to give a clearer picture of the shape of the distributions of the data such as those relating to the perceptions of

stakeholders on CSR activities practised by KCB and whether these activities enhance corporate image.

### **3.7 Challenges and Limitations of the Study**

The researcher experienced various challenges and limitations when carrying out this study such as the illiteracy levels of some of the respondents which impacted on the correct answering of the questions and the pace of filling the questionnaires. Their general attitudes towards research and their reluctance in answering some of the questions slowed down the durations of data collections. Furthermore, some of the respondents were also less informed which resulted in their unwillingness to divulge more information for fear of being implicated.

The sample size selected was also most likely a limited representation of the overall views of stakeholders on the CSR activities carried out by KCB considering the study focussed only on one particular area. This was due to the financial costs that would have been incurred had the study focussed on a much larger area. The duration for data collection also proved as a challenge as the data had to be collected within a short time span which would not have been possible without the help of several individuals who assisted with the collection of data.

However, notwithstanding the above challenges, we were able to mitigate the problems. For example, at Maria Immaculata Education Centre, Sister Martha smoothed the processes of data collections by assembling the workers and the teachers in the common room to enable them fill in the questionnaires. Addressing the respondents as a group saved the researcher a lot of time which would have been lost explaining the reasons and aims of the research individually. With regards to the residents of the surrounding area, the researcher together with the research assistant had to explain fully, clearly and patiently the concepts of the research to put the

respondents at ease as well as obtain the required information. Some parts of the data collections were done through the use of oral interviews and in some cases in the Swahili language due to the lack of understanding by some of the respondents of the English language.

In relation to data collections from various KCB customers and employees, the researcher utilized the services of selected employees of the Bank to assist with data collections. For example, collections of data from KCB customers were done with the assistance of front office employees from various branches due to their constant interactions with customers.

### **3.8 Conclusions**

In this chapter, we have discussed the process of data collection by firstly, identifying the target population through purposive sampling comprising of KCB employees, KCB customers and the teachers and workers of Maria Immaculata Education Centre as well as the surrounding communities. Also discussed in this chapter, was the development of the questionnaire as the chosen research instrument which dealt with the objectives of the study followed by the administration of the questionnaires to the respondents. Lastly, the analysis of the data collected through the use of MS Excel and SPSS (Statistical Package for the Social Sciences) computer programs was also discussed in this chapter on methodology.

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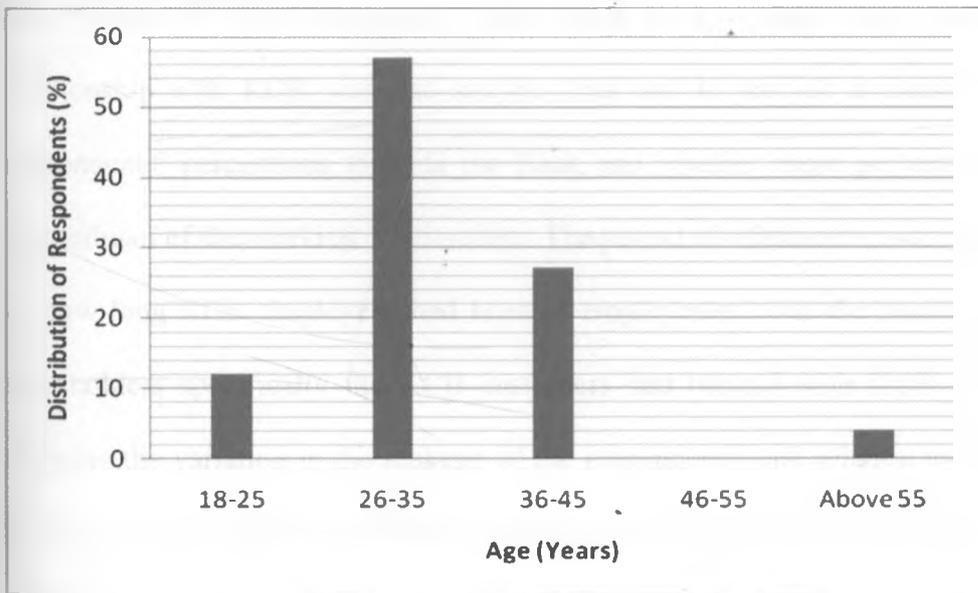
## CHAPTER FOUR

### FINDINGS

#### 4.1 Introduction

This chapter looked at some of the key findings of our study. Furthermore, the generated field data was used in this chapter to analyze interpret and discuss the results obtained from the various groups of respondents. The findings from this study indicated that there are direct relationships between corporate social responsibility and the corporate imaging of a company. For instance, 90.0% of the respondents were in agreement that their perceptions of KCB improved as a result of the Bank practising CSR. In order to generate the relevant information, we administered a total of 11 questions to a total of 150 respondents. For example, one area where we sought information was on the respondents' distribution by age, as presented in the form of bar charts in figure 1 below.

**Figure 1: Distribution of respondents by age**

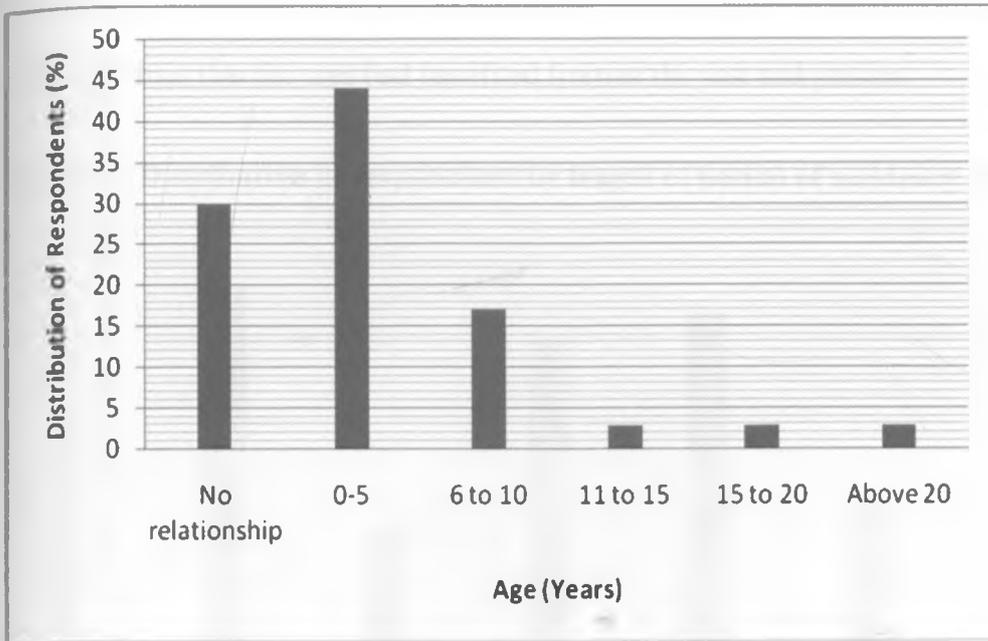


Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012

The target age group of the study were respondents above the age of 18 years which is considered as the legal adult age in Kenya. The distributions by age were important in showing the variation in terms of age of the respondents. Out of the 150 respondents interviewed, the highest numbers of representatives were those between the ages of 26-35 years who were a total of 57.0% of the respondents followed by 27.0% between the ages of 36-45 years, 12.0% between the ages of 18-25 years, a further 4.0% of the respondents above 55 years of age and finally no respondents between the ages of 46-55 years. The majority of the respondents being 26 to 35 years of age may be an added advantage to our study as this age group are well informed and in touch with technology. The said age group is also an added advantage to the Bank as KCB is now focussed on popularizing banking to the youth through the use of social media and introduction of banking products specifically aimed at this particular age group. The information provided will therefore aid in decision making in the implementations of products and services aimed at this particular age group.

Information on the respondents' distribution by how long they had been in a working relationship with KCB was also sought. This was to provide a measure in variations of the respondents' perceptions towards the Bank and whether these perceptions were in anyway a determinant of the working relationship. The period of relationship was determined with regards to how long KCB employees had been in employment with the Bank and how long external stakeholders specifically the KCB customers had banked with KCB. This was important in showing the variation in the makeup of the respondents with relation to the number of years of working relationships between the various stakeholders and the Bank giving us varied answers to our questions. The findings were as detailed in figure 2 on the following page.

**Figure 2: Distribution of respondents by number of years of working/banking relationship with KCB**

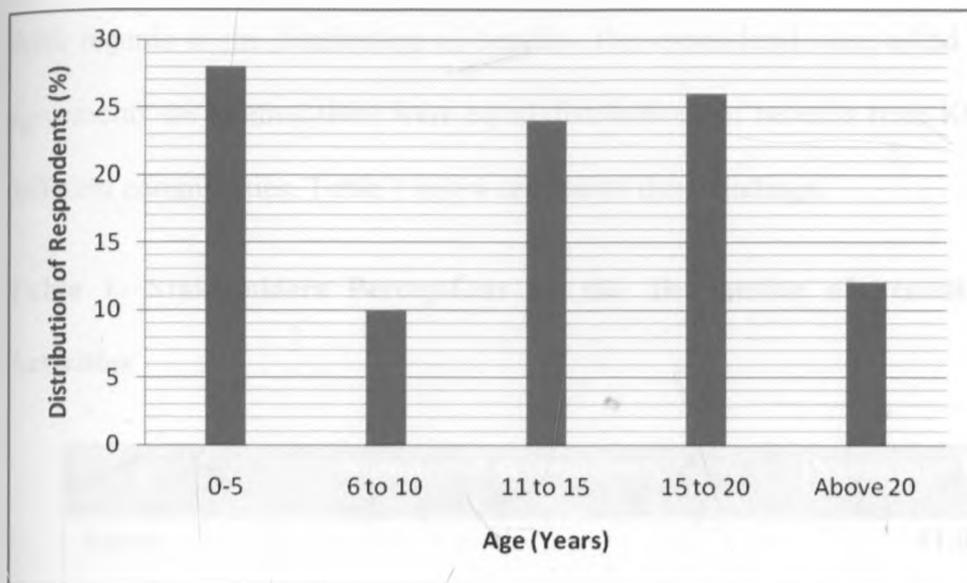


**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

A majority of the respondents interviewed totalling to 44.0% had been with the Bank for a period of 0 to 5 years with 17.0% for a period of 6 to 10 years, 3.0% for 11 to 15 years and a further 3.0% for a period of 15 to 20 years with the same number of 3.0% for a period of above 20 years. Out of the 150 respondents interviewed, 30.0% did not have a working relationship with KCB. This distribution was a representation of the residents of Kiamumbi area who did not have accounts with KCB meaning that only a total of 5 out of the 50 respondents interviewed in the area had accounts with KCB. This finding therefore means that information obtained about the Bank was from different groups of individuals ranging from internal customers to external customers to non-customers thus providing an unbiased view on the CSR practices of the Bank.

Figure 3 below shows the distribution of respondents from Maria Immaculata Education Centre and the surrounding area of Kiamumbi in relation to how long they had lived in the area. This was important in providing a varied response with regards to the knowledge and awareness of CSR activities that the area had benefited from in the past and present.

**Figure 3: Distribution of respondents by length of period of residency at Kiamumbi area**



**Source: Field Survey 21<sup>st</sup> July 2012**

Maria Immaculata Education Centre is located in Kiamumbi area. This area can be considered as a semi-urban area due to its proximity to Nairobi and its social amenities as well as a semi-rural area due to the general way of life of the residents. Some of the respondents had lived in the area by virtue of employment such as those working in the school and surrounding businesses whereas others were born and raised in the area. Of the 50 respondents interviewed, 28.0% of had been living in the area for a period of less than 5 years followed by 26.0% and 24.0% of the total respondents who had lived in the area for a period of between 15 to 20 years and 11 to 15 years respectively. 10.0% of the total respondents had lived in the area for 6 to 10 years and 12.0% of the total respondents for over 20 years.

## 4.2 Stakeholder Perceptions on the CSR Practices of KCB

The first research question sought to know the perceptions of stakeholders on the CSR practices of KCB. This was done with relation to the stakeholders' views on the distributions of benefits from CSR and whether CSR practice gives KCB a competitive advantage. Levels of satisfaction with KCB's CSR activities as well as a rating of these activities were also analyzed.

With regards to the distribution of benefits, the respondents were asked to state their levels of agreements on whether there were equal distributions of benefits from KCB's CSR activities to different communities. Table 1 below represents these findings.

**Table 1: Stakeholders Perceptions on the distribution of benefits from KCB's CSR Activities**

	Number of respondents	Percentage frequencies
<b>Agree</b>	61	<b>41.0%</b>
<b>Neutral</b>	46	<b>31.0%</b>
<b>Disagree</b>	43	<b>28.0%</b>
<b>Total</b>	<b>150</b>	<b>100.0%</b>

**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

A total of 41.0% of the respondents agreed that there was equal distribution of benefits accrued from KCB's CSR activities. This was a representation of less than half of the respondents with a considerable percentage of 31.0% of the total respondents not sure about the distribution of these benefits. This could be an indication of the lack of awareness of the Bank's CSR activities. 28.0% of the total respondents disagreed that the CSR benefits were equally distributed.

We also obtained data on whether the stakeholders considered KCB to be better placed in terms of competition as a resulting of practicing CSR. The respondents' views were as per Table 2 below.

**Table 2: Stakeholders Perceptions on whether KCB is better placed as compared to its competitors due to CSR**

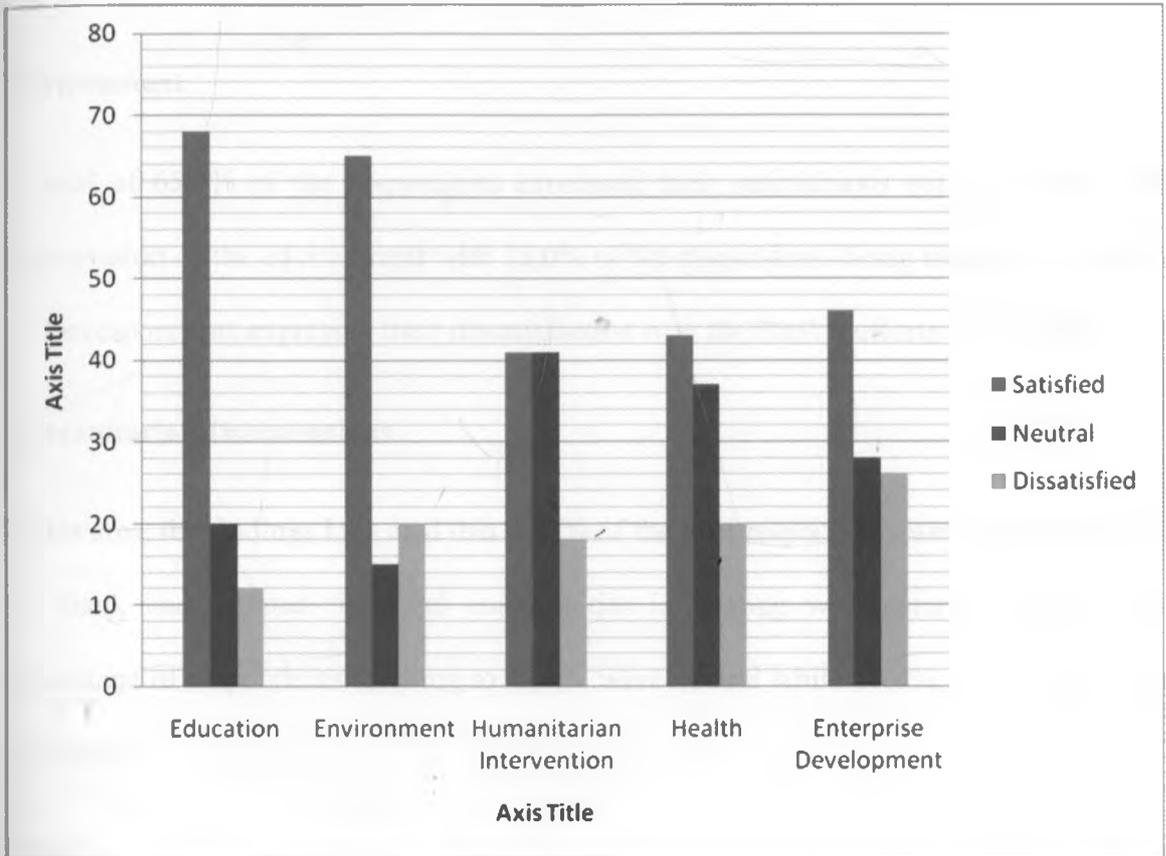
	Number of respondents	Percentage frequencies
<b>Agree</b>	82	<b>55.0%</b>
<b>Neutral</b>	41	<b>27.0%</b>
<b>Disagree</b>	27	<b>18.0%</b>
<b>Total</b>	<b>150</b>	<b>100.0%</b>

**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

Majority of the respondents totalling to 55.0% agreed that KCB was better placed as compared to its competitors as a result of practicing CSR with only 18.0% being in disagreement. 27.0% of the total respondents expressed neutral views. The findings imply that by practicing CSR, KCB benefits by gaining a competitive advantage over its competitors in terms of business. The realization by many organizations in Kenya that engaging in CSR has a competitive advantage has seen the integration of the practice in their values and day to day operations as well as publicizing of these CSR activities through the media.

The satisfaction levels of the respondents in the areas, in which KCB gives back to the communities, were as per figure 4 below. This was of importance as the information obtained from the analysis would provide the Bank with information on the CSR activities that need improvements within these five thematic areas. This could lead to the need for further research to determine the exact improvements that need to be addressed.

**Figure 4: Levels of satisfaction with KCB's CSR activities**



**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

KCB gives back to the communities in five thematic areas of education, environment, humanitarian intervention, and health and enterprise development. Overall, a majority of the

respondents were generally happy with how KCB has given back to the communities in these five areas. A detailed analysis of each area follows.

### **Education**

A majority of the respondents represented by 68.0% of the total respondents were satisfied with how the Bank had given back to the communities in this area followed by a total of 20.0% who were neutral. 12.0% of the respondents were dissatisfied.

### **Environment**

A total of 65.0% of the respondents expressed their satisfactions with the Bank's efforts in conservation of the environment with 15.0% of the respondents being neutral. A total of 20.0% of the respondents expressed their dissatisfaction with the Bank's efforts in this area.

### **Humanitarian Interventions**

In this area, the findings indicated that 41.0% of the total respondents were satisfied with the way the Bank had assisted the local communities in dealing with natural disasters. The same percentage of respondents totalling to 41.0% were neutral while 18.0% of the respondents were dissatisfied.

### **Health**

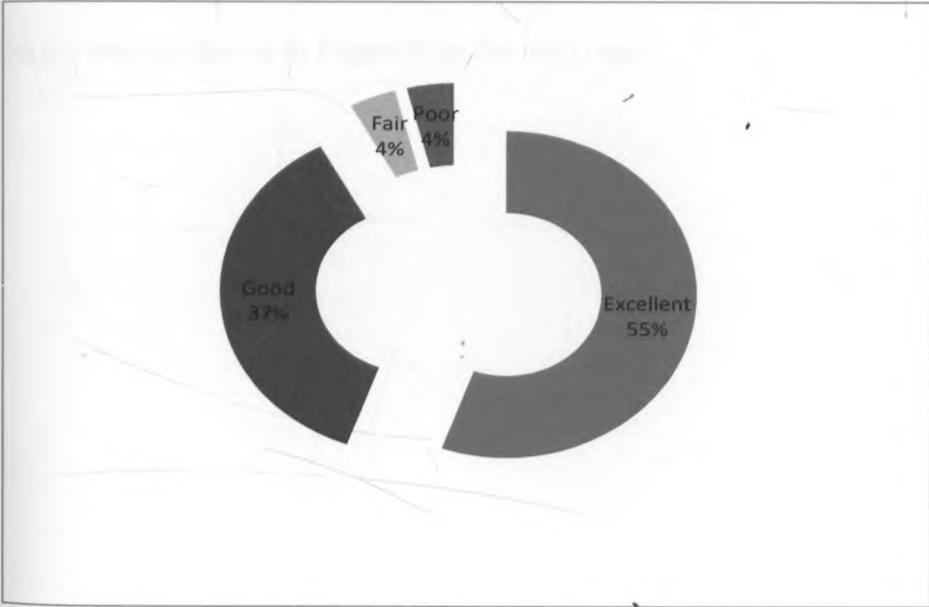
With reference to the support in provision of health services to the local communities by the Bank, a majority of the respondents totalling 43.0% were satisfied. A further 37.0% of the total respondents were neutral whereas 20.0% of the respondents expressed their dissatisfaction in this area.

# Enterprise Development

A majority of 46.0% of the total respondents were satisfied with how the Bank had contributed to supporting entrepreneurships within local communities. 28.0% of the respondents were neutral whereas 26.0% of the respondents expressed their dissatisfaction.

In order to further establish the stakeholders' perceptions on the CSR activities practiced by KCB, the respondents were asked to rate the Bank's CSR activities with relation to the projects carried out by KCB in the respondents' area as compared to those carried out by other institutions or organizations. This was of importance in providing feedback to the Bank to know where it stands with how it implements and carries out its CSR activities as compared to other organizations. The ratings were as per figure 5 below.

**Figure 5: Rating of KCB's CSR activities**



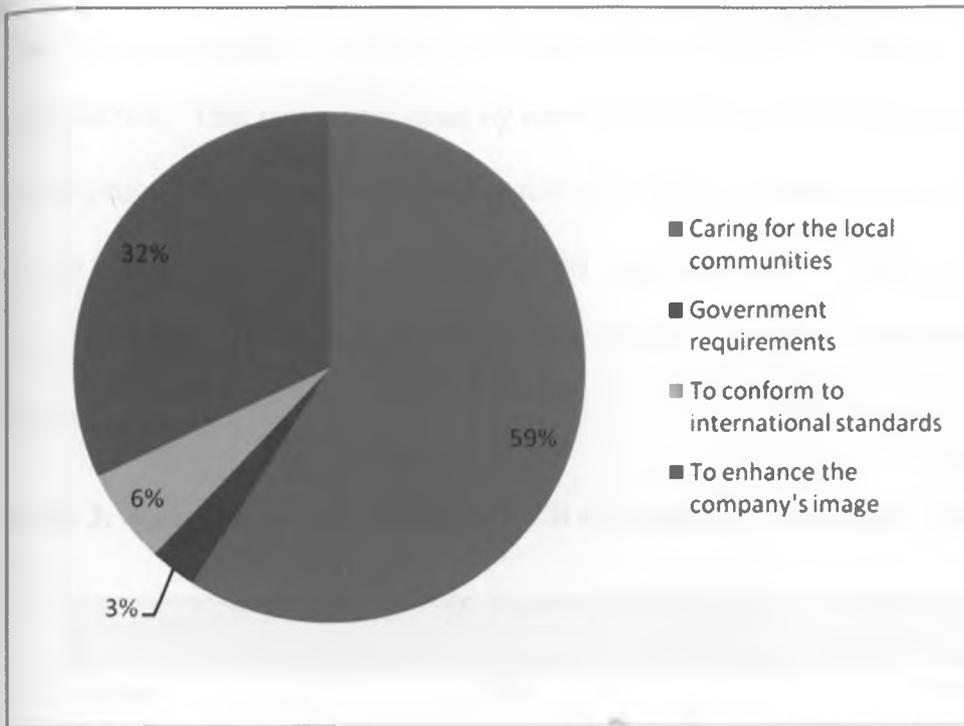
Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012

A total of respondents adding up to 55.0% of the respondents rated KCB's CSR activities as excellent, whereas a total of 37.0% of the respondents rated the CSR activities as good, followed by 4.0% who rated the CSR activities as poor citing reasons such as neglect by the Bank in implementing of its CSR activities in the rural areas. A further 4.0% of the respondents rated the Bank's CSR as fair with some stating that there was need for the Bank to publicize its CSR activities to increase awareness among the local communities.

#### **4.3 Reasons for KCB's Involvement in CSR**

The research further sought to determine the stakeholders' perceptions of KCB's CSR practices by analyzing the respondents' views on the reasons behind KCB's involvement in CSR. This was necessary due to the need to support or refute the views of some scholars and organizations who were of the opinion that some organizations' involvements in CSR was purely for window dressing purposes and not necessarily due to the need to support the local communities. The results were as shown in Figure 6 on the next page.

**Figure 6: Stakeholder perceptions on reasons for KCB's involvement in CSR**



**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

As indicated in figure 6 above, of the respondents interviewed, a total of 59.0% were of the view that the reasons for the Bank's involvements in CSR were as a result of caring for the communities, however, 32.0% stated that the main aims of involvements in CSR by KCB was to enhance the company's image. Only 6.0% of the respondents were of the view that the reasons were to conform to international standards, while 3.0% of the respondents said it was due to requirements by the government.

#### 4.4 Corporate Social Responsibility and Stakeholder Relations

The researcher sought to find out relationship between CSR and the relations with KCB's stakeholders. This was firstly done by determining whether the perceptions of the stakeholders had improved as a result of the Bank practicing CSR. This was important in determining whether or not CSR plays a role in promoting the reputation of the Bank which in turn promotes corporate image thereby addressing one of our study objectives. The results were as per table 3 below.

**Table 3: Stakeholder perceptions of KCB as a result of practicing CSR**

	Number of respondents	Percentage frequencies
<b>Agree</b>	134	<b>90.0%</b>
<b>Neutral</b>	8	<b>5.0%</b>
<b>Disagree</b>	8	<b>5.0%</b>
<b>Total</b>	<b>150</b>	<b>100.0%</b>

**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

A total of 90.0 % of the respondents were in agreement that their perception of the Bank had improved as a result of the Bank practising CSR. Only a total of 5.0 % of the respondents disagreed that there was a relation between the practise of CSR by KCB and their improved perceptions of the Bank. A total of 5.0% of the respondents were neutral. These findings therefore lead us in drawing the conclusion that CSR does play a role in promoting corporate image by improving the perceptions of stakeholders.

The nature of the relationships between KCB and its various stakeholders in relation to its CSR practises was also determined. This was of importance as it would provide us with details on whether CSR was in anyway a determinant for the continued working relationship between the Bank and its various stakeholders. The findings are summarised in Table 4 below:

**Table 4: CSR and Stakeholder relations**

	Number of respondents	Percentage frequencies
<b>Agree</b>	35	<b>23.0%</b>
<b>Neutral</b>	38	<b>25.0%</b>
<b>Disagree</b>	77	<b>52.0%</b>
<b>Total</b>	<b>150</b>	<b>100.0%</b>

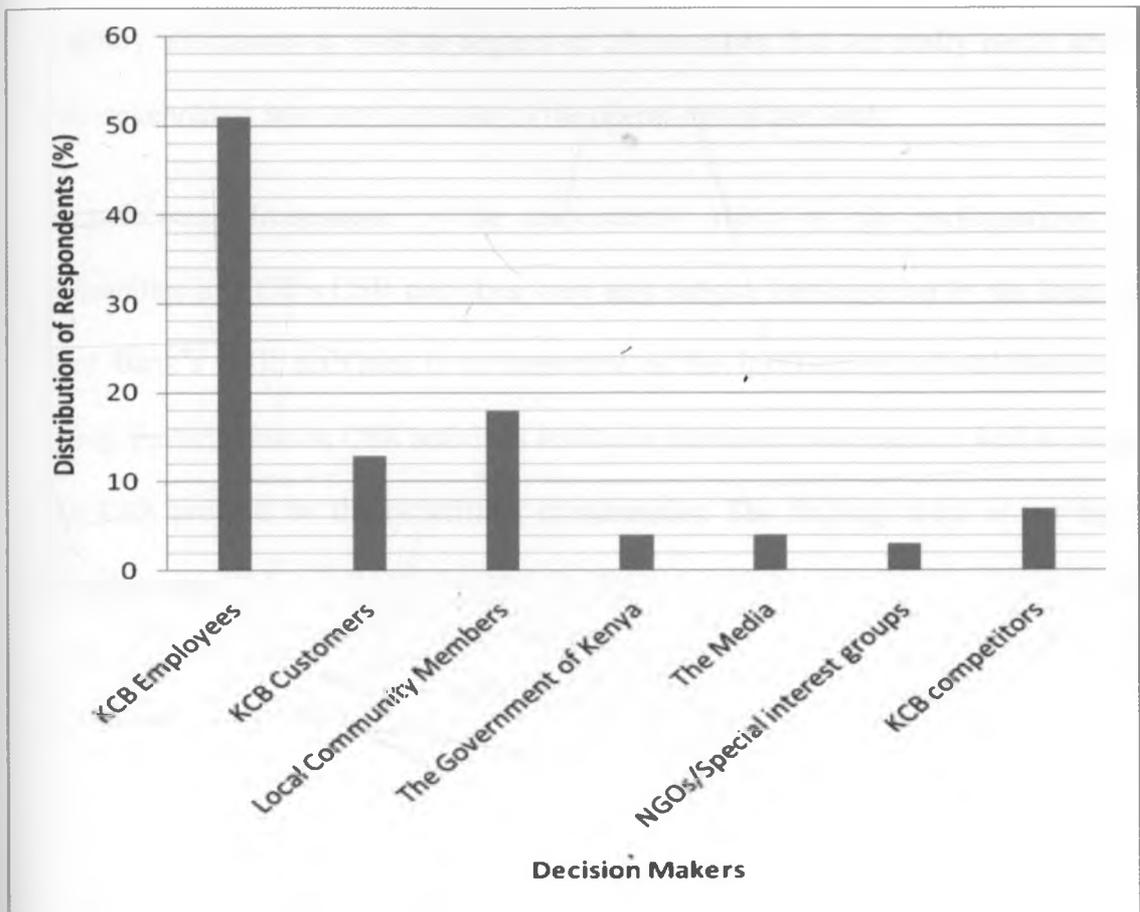
**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

From the table a majority of the respondents totalling to 52.0% of the respondents disagreed that their existing relationship with KCB was as a result of the Bank engaging in CSR with only a minority of 23.0% being in agreement that CSR plays a role in their relationship with the Bank. A further total of 25.0% of the respondents were neutral. The KCB employees for instance listed reasons such as the salary and benefits package offered by the Bank and the opportunities for career growth as their reasons for seeking employment with the Bank while majority of KCB customers stated that their reasons for opening and operating accounts with KCB was a result of requirements by the employer and referrals from family and friends.

#### 4.5 Stakeholder Involvements in Decision Making and Participations in CSR

We also sought to establish the levels of involvements of stakeholders in the decision making process of the Bank in relation to the implementations and carrying out of KCB's CSR activities. Stakeholders may be affected by organizational decisions and also need to be made aware of organizational decisions and actions as they have the potential of influencing an organization either positively or negatively. The respondents views on stakeholders' involvements in the decision making process of the Bank are summarized in figure 7 below.

**Figure 7: Decision makers of CSR activities in KCB**

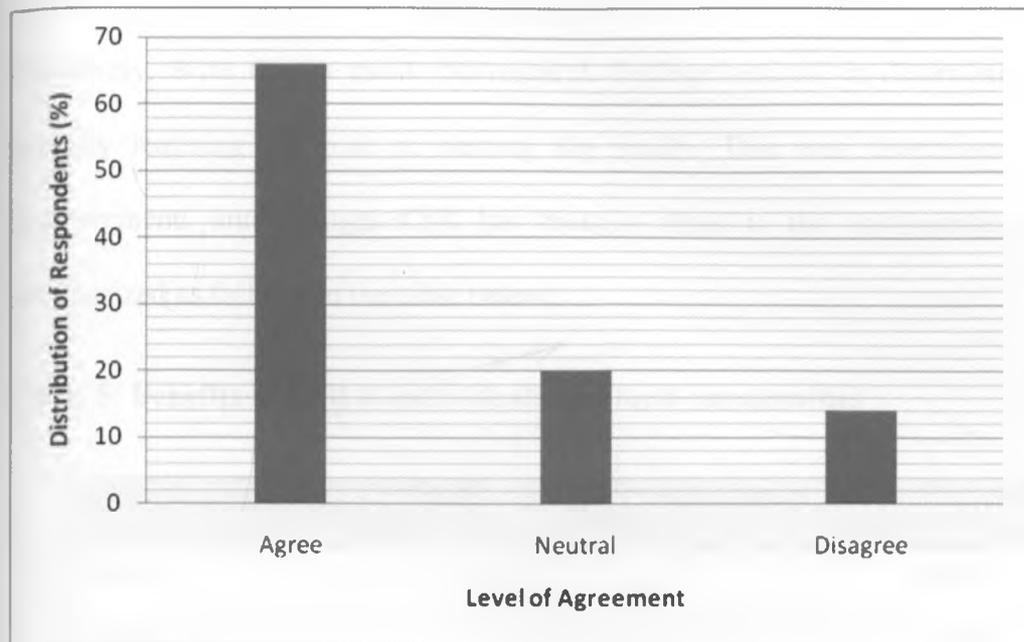


Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012

A total of 51.0% of the respondents interviewed were of the view that KCB Employees had the upper hand in the decision making process followed by local community members and KCB customers, with a total of 18.0% of the total respondents and 13.0% of the total respondents respectively. A total of 7.0% of the respondents thought that KCB competitors were the decision makers with 4.0% of the respondents of the view that the Government of Kenya had a say with another 4.0% listing the Media. Lastly, only 3.0% of the respondents thought that decision making was attributed to NGOs and special interest groups. These figures indicate that the perceptions of the respondents is that outside stakeholders are not actively involved in the decision making process. The impact of such findings is that there might be biases in terms of budgetary allocations as well as neglect of communities that are really needy and isolation of some stakeholders who are important to the operations of the Bank.

The percentage frequencies of the respondents' views on the participations of the local communities in KCB's CSR activities were also sought. Participation by the local communities in the Bank's CSR activities is as important as the involvement of stakeholders in decision making. Participation in CSR activities results in increased awareness as well as sustainability of these CSR projects by the benefitting communities. The findings were as per figure 8 on the following page.

**Figure 8: Local communities' participation in KCB's CSR activities**



**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

Of the respondents interviewed on issues relating to communities' participation, a significant total of 66.0% were in agreement that the local communities were actively involved in KCB's CSR activities. A total of 20.0% of the respondents were neutral in their response whereas a minority of 14.0% of the total respondents disagreed that the local communities actively participated in the Bank's CSR activities. The involvement of communities in CSR activities is important as it encourages taking of ownership by the communities of various CSR projects implemented. Involvement further promotes self-sustenance of these communities.

#### **4.6 Benefits of CSR to the communities**

As part of our research questions, we were interested in the respondents' view on how individuals as well as communities had benefitted from the CSR activities implemented by KCB.

The KCB Foundation was set up to effectively support communities by identifying the most important needs of various communities and mobilizing resources to meet those needs cost-effectively. With this in mind, the research findings assisted in determining whether KCB is actually realizing its goal of helping the needy. This was determined by analyzing the improvements and changes CSR has brought about to the communities. The findings are summarized as follows in the table below:

**Table 5: Benefits of CSR to individuals and local communities**

	Number of respondents	Percentage frequencies
<b>Agree</b>	128	<b>85.0%</b>
<b>Neutral</b>	9	<b>6.0%</b>
<b>Disagree</b>	13	<b>9.0%</b>
<b>Total</b>	<b>150</b>	<b>100.0%</b>

**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

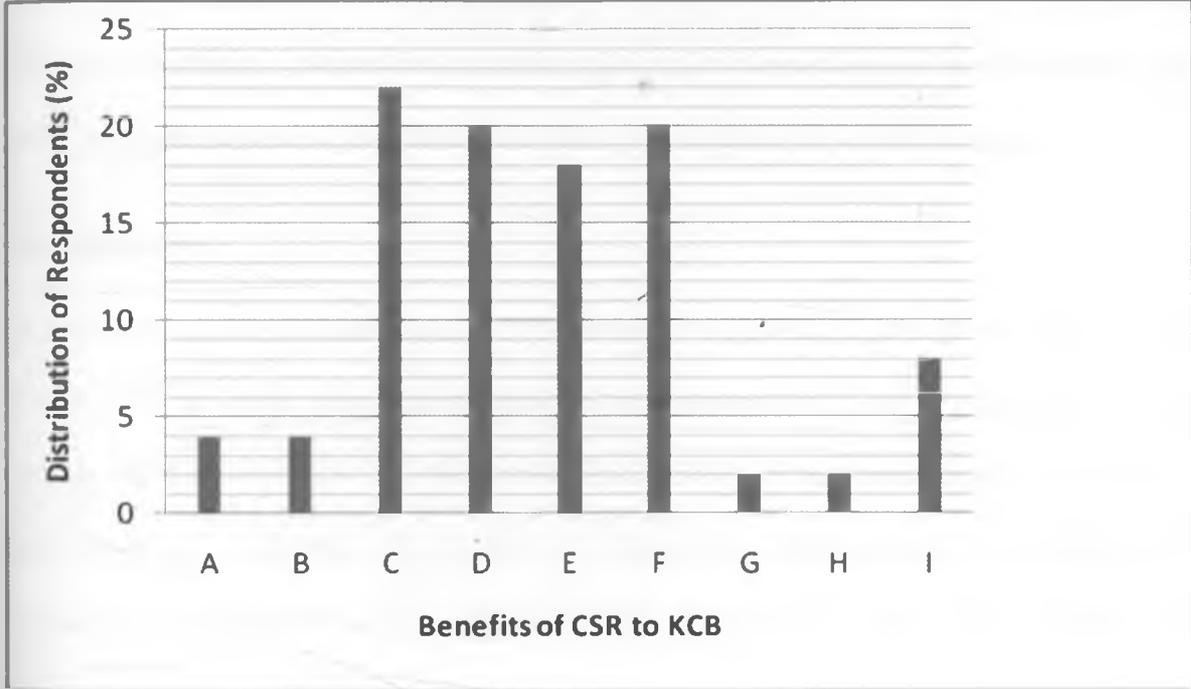
From the above table the majority of the respondents were in agreement that CSR had greatly improved the lives of individuals and brought about great changes to the community represented by 85.0% of the total respondents. A total of 6.0% of the respondents were neutral on the benefits to individuals and the communities whereas 9.0% of the total respondents were in disagreement with the individual and community benefits of CSR. These findings are in line with the reasons for the very existence of the KCB Foundation in addressing the needs of various communities.

**4.7 Benefits of Engaging in CSR to KCB**

The benefits of engaging in CSR are not limited to local communities alone. By implementing CSR in their agenda, organizations stand to benefit as well for instance through increased brand visibility and increased business from the communities that they assist (Mwololo, 2012: A1).

The study sought to find out whether CSR is a worthwhile investment for the Bank considering KCB’s annual budget on community social development programs. To determine the advantages of CSR to the Bank, the study sought the opinion of KCB employees on what they consider as some of the advantages of CSR to KCB. The results were as shown in figure 9 below:

**Figure 9: Benefits of CSR to KCB**



Source: Field Survey 23<sup>rd</sup> July to 27<sup>th</sup> July 2012

**KEY:**

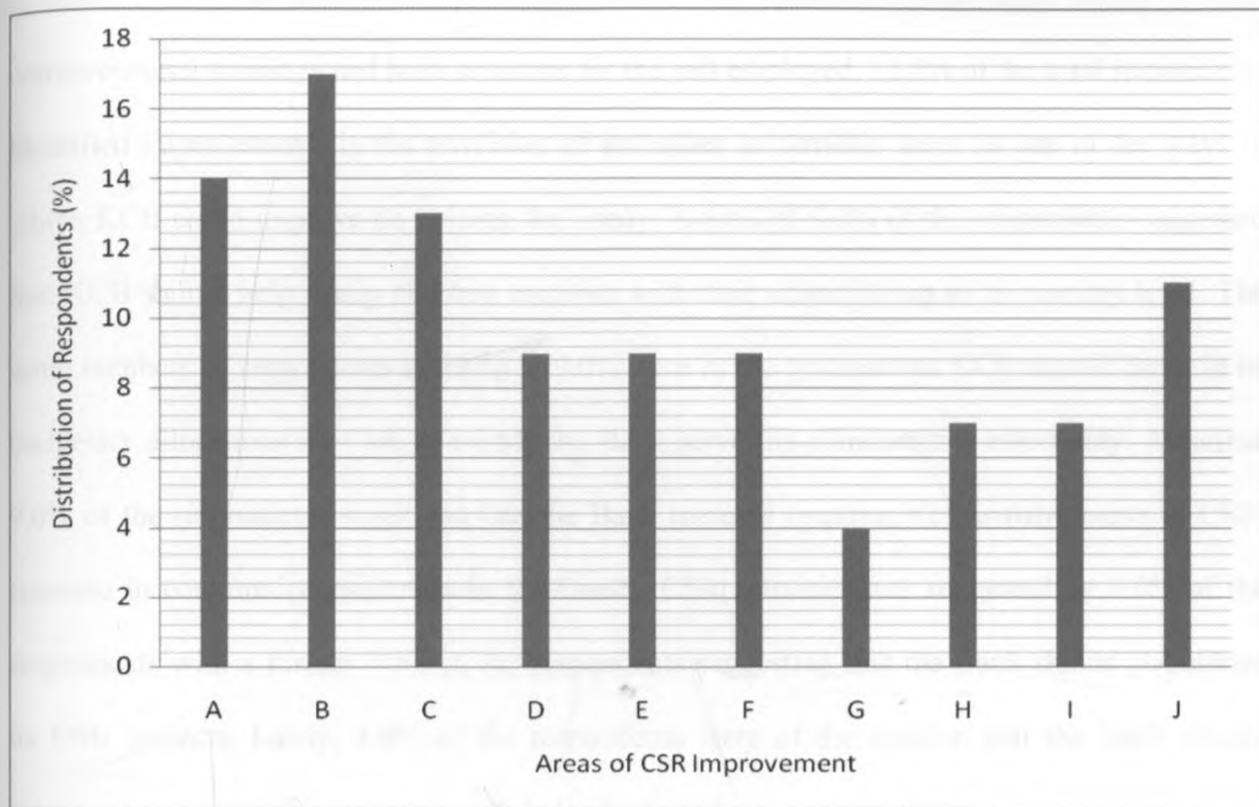
- A. Staff integration in the Company
- B. Increased partnerships
- C. Increased association with the communities
- D. Increased brand visibility
- E. Increased business from the communities
- F. Enhancing of image
- G. Competitive advantage for KCB
- H. Promotes employee satisfaction
- I. Increased stakeholder relations

Out of the KCB employees interviewed, a total of 22.0% of the respondents were of the opinion that engaging in CSR by the Bank resulted in increased association with the communities. A total of 20.0% of the respondents listed increased brand visibility as a benefit of engaging in CSR, with another 20.0% who stated that engaging in CSR by the Bank enhances the image of the Bank. A further 18.0% of the respondents were of the opinion that engaging in CSR results in increased business from the communities. Increased stakeholder relations were identified by 8.0% of the total respondents as one of the advantages of engaging in CSR by the Bank. A total of 4.0% of the respondents listed staff integration in the company as an advantage with a further 4.0% listing an increase in partnerships with individuals and other organizations as another advantage of engaging in CSR. 2.0% of the total respondents interviewed stated that engaging in CSR gave the Bank a competitive advantage against its competitors and lastly the same figure of 2.0% stating that engaging in CSR by the Bank promotes employee satisfaction.

#### **4.8 Suggestions**

As part of the interview questions, the respondents were asked to give their opinion on ways in which KCB can improve in giving back to the communities. This would assist the Bank in getting varied ideas of how else they can assist the needy in the communities to better their lives apart from the five areas of education, environment, health, enterprise development and humanitarian interventions. The opinions of the respondents were as per figure 10 on the following page.

**Figure 10: How KCB can improve on giving back to the communities**



**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

**KEY:**

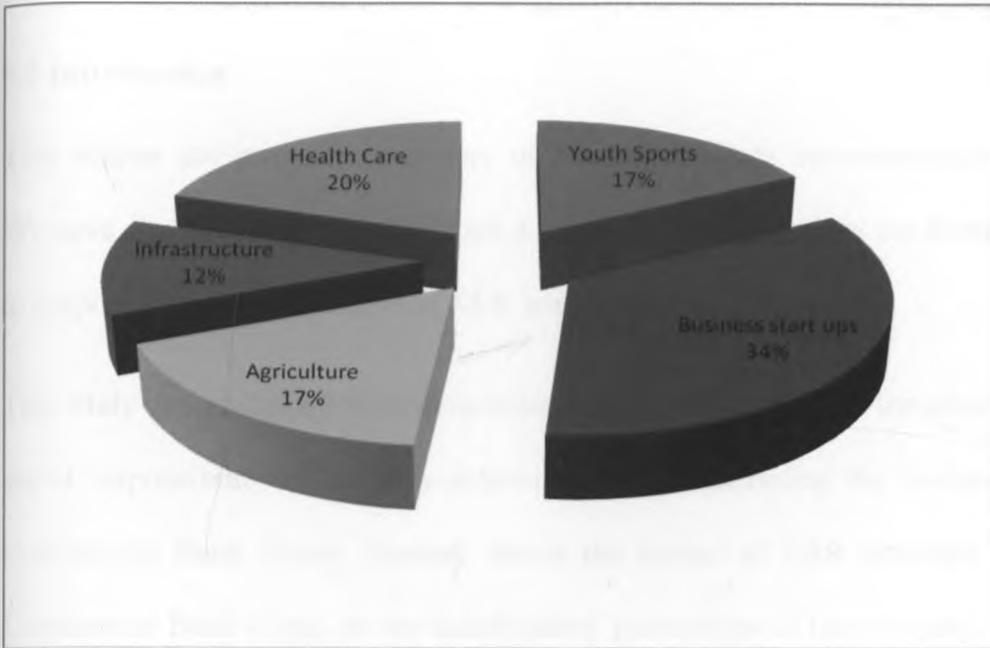
- |   |   |
|---|---|
| A. Carry out more research on the neediest communities                    | E. Increase budget on CSR                           |
| B. Penetrate the rural areas  | F. Increase communities involvements in CSR         |
| C. Offer entrepreneurial training & hold seminars                         | G. Increase on partnership programs                 |
| D. Help needy children continue with their education up to tertiary level | H. Increase community awareness                     |
|   | I. Popularize its CSR projects                      |
|   | J. Improve provision of amenities in hardship areas |

Majority of the respondents totalling to 17.0% suggested that the Bank should implement and carry out its CSR activities more in the rural areas as CSR is more known in the urban areas. A total of 14.0% of the respondents suggested that KCB should carry out more research to

determine the neediest communities when it comes to carrying out of the Bank's CSR activities. A further 13.0% of the total respondents were of the opinion that the Bank needs to offer entrepreneurial trainings and hold seminars for the self employed. 11.0% of the total respondents identified improvements in the provision of amenities in hardship areas as one of the ways in which KCB could improve on helping the needy. A total of 9.0% of the respondents suggested that KCB should help needy children continue with their education up to the tertiary level. The same numbers of respondents totalling to 9.0% were of the opinion that KCB should increase its budgetary allocations on CSR to enable the Bank serve the communities effectively. A further 9.0% of the respondents suggested that the Bank increase communities' involvements in CSR. Increase in community awareness of the Bank's CSR activities was suggested by 7.0% of the respondents with a further 7.0% of the respondents suggesting that the Bank should popularize its CSR projects. Lastly, 4.0% of the respondents were of the opinion that the Bank should increase on partnerships programs with individuals and other organizations.

Further to seeking the opinion of the respondents on ways in which KCB can improve in helping the needy in local communities, the respondents were also asked to suggest other areas in which KCB can give back to the communities. These ideas may be utilized in the future implementations of CSR programs by the KCB Foundation resulting in further diversity in the CSR programs offered by the Bank. The suggestions of the respondents were as per figure 11 on the next page.

**Figure 11: Other areas in which KCB can give back to the Communities**



**Source: Field Survey 21<sup>st</sup> July to 27<sup>th</sup> July 2012**

Majority of the respondents totalling to 34.0% of the respondents suggested that the Bank should help with business start ups for low income earners followed by health care provision by a total of 20.0% of the respondents through building of a health centre. A total of 17.0% of the respondents also suggested that KCB could aid in the areas of agriculture for instance through setting up of fish ponds and green houses with another 17.0% of the total respondents suggesting investing in the communities through sports by targeting the youth and tapping talent at a young age. Lastly, 12.0 % of the respondents were of the view that KCB can give back to the communities through improvements of infrastructure such as roads. The suggestions of the respondents validate the opinions of several scholars on the CSR practises in Africa in that the activities suggested for inclusion in KCB's corporate social responsibilities are those that are normally considered to be the government's responsibilities.

## CHAPTER FIVE

### SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

#### 5.1 Introduction

This chapter comprises the summary of research findings, recommendations and conclusions. We have also in this chapter discussed a number of policy options we deem relevant and critical to corporate organizations such as KCB among others.

This study was guided by three main objectives: first, to determine the effectiveness of corporate social responsibility as a public relations tool for promoting the corporate image of Kenya Commercial Bank Group. Second, assess the impact of CSR activities practised by Kenya Commercial Bank Group on the stakeholders' perceptions of the company. Finally, evaluate the levels of involvement of the beneficiaries of the CSR programs in the implementation and carrying out of CSR activities. These objectives were addressed through the analysis and interpretations of the findings of the study.

The research relied heavily on primary data generated from the field and secondary data through review of literature relating to corporate social responsibility, marketing, public relations and corporate imaging. Past works of a number of scholars on corporate social responsibility and corporate imaging were also reviewed with a view to comparing findings and bridging any academic gaps not addressed in these previous studies.

The study used both quantitative and qualitative data. The field data was collected by use of questionnaires that were administered to three target groups such as KCB employees, KCB customers, the teachers and workers at Maria Immaculata education Centre together with the residents of the surrounding areas. The data was then analyzed through the use of MS Excel and

SPSS (Statistical Package for the Social Sciences) computer programs and summarized in frequency distribution tables and percentage frequencies. We also used graphs, tables and charts for a visual representation of the findings.

A summary of the study findings indicate that majority of the respondents, a total of 90.0%, attributed their change in the perceptions of KCB as a result of the Bank practising CSR with a further 55.0% considering KCB to be better placed as compared to its competitors as a result of practising CSR. Through rating of the CSR activities practiced by KCB, the researcher was able to establish the stakeholder perceptions of these activities. Majority of the respondents totalling to 55.0% rated KCB's CSR activities as excellent, 37.0% rated the CSR activities as good followed by 4.0% rating these activities as both poor and fair.

From the findings, the reason for KCB's involvements in CSR was attributed to KCB caring for the community by 59.0% of the respondents followed by 32.0% attributing involvements in CSR so as to enhance the company's image. Involvements in CSR were found to have minimal effects with regards to continued working relations between KCB and its employees as well as customers. A significant total of 52.0% of the respondents were in disagreement whereas 23.0% were in agreement. The KCB employees for instance listed reasons such as the benefits package and the opportunity for growth as the main reasons for seeking employment with KCB while customers stated that their reasons for operating accounts with KCB were mainly due to employers' requirements and referrals from family members and friends. On the contrary a majority of 90.0% were in agreement that their perceptions of KCB improved as a result of the Bank's engaging in CSR.

The study findings further indicated that majority of the respondents totalling 51.0% , were of the view that KCB Employees had the most say in the decision making process with regards to CSR activities implemented by KCB, followed by local community members at a total of 18.0% of our respondents. In relation to stakeholders' participations in the CSR activities carried out by KCB, a total of 66.0% of the respondents were in agreement that the local communities were actively involved in the implementation of CSR activities and took part in these activities. From the findings, CSR was seen to be beneficial to both the local communities and KCB with a total of 85.0% of the respondents agreeing that CSR had brought about great improvements and changes to individuals and communities. The respondents' views on the advantages of CSR to the Bank were summarized in nine categories with a majority of 22.0% stating that engaging in CSR by KCB increased association with the communities with 20.0% listing increased brand visibility as a benefit of engaging in CSR and another 20.0% stating that engaging in CSR enhanced the image of KCB.

### **5.3 Recommendations**

This study sought to determine the relationship between corporate social responsibilities and corporate image. Although the study achieved its purpose, its focus was in one organization as a representative of other organizations within Kenya. It is thus recommended that a similar study be replicated in other corporate institutions to further reinforce the study findings.

According to the study findings, it was noted that the residents of Kiamumbi area were in the dark on the CSR activities carried out by KCB within their area. This supports the views of the majority of the respondents that CSR is not known in the rural areas. The Bank through its communication department could therefore as a matter of policy address this issue by publicizing

CSR activities more within the areas in which these activities are being implemented. In addition the Bank can increase awareness through increased stakeholder involvement in decision making and participation and encouraging ownership of projects by the local communities. There is also the need for critical linkage and relation with the media for effective publicizing of KCB's CSR activities and the creation of awareness of these activities.

Adoption of some of the suggestions from the study findings on how the Bank can improve in the implementation and carrying out of its CSR activities can prove to be helpful in the future implementation of CSR programs. Furthermore, the Bank could take into consideration the recommendations from the respondents with regards to other areas in which KCB can give back to the communities.

From the study findings, it was also noted that majority of the respondents totalling to 90.0% at Maria Immaculata Education Centre and the surrounding areas did not have any form of ongoing relationships with the Bank. This information can be utilised by KCB as a means of creating new interventions as a matter of policy in such areas. These findings may also indicate the low levels of impact of both the communication and marketing departments with regards to the kinds of advocacy the Bank uses on its CSR activities and the marketing of the Bank's products and services. These need to be reviewed and corrective measures taken as appropriate.

#### **5.4 Conclusions**

In addressing the research questions and objectives of this study, the following conclusions can be drawn from the findings. First, that by engaging in corporate social responsibility, an organization not only fulfils its duty of giving back to the community in which it operates but in turn promotes the image of the company. This is evident in that majority of the respondents

stated CSR as being beneficial to the individuals and communities as well as resulting in improved perceptions. As one of the leading financial institutions in Kenya and East Africa, KCB has a duty to maintain its corporate image and brand. According to the findings, engaging in CSR has resulted in improved perceptions of KCB by both its internal and external stakeholders. It is therefore justified to state that corporate social responsibility can be used as public relations tool for promoting corporate image.

Second, from the study findings, it is evident that corporate social responsibility is beneficial to individuals and communities as a whole, as CSR results in improved levels of education, better health, conservation of the environment, entrepreneurship opportunities as well as helping to avert natural calamities. The benefits of CSR are not limited to individuals and communities only; the organizations carrying out these activities benefit as well. Engaging in CSR improves stakeholder relation with organizations affecting their perceptions of the company and brand loyalty which in turn translates to new business and the retention of existing business (Mwololo, 2012: A1).

Third, the study findings established that stakeholder involvement in the implementations and carrying out of CSR activities is important, resulting in increased awareness as well as sustainability of these CSR projects. The findings indicates that there is stakeholder involvements in the carrying out of CSR activities implemented by KCB but the involvements of external stakeholders in decision making was to a much lesser extent with the findings indicating that the employees of KCB were considered as the ultimate decision makers.

Significantly therefore, the findings of this research are comparable to the previous study of (Njoga, 2007) who in his study also established that CSR activities enhance the image of a

company. He further stated that engaging in CSR created a competitive edge in a business environment, protecting a company against a sudden dent in its image, as well as resulting in increased sales. Njoga's findings further stated that CSR was a key driver of reputation at Magadi Soda Company to both the internal stakeholders being the employees and the external stakeholders comprising of the surrounding community and that the company's reputation was one of the major reasons behind the attractions and retentions of its best employees.

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## APPENDIX I: QUESTIONNAIRE FOR THE RESPONDENTS FROM KIAMUMBI

**Instructions:** Please read the questions and answer them either by filling in the blank spaces or ticking the check boxes [√] or tables. Make an attempt to answer every question fully and correctly. On the last page of the questionnaire, there is a provision for comments that you may regard as important in this study but may not have been covered.

### SECTION A: BACKGROUND INFORMATION OF RESPONDENTS

1. What is your age bracket?

- (i) 18 - 25 years [ ]
- (ii) 26 - 35 years [ ]
- (iii) 36 - 45 years [ ]
- (iv) 46 - 55 years [ ]
- (v) Above 55 years [ ]

2. How long have you been a resident of Kiamumbi?

- (i) 0 - 5 years [ ]
- (ii) 6 - 10 years [ ]
- (iii) 11 - 15 years [ ]
- (iv) 15 - 20 years [ ]
- (v) Above 20 years [ ]

3. a) Are you a KCB customer?

Yes [ ] No [ ]

b) If yes, for how long have you been a customer?

- (i) 0 - 5 years [ ]
- (ii) 6 - 10 years [ ]
- (iii) 11 - 15 years [ ]
- (iv) 15 - 20 years [ ]
- (v) Above 20 years [ ]

c) Kindly indicate your reasons for operating an account with KCB.

- (i) Referral from family or friend [ ]
- (ii) Employer requirement [ ]
- (iii) Sales drive by KCB sales staff [ ]
- (iv) Motivation from advertisements from the media [ ]
- (v) Motivation from CSR activities in your area [ ]

Other.....  
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**SECTION B: PERCEPTION OF RESPONDENTS FROM MARIA IMMACULATA EDUCATIONAL CENTRE AND THE RESIDENTS OF KIAMUMBI ON THE CSR ACTIVITIES BY KCB**

1. What are some of the projects your community has benefited from over the years?

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2. Of the projects mentioned above, which ones have been carried out by KCB?

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3. How would you rate the projects carried out by KCB in your area as compared to those carried out by other institutions?

(i) Excellent [ ]

(ii) Good [ ]

(iii) Fair [ ]

(iv) Poor [ ]

4. What do you think is the reason why KCB started these projects?

(i) Caring for the local community [ ]

(ii) Government requirement [ ]

(iii) To conform to international standards [ ]

(iv) To enhance the company's image [ ]

5. To what extent do you agree with the following statements?

Key:

1 = Strongly disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly agree

Statement	1	2	3	4	5
By implementing corporate social responsibility in your area, KCB has brought about great changes in your community					
The levels of education in your area has increased following the construction of additional classrooms and donations of learning materials to Maria Immaculata Educational Centre					
The local community is actively involved in the implementation of CSR activities carried out by KCB in your area as well as participation in these activities					
There is equal distribution of benefits from CSR activities to various communities					
I consider KCB to better placed as compared to its competitors as a result of practicing CSR					
CSR activities have greatly improved my life and that of my community					
As a result of practicing corporate social responsibility my perception of KCB has improved					
Winning awards that confirm an organization's performance, in comparison with others in the industry places the organization in a favourable light					

6. In your opinion, which group of people do you think are the decision makers of CSR activities in KCB?

- (i) KCB Employees [ ]
- (ii) KCB Customers [ ]
- (iii) Local Community Members [ ]
- (iv) The Government of Kenya [ ]
- (v) The Media [ ]
- (vi) NGOs/Unions/Special interest groups [ ]
- (vii) KCB competitors such as other Commercial Banks [ ]

7. Please circle the responses numbered 1-5 that best describes your level of satisfaction with how the Bank has given back to the local communities in the following areas:

- |                              |   |   |   |   |   |
|------------------------------|---|---|---|---|---|
| a) Education                 | 1 | 2 | 3 | 4 | 5 |
| b) Environment               | 1 | 2 | 3 | 4 | 5 |
| c) Humanitarian Intervention | 1 | 2 | 3 | 4 | 5 |
| d) Health                    | 1 | 2 | 3 | 4 | 5 |
| e) Enterprise Development    | 1 | 2 | 3 | 4 | 5 |

**Key:**

1 = Extremely dissatisfied      2 = Dissatisfied      3 = Neutral

4 = Satisfied      5 = Extremely satisfied

8. In what ways do you think the Bank can improve on the above areas of giving back to the local communities?

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## APPENDIX II: QUESTIONNAIRE FOR KCB CUSTOMERS

**Instructions:** Please read the questions and answer them either by filling in the blank spaces or ticking the check boxes [√] or tables. Make an attempt to answer every question fully and correctly. On the last page of the questionnaire, there is a provision for comments that you may regard as important in this study but may not have been covered.

### SECTION A: BACKGROUND INFORMATION OF RESPONDENTS

1. What is your age bracket?

(vi) 18 - 25 years [ ]

(vii) 26 - 35 years [ ]

(viii) 36 - 45 years [ ]

(ix) 46 - 55 years [ ]

(x) Above 55 years [ ]

2. a) For how long have you been a KCB customer?

(i) 0 - 5 years [ ]

(ii) 6 - 10 years [ ]

(iii) 11 - 15 years [ ]

(iv) 15 - 20 years [ ]

(v) Above 20 years [ ]

b) Kindly indicate your reasons for operating an account with KCB.

(vi) Referral from family or friend [ ]

(vii) Employer requirement [ ]

(viii) Sales drive by KCB sales staff [ ]

(ix) Motivation from advertisements from the media [ ]

(x) Motivation from CSR activities in your area [ ]

Other.....

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**SECTION B: PERCEPTION OF KCB CUSTOMERS ON THE CSR ACTIVITIES CARRIED OUT BY KCB**

1. What are some of the projects your community has benefited from over the years?

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2. Of the projects mentioned above, which ones have been carried out by KCB?

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3. How would you rate the projects carried out by KCB in your area as compared to those carried out by other institutions?

(v) Excellent [ ]

(vi) Good [ ]

(vii) Fair [ ]

(viii) Poor [ ]

4. What do you think is the reason why KCB started these projects?

(i) Caring for the local community [ ]

(ii) Government requirement [ ]

(iii) To conform to international standards [ ]

(iv) To enhance the company's image [ ]

5. To what extent do you agree with the following statements?

Key:

1 = Strongly disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly agree

Statement	1	2	3	4	5
By implementing corporate social responsibility in your area, KCB has brought about great changes in your community					
My continued relationship with KCB is as a result of the company's involvement in various CSR activities					
The local community is actively involved in the implementation of CSR activities carried out by KCB in your area as well as participation in these activities					
There is equal distribution of benefits from CSR activities to various communities					
I consider KCB to better placed as compared to its competitors as a result of practicing CSR					
CSR activities have greatly improved my life and that of my community					
As a result of practicing corporate social responsibility my perception of KCB has improved					
Winning awards that confirm an organization's performance, in comparison with others in the industry places the organization in a favourable light					

6. In your opinion, which group of people do you think are the decision makers of CSR activities in KCB?

- (viii) KCB Employees [ ]
- (ix) KCB Customers [ ]
- (x) Local Community Members [ ]
- (xi) The Government of Kenya [ ]
- (xii) The Media [ ]
- (xiii) NGOs/Unions/Special interest groups [ ]
- (xiv) KCB competitors such as other Commercial Banks [ ]

7. Please circle the responses numbered 1-5 that best describes your level of satisfaction with how the Bank has given back to the local communities in the following areas:

- |                              |   |   |   |   |   |
|------------------------------|---|---|---|---|---|
| f) Education                 | 1 | 2 | 3 | 4 | 5 |
| g) Environment               | 1 | 2 | 3 | 4 | 5 |
| h) Humanitarian Intervention | 1 | 2 | 3 | 4 | 5 |
| i) Health                    | 1 | 2 | 3 | 4 | 5 |
| j) Enterprise Development    | 1 | 2 | 3 | 4 | 5 |

**Key:**

1 = Extremely dissatisfied      2 = Dissatisfied      3 = Neutral

4 = Satisfied      5 = Extremely satisfied

8. In what ways do you think the Bank can improve on the above areas of giving back to the local communities?

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### APPENDIX III: QUESTIONNAIRE FOR KCB EMPLOYEES

**Instructions:** Please read the questions and answer them either by filling in the blank spaces or ticking the check boxes [√] or tables. Make an attempt to answer every question fully and correctly. On the last page of the questionnaire, there is a provision for comments that you may regard as important in this study but may not have been covered.

#### SECTION A: BACKGROUND INFORMATION OF RESPONDENTS

1. What is your age bracket?

- a. 18 - 25 years [ ]
- b. 26 - 35 years [ ]
- c. 36 - 45 years [ ]
- d. 46 - 55 years [ ]
- e. Above 55 years [ ]

2. For how long have you been a KCB employee?

- a. 0 - 5 years [ ]
- b. 6 - 10 years [ ]
- c. 11 - 15 years [ ]
- d. 15 - 20 years [ ]
- e. Above 20 years [ ]

3. What were your reasons for seeking employment with KCB?

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**SECTION B: PERCEPTION OF KCB EMPLOYEES ON THE CSR ACTIVITIES CARRIED OUT BY KCB**

1. What do you think are the reasons for KCB's involvement in Corporate Social Responsibility?

- (i) Caring for the local community [ ]
- (ii) Government requirement [ ]
- (iii) To conform to international standards [ ]
- (iv) To enhance the company's image [ ]

2. What are some of the advantages of CSR to the Bank?

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5. To what extent do you agree with the following statements?

Key:

1 = Strongly disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly agree

Statement	1	2	3	4	5
CSR is a worthwhile investment for the Bank					
My continued working relationship with KCB is as a result of the company's involvement in various CSR activities					
The local community is actively involved in the implementation and carrying out of KCB's CSR activities					
There is equal distribution of benefits from CSR activities to various communities					
I consider KCB to be better placed as compared to its competitors as a result of practicing CSR					
The practice of CSR is in line with KCB's mission, vision and values					
CSR activities have greatly improved the lives of individuals and the local communities					
Winning awards that confirm an organization's performance, in comparison with others in the industry places the organization in a favourable light					

6. In your opinion, which group of people do you think are the decision makers of CSR activities in KCB?

(xv) KCB Employees [ ]

(xvi) KCB Customers [ ]

(xvii) Local Community Members [ ]

(xviii) The Government of Kenya [ ]

(xix) The Media [ ]

(xx) NGOs/Unions/Special interest groups [ ]

(xxi) KCB competitors such as other Commercial Banks [ ]

7. Please circle the response responses numbered 1-5 that best describes your level of satisfaction with how the Bank has given back to the local communities in the following areas:

- |                              |   |   |   |   |   |
|------------------------------|---|---|---|---|---|
| k) Education                 | 1 | 2 | 3 | 4 | 5 |
| l) Environment               | 1 | 2 | 3 | 4 | 5 |
| m) Humanitarian Intervention | 1 | 2 | 3 | 4 | 5 |
| n) Health                    | 1 | 2 | 3 | 4 | 5 |
| o) Enterprise Development    | 1 | 2 | 3 | 4 | 5 |

**Key:**

1 = Extremely dissatisfied

2 = Dissatisfied

3 = Neutral

4 = Satisfied

5 = Extremely satisfied

8. In what ways do you think the Bank can improve on the above areas of giving back to the local communities?

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9. In which other areas or ways do you think the Bank can give back to the community apart from the ones mentioned in question (7) above?

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**OTHER COMMENTS**

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*Thank you for your time and co-operation.*