

**INFLUENCE OF CORPORATE SOCIAL  
RESPONSIBILITY ON CUSTOMER LOYALTY  
IN KENYA COMMERCIAL BANK LIMITED  
ELDOROT TOWN, KENYA**

**BY  
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for the Award of Degree of Master of Arts in Project Planning And Management  
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## DECLARATION

This research project report is my original work and has not been presented to any other University

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## **DEDICATION**

I dedicate this research project to my children Michael, Angel and Joy Onyango who have been very patient with me during this period.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

|                 |  |
|-----------------|--|
| <b>AK</b>       | Athletics Kenya  |
| <b>CFSI</b>     | Children Friendly School Initiative Project                        |
| <b>CLEAN</b>    | Cleaning the Local Environment Around Nigeria                      |
| <b>CSR</b>      | Corporate Social Responsibility                                    |
| <b>HMC</b>      | Hamad Medical Corporation  |
| <b>IAAF</b>     | International Association of Athletics Federations                 |
| <b>ICT</b>      | Information Communication Technology                               |
| <b>KCB</b>      | Kenya Commercial Bank  |
| <b>MTN</b>      | Mobile Telephone Network   |
| <b>MTNF</b>     | Mobile Telephone Network Foundation                                |
| <b>MTRH</b>     | Moi Teaching and Referral Hospital                                 |
| <b>NACOSTI</b>  | National Commission for Science, Technology and Innovation         |
| <b>NINAAFEH</b> | Nigerian Network for Awareness and Action for Environmental Health |
| <b>NSE</b>      | Nairobi Securities Exchange  |
| <b>QTEL</b>     | Qatar Telecommunications   |
| <b>SMEs</b>     | Small and Micro Enterprises  |
| <b>SPSS</b>     | Statistical Package for Social Sciences                            |
| <b>UK</b>       | United Kingdom   |
| <b>UNICEF</b>   | United Nations Children’s Emergency Fund                           |

## ABSTRACT

Customer loyalty is one of the most essential consumers behaviours that firms endeavour to influence through the use of Corporate Social Responsibility (CSR) activities. Inadequate studies have been conducted to determine the degree to which CSR activities influence customer loyalty. The purpose of this study was to establish the influence of CSR activities on customer loyalty in Kenya, with specific reference to KCB Eldoret Town. The study sought to establish the following CSR activities influence on customer loyalty at KCB in Eldoret; educational activities, sports programmes, health projects and environmental activities. The study was guided by stakeholder theory. The study adopted a descriptive research design. The population for the study involved 3636 customers and 4 community champions from KCB four branches in Eldoret town. A sample size of 364 respondents will be selected to participate in the study. The customers were selected through stratified random sampling while community champions were selected through purposive sampling method. The study utilised questionnaires and interview schedule as instruments of data collection. The research instruments were checked for validity and reliability prior to field administration. The research followed all ethical guidelines pertaining research. Data collected was analysed using qualitative and quantitative methods. Quantitative data was analysed using descriptive; frequencies, percentages means and standard deviation and inferential statistics; chi square at 99% confidence level. SPSS aided in data coding, entry and analysis. Qualitative data from interviews was analysed using content analysis. The study established that CSR activities by KCB group significantly positively influenced ( $p < 0.01$ ) customer loyalty in Uasin Gishu Sub County. It was established that the main CSR activity that affected customer loyalty most was education and sports activities. While health and environmental had lower effect on loyalty suggesting that more needs to be done by KCB to improve its support towards health and environmental projects. The study recommends that there is need for stakeholder (community) involvement in award of scholarships, more sport teams need to be provided with KCB branded sport kits to market their products and services, the KCB group to increase its funding towards the health sector and campaigns and awareness on the green environment should be stepped up.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

During the industrial revolution, a significant portion of the human work force was replaced with machines used in factories (Raman, Lim & Nair, 2012). This helped to produce a substantial number of millionaires and corporate figures causing a significant gap between the upper class and working class (Ahmad & Jaseem, 2006) in developed countries. Bergtedt and Nilsson (2010) argued that the significant income disparity between the rich (entrepreneurs) and the poor (working class), led to the call for social justice and hence the advent of sound realisation of socially responsible practices around the world.

Maskowitz (1972) cited by Musau (2015) believed the history of corporate social responsibility (CSR) is almost as long as that of companies. For instance, concerns about the excesses of the East India Company were commonly expressed in the seventeenth century. There has been a tradition of benevolent capitalism in the UK for over 150 years. Quakers, such as Barclays and Cadbury, as well as socialists, such as Engels and Morris, experimented with socially responsible and values-based forms of business. And Victorian philanthropy could be said to be responsible for considerable portions of the urban landscape of older town centers today. CSR has become increasingly important to multinational enterprises, with clear links to business case for corporations (Rashid, 2010; Porter & Kramer, 2011; Raman *et al.*, 2011 Mokeira, Mwalati, Egessa, Musiega & Maniagi, 2014). This study sought to determine the influence of CSR on customer satisfaction in banking industry.

CSR is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment in all aspects of their operations (Kotler & Lee, 2005). This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large (Carroll & Shabana, 2010).

This shows that the impact of CSR activities touches on employees in the organisation, customers (consumers) and local community. CSR is becoming increasingly important both from a practical as from a theoretical point of view. This is because consumers more and more expect companies to behave socially responsible while managers in companies see the huge potential of CSR as a tool to create competitive advantage (Aasad, 2010). This study looked at the influence of CSR on customer loyalty in commercial bank. Chaffey (2008) defined consumer loyalty as a desire on the part of the customer to continue to conduct business with a given company over time. Kotler and Armstrong (2008) use the idea of repetitive buying patterns of a particular brand as an indication of consumer loyalty. This also includes a verbal promotion of the currently used product or services by the incumbent consumer to others who have yet to try a particular product or service (Kotler & Armstrong, 2008).

More firms today are beginning to realise the importance of CSR and its impact on societal well being (Lim, 2011). To win loyalty in today's markets, companies have to focus on building and maintaining customer loyalty and CSR has become a useful

tool in this regard (Liu & Zhou, 2010). Grant (2000) stated that a loyal consumer is seldom discount-oriented. Grant associated loyalty to recognition and preference towards a particular company or its brands. Grant asserted that consumer loyalty can be enhanced through its societal contributions.

The relationship between CSR and customer loyalty remains largely unexplored in Kenya and especially in the banking industry. However, cross countries studies have been done. Van den Berg and Lidfors (2012) study established that there was a positive relationship between perceived CSR activities and customer loyalty on the Swedish chocolate market. Chung, Yu, Choi and Shin (2015) findings CSR positively affected customer satisfaction and loyalty, and customer satisfaction positively affected customer loyalty in China. In Pakistan, Ahmad and Jaseem (2006) found out that CSR affect the value of a company's brand. The authors argued that CSR is an important attribute that can enhance a company's image. Raman *et al.*, (2012 study in Malaysia found out that the higher the practice of CSR the stronger is the consumer loyalty towards a particular firm. Alam and Kabir (2014) found no relationship between awareness of corporate social responsibility and purchase intention. However, significant relationship was observed between service quality and customer satisfaction in Bangladesh.

Studies have also been conducted in sub Saharan Africa to determine the relationship between CSR and customer loyalty. Adeyanju (2021) conducted a comparative research on the impact of CSR on Nigerian societies. Findings showed that there existed significant relationship between CSR and societal progress in terms of environmental and economic growth. In Kenya, Ofunya (2015) study indicate that the factors influencing participation in corporate social responsibility by commercial

banks in Kenya can be categorized into four - economic factors, legal factor, ethical factors and philanthropic factors. In addition, Mutuku (2015) concludes that CSR has a positive impact on an organizations financial performance. From the above empirical review, it is evident that inadequate studies had been conducted to determine the influence of CSR on banks customer loyalty.

Even though CSR activities are applicable to virtually all organizations, banks are more sensitive to these programmes as they have to strive to satisfy a multiplicity of stakeholders (Ndemo *et al.*, 2013). These include maximizing profit to shareholders, maintaining optimal liquidity for depositors, complying with regulator's demands (Central Bank of Kenya and Kenya Bankers Association), satisfying the deficit sector demands for credits, contributing to the development of the economy as well as satisfying the needs of the immediate community in which they operate (Nwankwo, 1991 in Ndemo *et al.*, 2013). Therefore several banks in Kenya have immersed themselves in CSR activities in order to look for more ways of satisfying their customers. This research sought to determine CSR activities that Kenya Commercial Bank (KCB) had employed to improve customer loyalty.

According to the Kenya Commercial Bank Group website (2015) KCB Group CSR helps the bank to meet social expectations of customers and improve the brand's relevance. Sustainability of the programmes depends on community ownership. The KCB Foundation supports projects; health, sports, enterprise development, sports, education and social ones in which the community has invested its own resources, including management. This study determined the degree to which the following activities; health, education, sports and environment influence customer loyalty with specific reference to four branches in Eldoret town, Uasin Gishu County.



## **1.2 Statement of the Problem**

Influence of CSR on customer behaviours have not yet been studied on a large scale. Most research has been done on an exploratory basis and focusing financial aspect and marketing aspects of organisations. Inadequate studies have been conducted to determine the degree to which CSR activities influence customer loyalty. As organisations begin using CSR as a marketing tool, research began moving in that direction. Prior studies have focused on cause-related marketing, where the goal is to improve corporate performance and simultaneously help worthy causes. The success of a company is now also being measured by its contribution to society (Saunders, 2006). Through CSR, individualistic and unscrupulous behaviour in business can be prevented (Pakseresht, 2010). This study sought to investigate the influence of CSR activities undertaken by KCB on customer loyalty in Eldoret town, Uasin Gishu County, Kenya.

## **1.3 Purpose of the study**

The purpose of this study was to explore the influence of Corporate Social Responsibility (CSR) activities on customer loyalty at the Kenya Commercial Bank Ltd; Uasin Gishu County.

## **1.4 Objectives of the study**

The study sought to achieve the following objectives:

1. To establish the influence of educational activities on customer loyalty at KCB in Eldoret Town.
2. To determine the influence of sports activities on customer loyalty at KCB in Eldoret Town.

3. To assess the influence promotion of health activities on customer loyalty at KCB Eldoret Town.
4. To examine the influence of promotion of environmental activities on customer loyalty at KCB Eldoret Town.

#### **1.4 Research Questions**

The study was guided by the following research questions

1. How do educational activities influence customer loyalty at KCB in Eldoret town?
2. How does sports activities influence customer loyalty at KCB in Eldoret town?
3. How does of health activities influence customer loyalty at KCB in Eldoret town?
4. How do environmental activities influence customer loyalty at KCB in Eldoret town?

#### **1.5 Significance of the study**

This study investigated the effects of Corporate Social Responsibility activities on customer loyalty at KCB in Uasin Gishu County, Kenya. The findings of the study may help KCB group to realize the need improving and increasing CSR activities for improved customer loyalty and later sustainability. The findings of the study outlines and discusses the benefits and pitfalls of Corporate Social Responsibility activities and effectively let the KCB have a grip of how they can be able to improve the implementation of CSR programmes. The research contributes to the existing literature on how to assess the influence of CSR on customer loyalty. The study

findings are also important to future by focusing and inspiring scholarly attention to this field.

### **1.6 Delimitations of the Study**

The study determined customers perceptions on the degree to which CSR programmes run by KCB influence their loyalty. The main programmes that were focused in this research included; sports, education, health and environmental activities. There were other CSR activities that are conducted by KCB jointly with other organisations but were not the focus of this study. Moreover, the study used response from customers in four branches of the bank located in Eldoret town. Employees of the bank did not form the population of the study and managers in charge of CSR activities (community champions) were targeted.

### **1.7 Limitations of the Study**

The greatest challenge could be the secrecy surrounding allocation of resources to various CSR activities at KCB which could lead to withholding of pertinent information from the researcher. However, in order to overcome this challenge the researcher structured the research instruments in a way that distanced financial matters from the research questions. Moreover, the study relied on published annual report by KCB group foundation to get information that was required for this study.

### **1.8 Assumptions of the Study**

The study was undertaken with the assumption that respondents were willing to participate freely in the research and provided the requested information by virtue of honestly answering the questions that. Secondly, the study assumed that the KCB customers understood all CSR activities conducted by their bank in Uasin Gishu County.

## **1.9 Definition of Significant Terms used in the Study**

**Bank:** can be defined as a company, which carries on, or purposes to carry on banking business. A bank is thus an institution that deals largely with money. It collects deposits from savers and pays interest to the depositors and on the other hand uses the savers deposits to grant loans to borrowers who in turn pay interest and fees (Banking Act (Cap 488) pp 6, 10-12).

**Community champions:** they are bank officials delegated with the task of managing corporate social responsibilities activities by KCB group.

**Corporate Social Responsibility:** It is defined as the continued commitment by businesses and all institutions, to behaving ethically and contributing to economic development while improving the quality of life of their workforce and their families as well as of the local community and society at large. They comprise of; education, sports, health and environmental activities.

**Customer Loyalty:** refers to the likelihood of previous customers to continue to buy from a specific organization.

**Educational activities:** They are CSR programmes that are aimed at improving the education quality provision in schools. These activities include award of scholarships, construction of educational facilities and purchase of instructional materials.

**Environmental activities:** refers to programmes that are purposely implemented through CSR activities for conservation. In this study, the activities include; tree planting, clean-ups (schools, informal settlements and towns) and awareness forums.

**Health activities:** They are CSR programmes aimed at improving health care services to people. These activities include; offering monetary support, donating equipments and purchase of drugs.

**Sports activities:** They are programmes that are managed or supported by commercial bank as part of its CSR responsibility. The sports activities may include; marathons/cross country (athletics), football, volleyball and motor racing (rally championship).

### **1.10 Organization of the study**

The study investigated the influence of corporate social responsibility on customer loyalty at KCB Ltd. Chapter one highlights the background of the study, the statement of the problem as well as the CSR variable under study, the purpose of the study, the limitations of the study, the objectives of the study, research questions, the significance of the study, the scope of the study, the basic assumptions of the study, definition of terms and the organization of the study. Chapter two presents the literature review which highlights some of the studies done by different authors related to CSR and its influence on customer loyalty.

The chapter shows the theoretical framework of the study as well as the conceptual framework which presents the dependent and independent variables as well as the different CSR approaches that can be employed. Chapter three presents the research methodology. The chapter contains details on the research design that was employed, the target population, sampling strategy, research instruments, validity and reliability as well as the data analysis strategies. Chapter four presents the findings of the study while chapter five gives conclusion and recommendations of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This presents the review of theoretical and empirical literature from different authors and researchers have investigated the influence of CSR activities on customer loyalty.

#### **2.2 Corporate Social Responsibility**

It's now recognized that sustainable development and reduction of poverty are the key issues that need to be addressed by the governments, mostly in the developing world (Mutuku, 2015). However, the government cannot meet this alone without the help of the private sector. Policy makers are paying much attention to the potential contribution of the private sector to such policy objectives. As the issue of sustainable development becomes more important, CSR becomes an element that addresses these issues and therefore it becomes more vital in the daily operations of financial institution in the banking industry (Mokeira *et al.*, 2014).

The World Bank defines CSR as the commitment of business to contribute to sustainable economic development working with employees, their families, the local community, and society to improve their quality of life, in ways that are both good for business and good for development (Carroll & Shabana, 2010). European Commission (2011) defines CSR the responsibility of enterprises for their impacts on society. More specifically, the responsibility of corporations includes the integration of social, environmental and ethical issues as well as human rights and consumer concerns, into their business operations and core strategy in close collaboration with their stakeholders.

Kotler and Lee (2005) defined CSR as a commitment to improve societal well-being through discretionary business practices and contributions of corporate resources. CSR activities are broadly conceptualized as the company's status and activities with respect to its perceived societal obligations. In the words of Campbell (2006), CSR sets a minimum behavioral standard that aims at doing no harm to stakeholders and if it has happened then rectifies it as soon as it is identified. Panayiotou (2009) views corporate social responsibility in three ways: The economic view is concerned with profitability, wages and benefits, resource usage, job offerings and outsourcing. The environmental view is on processes, products and services related to the environment while the social view focuses on health and safety issues, employee relations, ethics, human rights and working conditions.

Porter (2006) observes that businesses recognize the imperative for the private sector to ensure long-term markets for their services and products hence presents the business community the right vehicle for promoting its commercial interests, while at the same time giving back to the community. He confirms that CSR is a rapidly growing field, and corporations, organizations, stakeholders, and advocates are engaging in CSR activities in increasing numbers. He concludes that there is tremendous variety and innovation in CSR activities, and new approaches and alliances are continually evolving but each CSR adherent's approach is guided by its own mission, vision, or position in the marketplace hence the general consensus is that CSR adds strategic business value and enables companies to integrate with society and maintain their integrity while pursuing profits.

## **2.3 Corporate Social Responsibility and Customer Loyalty**

The effectiveness of the CSR can be determined by how much the consumers feel that the organization is responsive to their concerns. In fact, consumers or clients loyalty is pinned to a great extent on the customers' idea of how the CSR is meet the societal needs. Indeed, research has found that consumers and customers are more likely to purchase products of more socially responsible firms. In essence it therefore seems that the more the firms CSR initiatives is deemed responsive to societal needs the more the customer satisfaction with the organization's products or services and the more profitable the organization will be (Maigan & Ferrel, 2009). Baker (2001) stated that CSR efforts in an organisation can impact society in four main areas namely, the environment, community, workplace and the marketplace. This sections looks at a review of empirical studies on the relationship between CSR and customer loyalty.

### **2.3.1 Educational Activities and Customer Loyalty**

According to Chege (2014), business organizations are now looked as corporate citizens and as such are expected to fulfill certain civic responsibilities. A new concept of 'corporate conscience' is fast becoming popular and acceptable. Since business utilizes abundant social resources and possesses quite a big amount of social power, therefore it has to work as a corporate citizen and help the society in solving its problems (Gavai, 2010) This looks into how an organization sponsors the education of the bright and needy members of community in order to enable them pursue education despite their level of poverty for equal opportunities in future. The researcher seeks to establish the effect of supporting community education on the loyalty of KCB customers in Kenya.



As part of its responsibility towards the society and charity activities, QTEL is supporting education in Qatar. One of its initiatives is funding the construction of fully equipped Wireless communication network laboratories in Education city, and it is also supporting range of school events and educational projects by providing financial support for free (Abdallah & Zeitun, 2013). Moreover, QTEL also encourages young Qataris to develop an interest in the science, technology and communication domains. During 2011, QTEL sent teams to visit most of Qatar's primary and secondary schools, and conducted workshops on QTEL's e- Waste Recycling Program, new technologies, and support for healthy lifestyle habits (Abdallah & Zeitun, 2013).

In Nigeria, The Mobile Telephone Network (MTN) foundation is in partnership with School Net Nigeria for the Schools Connect project designed to enable teachers and students in Nigerian public secondary schools to gain confidence and understanding of how Information and Communication Technology (ICT) can add value to their lives and learning (Adeyanju, 2012). The CFSI is aimed at improving infrastructures in primary schools and strengthening the school management mechanisms and the quality of education. This project is implemented in partnership with UNICEF (Adeyanju, 2012).

The objective of the initiative was to distribute resource materials to primary and secondary schools throughout the six geo-political zones in Nigeria, to welcome students into a new school year, thereby demonstrating the MTNF's commitment to assist the nation's young people (Adeyanju, 2012). In 2008, the MTNF distributed a total of 44,808 exercise books, 7,316 school bags and 11,620 toys to 189 schools nationwide as part of the MTNF CSR strategy of providing learning and play support

items to children and youth. The foundation has also provided these items to several schools during their sports day, fun-days, anniversaries, and other events across the country (Adeyanju, 2012).

In Kenya, Ndegi (2014) opines that Standard Chartered Bank recognizes that education is a key pillar of Kenya's Vision 2030 blueprint. To help further this agenda, the bank has decided to support girl child education. The Global Give Back Circle campaign (GGBC) seeks to complete the educational process of the world's disadvantaged girls, so they gain employable skills and become contributing members of society. It accomplishes this through a transitioning model that recognizes an impoverished girl needs mentoring empowerment and financial enablement to step-change her accessibility to Life's Chances (Clark, 2007).

Oyaya (2012) 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' involvement in the carrying out of CSR. 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. 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.

Ofunya (2015) study sought to analyze the drivers for participation in corporate social responsibility by commercial banks in Kenya. A descriptive survey was undertaken, focusing on all the commercial banks registered and licensed to undertake commercial banking business in Kenya, whose number stood at 45 as at December 2008. Findings of the study indicate that the factors influencing participation in corporate social responsibility by commercial banks in Kenya can be categorized into four - economic factors, legal factor, ethical factors and philanthropic factors.

Mutuku (2015) study sought to find out the effects of corporate social responsibility education related programs on the banks profitability. The regression equation found out that there was an inverse relationship between amounts spends on education programs and profitability. In the banking industry, education programs include purchase of textbooks to schools, desks donation, secondary school scholarships among others which serve as direct expenditure to the banks.

Mokeira *et al.*, (2015) established that there was an insignificant positive relationship between organization profitability and philanthropic activities of the banks. This means that increase in philanthropic activities in the society like donations to charities, building of social amenities among others will result to increase in profitability of the bank because many people will be proudly associated with bank that gives bank to society.

### **2.3.2 Sports Activities and Customer Loyalty**

Waddock and Baron(1997) contends that CSR programmes range from simple ideas that take a few hours such as organizing staff to spend a day cleaning a prison or a children's home, to engaging in more elaborate events such as marathons and walks, financial programmes, adoption of forests, tree planting, and education initiatives.

Safaricom, through its foundation, runs over 200 programmes in which staff members are allowed four CSR days per year to work with the foundation and its partners (Musau, 2015).

Abdallah & Zeitun, (2013) examined the impact of CSR initiatives on customer attitudes in the Qatar Telecommunications (QTEL) industry. Since QTEL is the major Telecommunications services provider, the main focus of the study was to test the impact of its different CSR initiatives on customer attitudes toward QTEL. Abdallah & Zeitun established that QTEL was actively participating in and sponsoring many local, regional and international sport events. For instance, QTEL opened a fan zone to entertain crowd in Arab games in 2011 in Qatar. The company continued to champion sporting events in Qatar, believing that these initiatives support a healthy lifestyle and encourage community-building. This increased customer loyalty to the telecommunication company.

Mutuku (2015) study sought to find out the effects of corporate social responsibility sports related programs on the banks profitability. The study found out that that the amount spent on sports related programs has a negative impact on profitability. In the banking industry, sports programs include supporting athletes and teams. In 2012, KCB was an official sponsor of Olympic athletes from Kenya. This may have served as direct expense to the bank when compared with the business that was realized by the end of the season. This study will investigate how customers' loyalty has been affected due to KCB involvement in sports activities as parts of its CSR programmes.

Njeri (2014) established that commercial banks in registered with Nairobi Mater Heart Run where employees participated in walks to raise funds for children with heart ailments. The respondents also observed that all the CSR programmes in the

commercial banks are sustainable in the long run. The study established that end result of CSR are fulfilment of the organizations responsibilities towards society and that the staff has to be committed in their work in order to establish an organizational culture devoted to provision of quality service to consumers .They gain confidence from the consumers leading to customer satisfaction hence becoming a source of competitive advantage.

Musau (2015) assessed the effect of corporate social responsibility on the performance of banks in Kenya, a case of Equity Bank, Kitale. Descriptive survey design was employed. The results of the study showed that most customers at Equity Bank, Kitale branch had knowledge of the existence of Corporate Social Responsibility in the Commercial Banks, the main source of information on CSR was through mass media, initiatives like sports, friends and others were beneficiaries, there was significant improvement on the performance of Banks, improvement in Bank profitability, customer satisfaction, customer retention and improved service delivery after the introduction of CSR in the financial sector.

Ndegi (2012) established that in Kenya, sporting events like that the Standard Chartered Nairobi Marathon is one of the CSR programs practiced by the bank. The Standard Chartered Nairobi Marathon is the only athletics event in Kenya featuring on the International Association of Athletics Federations (IAAF) calendar alongside other great marathons like Boston, New York, London, and Beijing among others. According to Clark (2007), upcoming Kenyan runners (mostly from Uasin Gishu) have found a platform to launch their athletics careers in an international marathon on their home soil this strengthening the CSR social pillar at Kenyan home front (Ndegi, 2014). Others have found the marathon a perfect opportunity to showcase their

potential and move on to participate in international meets. Standard Chartered Nairobi Marathon is part of nine marathons sponsored by Standard Chartered Bank across the world- Mumbai, Dubai, Bangkok, Singapore, Hong-Kong, Jersey, Falkland Islands and Kuala Lumpur. These combined is over 300,000 passionate runners, each with a unique story and experience (Clark. 2007).

### **2.4.3 Health Activities and Customer Loyalty**

Another area in which the CSR programs have been conducted includes the health sector. The idea behind the CSR programs is to ensure the curtailment of human suffering by business organizations which are either legally mandated to play a role of those that undertake the initiatives as part of their overall ethical duties (Porter, 2011). These activities are also referred to as Corporate Community Investments (CCI), which means promoting the health and wellbeing of the local community in which the organisations operates. Examples of practical activities could be to support charity or community organizations, engage in partnerships for social investment, to donate to worthy causes or to sponsor events, arts or sports clubs (Ndegi, 2014).

Health Sector clearly stands out as a leader, when discussing the CSR issues. Part of the reason is its close relation to its multiple stakeholders of society, government, and other private sectors (Chege, 2014). Another part of the reason may be that its way of making profits has a bigger relationship to people's lives by affecting their health problems rather than other business entities. There are many reasons why it pays for companies, both big business and SMEs (small and medium enterprises) to be socially responsible and be conscious about the interest of the key stakeholders. The healthcare industry has a variety of challenges that the average person may not fully understand.

Issues such as stringent regulatory compliance, intense labour shortages in nursing, increased and costly technological advancements, implementation of international quality standards and substantial community dependence make this industry one of the most operationally difficult (Kweyun, 2009). Therefore, CSR helps the healthcare sector to elaborate on social issues that could serve to improve their images and enhance the stakeholder engagement by making their performance indicators available to public. This creates a positive image with the community and will eventually translate into increased revenues for the organization (Caroll & Shabana, 2010).

In Qatar, Abdallah and Zeitun (2013) established that QTEL has supported healthcare programmes. For instance, QTEL is supporting Healthcare in Qatar. For instance, it funded the construction of a high quality dialysis facility to cater for over 60 patients at a time at the Hamad Medical Corporation (HMC) (Abdallah & Zeitun, 2013). In Nigeria, the key goal of the MTN foundation health portfolio is to alleviate the health challenges facing Nigerians through feasible and sustainable projects geared towards improving life in various communities across Nigeria (Adeyanju, 2012).

In Kenya, Clark (2007) posited that Standard Chartered Bank has been conducting; “seeing is believing” campaign initiative aimed at eradicating avoidable and curable blindness. The flagship program achieved its overall goals in 2012 with respect to contributing to contributing to reduction of avoidable blindness in Kenya. The program provided 869 surgeries for various blinding and potentially blinding conditions for children. The program was implemented across the five partnering hospitals i.e. Kikuyu Eye Unit, Sabatia Eye Hospital, Tenwek Eye Unit, Lighthouse for Christ Eye Hospital and Kwale District Eye Centre. Ndegı (2014) study

determined that 33.3% of the respondents (n = 33) indicated that healthcare programs were the major CSR initiatives that Standard Chartered Bank Kenya had undertaken (Ndegi, 2014).

Mutuku (2015) study sought to find out the effects of corporate social responsibility health related programs profitability. The study used descriptive design and the target population was eleven Chief Finance Officers of Kenyan commercial banks listed in Nairobi Stock Exchange (NSE). Health programs were found to be positively related to profitability. This shows that the amount spent on health related programs has a positive impact on profitability. In the banking industry, profitability may be as a result of increased interest income which is realized from increased sales of loans and other products by the bank.

Chege (2014) study aimed at investigating the relationship between corporate social responsibility and profitability of commercial banks in Kenya. Study findings revealed that at 95% level of precision, employee volunteering, community health programs, supporting education and financial literacy programs have significant influence on the profitability of commercial banks in Kenya. Further, the perception of the respondents on the relationship between community health, employee volunteering, financial literacy and profitability contributes to the banks' profitability by chance and has no direct relationship with the banks' profitability.

#### **2.3.4 Environmental Activities and Customer Loyalty**

This cluster involves integrating the environmental concerns into strategy, risk management and compliance control systems through to policy, operational performance and reporting (Smith, 2003). Today, corporations have more frequently adopted green technologies and renewable energy. Pollution and waste management



through treatment of emissions, re-engineering processes as well as reusing and recycling materials are other types of activities included in the seventh cluster.

Ndegi (2014) contends that the issue of environment has become so important to the society that organizations that ignore it in their CSR initiatives risk sanctions by the government and attract negative activists' attention. The protection of the environment is one of the hot topics currently in the global agenda and the concept of CSR has become so intricately intertwined with it (Hohnen, 2011). The precedence that environmental issues are currently taking in the business sector is hardly surprising considering that large companies and particularly factories are indicted for contributing markedly to global warming and climate change (McWilliams, *et al.* 2009).

Chinese people are concerned with environmental contribution and consumer protection recently. Therefore, Chung, Yu, Choi and Shin (2015) explored how CSR factors influenced customer satisfaction and loyalty and whether the moderating effects of corporate image in the relationships between CSR and customer satisfaction and customer loyalty are or not. Findings showed that CSR positively affected customer satisfaction and loyalty, and customer satisfaction positively affected customer loyalty. Chug and others study shows that CSR positively influences customer satisfaction more than customer loyalty and consumer protection is the most important factor of CSR while environmental contribution is the least factor.

Khan, Baig, Waq and Imdad (2014) investigated the response of Pakistani banking customers towards corporate social responsibility initiatives. The sample includes 300 banking customers of Rawalpindi and Islamabad in Pakistan. The data has been collected by survey methodology from banking customers of Habib Bank Limited and

United Bank Limited through the use of a structured questionnaire. The results also show that banking customers have given the highest priority to customer centric initiatives, with the philanthropic initiatives at the 2<sup>nd</sup> and environmental initiatives at the last. This showed that environmental activities were not highly regarded in Pakistan. In Malaysia, the importance of CSR has been recognized by most corporations to ensure long-term business success. CSR can be adopted within company's policies, strategies, programmes and commitments toward social and environment.

In Qatar, Abdallah and Zeitun, (2013) found out that QTEL supports the National Program for Raising Awareness and Safe Disposal of Electronic Waste (NPRASDEW), which helps to properly dispose of electronic waste, such as retired mobile phone devices. The company has also significantly reduced the use of paper by changing from paper billing to e-billing. Another study by Chomvilailuk and Butcher (2010) examined the impact of CSR initiatives on brand preferences in the Thai banking sector. The study has confirmed that the three types of CSR initiatives, philanthropy, environmental, and corporate information transparency have had a modest, but significant impact on brand preference. In addition to that, this study also found that the effect of CSR initiatives on brand image was dependent on customer characteristics, such as age, cultural values and CSR predisposition.

Similar to McDonald and Lai (2011), this study also found that QTEL customers preferred philanthropic over environmental CSR. This suggests that customers in different industries and different countries prefer philanthropic CSR over environment CSR. In Nigeria Cleaning the Local Environment around Nigeria (C.L.E.A.N.) is an Environmental Health Initiative designed to improve environmental health and

sanitation in urban areas. The project aims to establish a replicable environmental sanitation and waste to wealth model using Markets/motor parks as target locations. The pilot phase which commenced at Alesinloye Market in Ibadan, Oyo State, is being implemented in partnership with the Nigerian Network for Awareness and Action for Environmental Health (NINAAFEH), the Market Association and the Ibadan Southwest Local Government Authority (Adeyanju, 2012).

In Kenya, most companies are engaging in environmental protection activities as part of their CSR programs. For instance, as Muriu (2010) contends most companies in Kenya including Safaricom Kenya Limited, Equity Bank as well as Kenya Commercial Banks among others have participated in several tree-planting activities as part of their corporate social responsibility (Ndegi, 2014). Wafula (2012) contends the Safaricom Foundation has played a key role in programs aimed at protecting the biodiversity in national parks and contributed money towards the fencing of the Nairobi National Park to ensure the protection of the Flora and Fauna at the park. Indeed, given the environmental problems that are occasionally experienced in the country and the drought and starvation that are annually experienced in the North-Rift parts of the Valley, several organizations have engaged in CSR programs that aim to help the local communities in those areas (Muriuki, 2008).

Mutuku (2015) study sought to find out the effects of corporate social responsibility environment related programs on the banks profitability. The study found out that the amount spent on environment has a positive relationship with profitability. In the banking industry, environment programs include supporting waste management initiatives, fight against global warming, tree planting among others. Environmental benefits of CSR include greater material recyclability, integration of environmental

management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labelling.

Njeri (2014) assessed the impact of CSR on customer loyalty among commercial banks in Nairobi, Kenya. The results of the study showed that the CSR practice in commercial banks is aligned with the strategic intent and that generally the CSR programmes met the expectations of employees, investors and local communities and improved customer loyalty. All the respondents appreciated the fact that commercial banks engage in CSR. The respondents also observed that the most publicized CSR activity is the Nairobi Marathon while the other activities like Community Projects, Tree Planting, Wild Life Conservation and Food Donations were inadequately publicized. This showed that not all organisations commercial banks publicises environmental activities.

#### **2.4 Theoretical Framework**

The study was guided by stakeholder theory advanced by Freeman (1983). According to stakeholder theory, a person who holds a stake in the activities of an organization, a stakeholder, is entitled to consideration in some ways similar to shareholders. Stakeholders may thus include employees, customers, shareholders, suppliers, the state, the local community, society, bankers, special interest groups, the environment and technological progress (Argenti, 1993). Freeman (1983) defined a stakeholder as any individual or group who can affect, or is affected by, the achievement of the organisation's objectives.

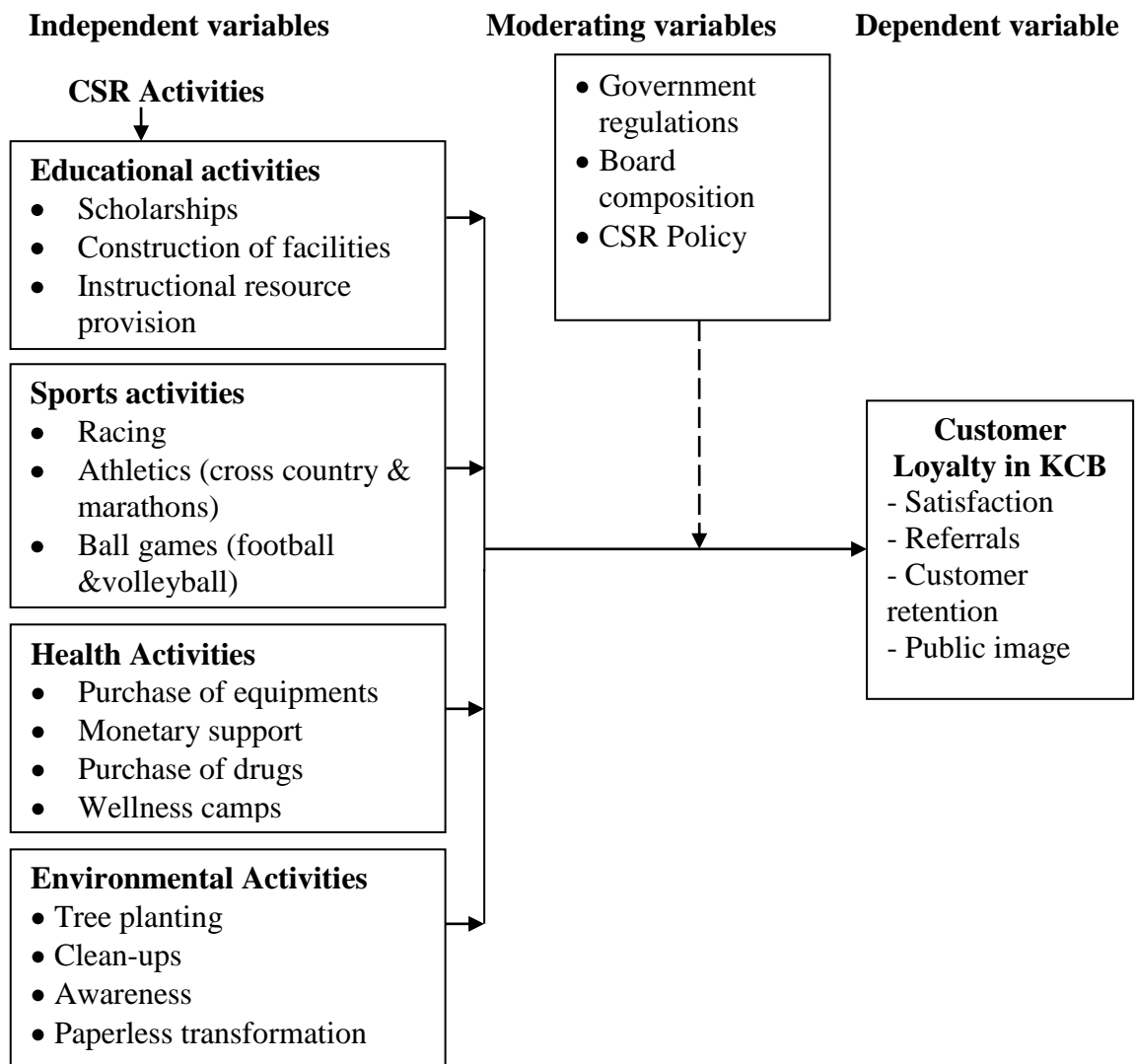
Indeed, Wood (1991) suggested stakeholders are likely to develop a different understanding of what CSR means and what they can expect from the organization in terms of CSR. Thus stakeholder management implies allocating organizational

resources in such a way as to take into account the impact of these allocations on various groups within and outside of the firm (Jones, 1999). This theory has been supported by a number of authors from a wide variety of disciplines for example Porter and Van der Linde (1995), Weiss (1994), Carroll (1993) and Freeman (1984). Corporations interact continually with its stakeholder groups and the success of a firm depends on how well all these stakeholders' relations are managed. These stakeholders both affect and are affected by the actions of the firm, Freeman (1984).

Stakeholder theory suggests that organizational survival and success is dependent on satisfying its economic (profit maximization) and non-economic (e.g. corporate social performance) objectives by meeting the needs of the company's various stakeholders. Balmer *et al.*, (2007) pointed out one limitation of the stakeholder theory. They argue that there is need to look beyond its paradigms because they regard society as a stakeholder. However, they fail to provide criteria to evaluate the extent to which corporate activity can be considered socially responsible.

## **2.5 Conceptual Framework**

The conceptual framework for the research was based on the relationship between the independent and dependent variables of the research.



**Figure 2.1: Conceptual Framework**

The independent variables for the study are four. The first one is on educational activities. The educational activities of CSR programmes may include; offering of scholarships to needy students, employees contributions to purchase instructional resources like books, chalks and other stationeries to support needy children, construction of classrooms, libraries and latrines and also supporting educational forums for school heads, teachers and other stakeholders. The second predictor involves CSR sports activities. Bearing in mind the role of sports towards talent development and promotion of national cohesion, the organisations conducts sports activities by supporting rugby tournaments, athletics, racing (KCB Safari rally that

has a circuit in Uasin Gishu county), ball games (football and volleyball). The third programme involves health related activities.

As part of its CSR, the bank may be involved in providing monetary support to health institutions, constructing of health facilities, purchase of medical equipments, purchase of drugs and jigger treatment. The last predictor involves environmental activities; they include; tree planting, environmental awareness forums, conducting clean-ups in settlements, towns and even in schools and promoting the use of green energy (paperless transformation) through adoption of cashless system.

The study assumes that there exists a linear relationship between the independent variables on CSR programmes towards customer loyalty in commercial bank. Customer loyalty is considered a vital objective for a firm's survival and growth. Therefore, a customer remains loyal to a particular organisations by being satisfied with the services they are provided at the bank and community level, through retention and also by making referrals to other non-members to join a particular banking organisation.

The conceptual model also has intervening variables that could affect the dependent variable. They may include service quality offered in KCB banks and its agents, customer lack of knowledge on changes in bank charges and competition for CSR activities by rival banks. These may in some instances affect customer level of loyalty to their bank. In adding, the model has moderating variables that could have two-sided effect on independent and dependent variables. Government policies on projects implementation and support may fasten or derail organisations support for CSR activities which may later affect customer loyalty. Secondly, the bank's board of

management commitment to be involved in beneficial CSR activities may also affect both the predictors and indicators and lastly organisations CSR policy.

## 2.6 Knowledge Gap

The following table shows the knowledge gap created in this study.

**Table 2.1 Research Gap**

| <b>Author(s)</b>              | <b>Independent</b> | <b>Dependent</b>      | <b>Method</b>   | <b>Main findings</b>  | <b>Knowledge Gaps</b>  |
|-------------------------------|--------------------|-----------------------|---|---|--|
| Chung, Yu, Choi & Shin (2015) | CSR activities     | Loyalty               | Study used structural equation modeling (SEM) to test the hypotheses                              | CSR positively affected customer satisfaction and loyalty, and customer satisfaction positively affected customer loyalty | Being cross sectional design, the implications of customers' changed attitude on CSR activities over time would not be detected. |
| Alam & Kabir (2014)           | CSR activities     | Customer satisfaction | Research was based on primary and secondary data with some structured questionnaire               | Significant relationship was observed between service quality and customer satisfaction                                   | The study was conducted in telecommunication company that operates different from banking firms                                  |
| Raman, Lim and Nair (2012)    | CSR activities     | Financial performance | A case study approach was used to empirically test our research model derived from the literature | Investing in CSR, a firm could achieve a positive outcome in terms of its financial performance                           | Looked at performance of firm while this study looks at customer loyalty   |
| Van den Berg & Lidfors (2012) | CSR activities     | Customer loyalty      | A web-based survey was created as a method for data collection                                    | There was positive relationship between perceived CSR activities and customer   | the results from this study are only to be taken into the context of the chocolate market in Sweden                              |



|  |                              |                       |  |   |  |
|--|------------------------------|-----------------------|--|---|--|
|  |                              |                       |  | loyalty   |  |
| Mokeira, Mwalati, Egessa, Musiega & Maniagi (2014) | Philanthropic responsibility | Bank performance      | The researcher picked on corporate customers of around 70 customers; a sample size of 50 | philanthropic responsibility of a bank has an impact on bank performance  | The study sample size was not defined well. Did not capture the philanthropic activities |
| Ndemo, Muathe, Kibet, Maronga & Orina (2013)       | CSR activities               | Customer satisfaction | Paper draws largely from various academic literature                                     | Retail banking institutions in Kenya should be involved more in CSR initiatives so as to gain customer satisfaction | It utilised secondary data while the current one will combine secondary and primary data |

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the various methodological procedures that were employed in the study. The purpose of this section was to provide a description of the research design, an outline of the study population, sample size and sampling techniques, operational definition of variables, data sources and instruments, data collection procedures, reliability and validity of instruments, data analysis and presentation and ethical considerations. Each of the sub-headings mentioned above is separately explained below.

#### **3.2 Research Design**

A research design is defined as a plan for collecting and utilizing data so that the desired information can be obtained with sufficient precision (Henon, 1998). This study adopted a descriptive survey research design. A descriptive survey research design has been justified for this study because it captures the current perception of the population under the study with regards to the variables of the study. Descriptive Survey research design is intended to collect information about the elements of CSR at the KCB group and their influence on customer loyalty. It explored and described the opinions, feelings, views, preferences and attitudes of the selected sample of the population of the study (Kothari, 2004). The design was adopted because the population studied was too large to be observed directly and thus economically viable in both time and money of taking a sample of population to generalize results for the whole population, resulting to in-depth, rich and meaningful research findings.

### 3.3 Target Population

A population is defined as a group of individuals, objects or items from which samples are taken for measurement (Kombo & Tromp, 2006). The study was conducted within KCB Eldoret Branches, Eldoret Town targeting affluent customers in these branches. Affluent customers are those customers whose net income is in the range of Ksh. 40,000 and above on average per month. The study also targeted four KCB community champions in charge of CSR programmes who acted as a key informant during the study. Table 3.1 shows number of affluent customers in Eldoret KCB branches.

**Table 3.1 Target Population**

| <b>KCB Uasin Gishu Branches</b> | <b>Affluent Customers</b> |
|---------------------------------|---------------------------|
| Eldoret Main                    | 2445                      |
| Eldoret West (Kiptagich)        | 2103                      |
| Eldoret East                    | 1703                      |
| MTRH                            | 885                       |
| <b>Total</b>                    | <b>7136</b>               |

**Source:** data from operations manager from KCB Eldoret main branch (2015)

Data in Table 3.1 shows that affluent customer numbers are high in Eldoret main branch (2445) followed by Eldoret west (2103) then Eldoret east (1703) and lastly MTRH branch (885) totalling to 7136. Four community champions in charge of CSR were also involved.

### 3.4 Sample Size and Sampling Procedures

#### 3.4.1 Sample Size

Sampling is the process of selecting a sub-set of cases in order to draw conclusions about the entire set (Mugenda & Mugenda, 2003). A sample is a small part of a large population, which is thought to be representative of a larger population. Considering

the sample size for the study is too large, a sample was taken to act as a representative of the whole population. Therefore, formula provided by Role (2013) citing Fisher *et al.*, (1979) was used to calculate the sample size for the study;

$$n = \frac{N}{1 + Ne^2}$$

Where

n=sample size

N=population size

E=margin of error ( $e \leq 0.05$ )

The sample size for customers was calculated as:

$$n = \frac{7136}{1 + 7136 * 0.05^2} = 378$$

Therefore, the final sample size consisted of 378 affluent customers in four KCB branches in Eldoret town as given in Table 3.2 showing the sampling frame.

**Table 3.2 Sample size**

| <b>KCB Branches</b>      | <b>Target</b> | <b>Computation</b>             | <b>Sample size</b> |
|--------------------------|---------------|--------------------------------|--------------------|
| Eldoret Main             | 2445          | $\frac{2445}{7136} \times 378$ | 130                |
| Eldoret West (Kiptagich) | 2103          | $\frac{2103}{7136} \times 378$ | 111                |
| Eldoret East             | 1703          | $\frac{1703}{7136} \times 378$ | 90                 |
| MTRH                     | 885           | $\frac{885}{7136} \times 378$  | 47                 |
| <b>Total</b>             | <b>7140</b>   |                                | <b>378</b>         |

From Table 3.2, 130 of customers were selected from Eldoret main, 111 from West, 90 from East and 47 respondents from MTRH. The four community champions' representatives in the four bank branches participated automatically.

### 3.4.2 Sampling Procedure

The customers were selected through stratified random sampling technique. This at first involved categorising the customers based on their being affluent customers of the respective branch where they hold their account. Thereafter the researcher selected them randomly until the desired sample size was achieved. For community champions

in charge of CSR, purposive sampling method was used since they provided information on various aspects of CSR activities done at KCB.

### **3.5 Research Instruments**

The study used questionnaires and interview guide as research instruments. According to Onen (2004) a questionnaire is a collection of items to which a respondent is expected to react, usually in written form. A questionnaire was used for customers while interview guide was for community champions in charge of CSR activities in KCB Uasin Gishu County branches. The questionnaire for customers consisted of closed and open-ended questions. The questionnaire was structured according to various objectives of the study. For instance, Section A covered demographic data, Section B covered customer loyalty, Section C covered CSR educational activities and Section D involved CSR activities on sports. In addition, Section E covered questions on health activities and Section F covered section on environmental activities. The questionnaire was written in simple language that made it to be understood by the respondents.

Interview guide was prepared to solicit information from community champions in charge of CSR activities to provide details on how they conduct their CSR activities. The interview also sought opinion on how customer loyalty has been affected by CSR activities conducted by KCB. The interview schedule was structured according to the themes of the study.

#### **3.5.1 Pilot Testing of the Research Instruments**

This involved trying out the instruments in the field once the research questions have been formulated (Borg, 2007). The questions were pre-tested to a selected sample used before finalizing them. This was to ascertain the reliability of the data collection

instruments. In this case deficiencies such as the insufficient space to write, wrong phrasing of questions, vague questions and clustered questions were detected (Borg, 2007) A pilot test of the research instruments was conducted using respondents chosen outside the sample so as to pre-test their validity. The instruments were administered to 10 respondents and then scored.

### **3.5.2 Validity of Research Instruments**

According to Mugenda and Mugenda (2003), validity is defined as the degree to which results obtained from analysis of the data actually represents the phenomenon under study. Carmine and Zeller (1979) informs that validity can be assessed using expert opinion and informed judgment. To test the validity of the research instruments, a questionnaire and interview schedule was prepared and submitted to the supervisors, who assessed its relevance to the research objectives as well as checked whether the questions attempted to answer the research objectives. The questionnaires were checked for both construct and content validity.

### **3.5.3 Reliability of Research Instruments**

Reliability is defined as a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). To test for reliability, the test re-test technique was adopted, the instrument were administered then scored and were re-administered after two weeks, then scored and the response compared with the first administration. The reliability of the research questionnaire was done at Eldama Ravine KCB customers at an interval period of two weeks. After obtaining the scores for the two sets of tests, Cronbach alpha correction was used to calculate the reliability index for the research instrument. A set value of 0.6 and above was set to determine whether items in the research instruments meet the

threshold recommended by Kothari (2004). An r-value of 0.631 was obtained that made the research questionnaires to be reliable.

### **3.6 Data Collection Procedures**

Before collecting data, the researcher sought for an introductory letter from the School of Continuing and Distance Education, University of Nairobi to seek research permission from National Commission for Science, Technology and Innovation (NACOSTI). The researcher then proceeded to inform the KCB group Uasin Gishu Manager of the intended research to seek authorisation and approval to conduct research in their organisations. Their authorization letters were collected by the researcher. After getting approval, customers were approached individually by the research to seek their consent to participate in the study. After accepting to participate in the study, the researcher issued questionnaire to them to which they filled instantly and submitted them. Interview community champions representatives at KCB in Uasin Gishu was planned in advance to provide enough time for probing.

### **3.7 Data Analysis Techniques**

The data collected for the purpose of the study were screened for completeness and accuracy. Data was analysed using quantitative and qualitative methods. Quantitative data was analysed using descriptive and inferential methods. At first, data was coded, entered and analysed using electronic spreadsheets with the help of Statistical Package for Social Sciences (SPSS Version 20.0). The program is convenient for it allows for a wide range of tasks ranging from simplified data entry, running of frequencies to handling of multi-variant data and coding of various responses so as to come up with quantitative responses. Descriptive statistics to be used were frequencies, percentages, means and standard deviations. Inferential statistics used

included Chi square statistics at 0.01 (99%) confidence level. Qualitative data from interviews was analysed using content analysis method. Results of data analysis were presented using tables and narrations.

### 3.8 Operational Definition of Variables

The following table gives the operationalisation of variables and method of testing the data.

**Table 3.3 Operationalization of the Variables**

| <b>Objective</b>   | <b>Variables</b>  | <b>Indicators</b>  | <b>Measurement scale</b>    | <b>Tools of analysis</b>  |
|--|---|--|-----------------------------|---|
| 1. Influence of educational activities and customer loyalty              | - No. of scholarships<br>- Infrastructure facilities<br>- Quantity of school instructional resource purchased | No. of customers satisfied, retained and making referrals to their friends, families | Nominal<br>Ordinal<br>Scale | Means, standard deviations, frequencies, percentages and chi square |
| 2. Influence of sports activities carried out by KCB on customer loyalty | - Number of sports activities being supported   | No. of customers satisfied, retained and making referrals to their friends, families | Scale<br>Nominal<br>Ordinal | Means, standard deviations, frequencies, percentages and chi square |
| 3. Influence health activities on customer loyalty                       | - No. of equipments, drugs, supplements, purchased  | No. of customers satisfied, retained and making referrals to their friends, families | Scale<br>Nominal<br>Ordinal | Means, standard deviations, frequencies, percentages and chi square |
| 4. Influence of environmental activities on customer loyalty             | - Frequency of tree planting, clean-ups and environmental awareness   | No. of customers satisfied, retained and making referrals to their friends, families | Nominal<br>Ordinal          | Means, standard deviations, frequencies, percentages and chi square |



### **3.9 Ethical Considerations**

In the course of the data collection process the researcher ensured adherence to the following ethical considerations. First, the researcher did not force the respondents to participate in the study, allowing them to participate on their own volition. This implied that if any of the respondents felt like withdrawing during the data collection process; they were allowed to do so. The researcher sought permission from the relevant research bodies before undertaking the study. The researcher upheld anonymity and thus the respondents were not required to give their names. Furthermore, while collecting data the researcher acknowledged all the sources of information collected from textbooks and other research materials respectively.

**CHAPTER FOUR**  
**DATA ANALYSIS, PRESENTATION INTERPRETATION AND**  
**DISCUSSIONS**

**4.1 Introduction**

This chapter presents the findings of the study collected from KCB branches in Eldoret, Kenya influence of corporate social responsibility on customer loyalty. The data for this study was collected through questionnaires from customers of KCB and community champions' representatives.

**4.2 Response Rate**

The following Table 4.1 shows the response rate for the study.

**Table 4.1 Questionnaire Return Rate**

| <b>KCB Branches</b>      | <b>Number Issued</b> | <b>Response rate</b> |
|--------------------------|----------------------|----------------------|
| Eldoret Main             | 130                  | 107                  |
| Eldoret West (Kiptagich) | 111                  | 91                   |
| Eldoret East             | 90                   | 78                   |
| MTRH                     | 47                   | 40                   |
| Community champions      | 4                    | 2                    |
| <b>Total</b>             | <b>382</b>           | <b>315</b>           |

This study sample size comprised of 382 respondents out of which 313 filled in and returned the questionnaires and 2 of the community champions responded to the interview, making a total response rate of 82.46% as shown on table 4.1 which was considered adequate as indicated by Mugenda and Mugenda (2003) considering that a significant number of customers are always in a hurry to conduct banking transactions and therefore have minimal time to answer research questions. The high response rate could be attributed to the researcher's efforts in making follow ups of every

questionnaire sent out. The analysis of data collected was done using descriptive and inferential statistics.

### 4.3 Demographic Characteristics of Respondents

The study asked the respondents to indicate their background characteristics based on their gender, highest education level, age bracket and how long they have been holding an account with KCB.

#### 4.3.1 Gender of Respondents

The respondents were asked to give their gender profiles. The results are given in Table 4.3.

**Table 4.3 Gender of Respondents**

| <b>Profile</b> | <b>Frequency</b> | <b>Percent</b> |
|----------------|------------------|----------------|
| Male           | 168              | 53.7           |
| Female         | 145              | 46.3           |
| <b>Total</b>   | <b>313</b>       | <b>100.0</b>   |

Table 4.3 results show that 168 (53.7%) of respondents were male while 145 (46.3%) were females. The study finding implies that balance of participation of both female and male customers was achieved in determining their perceptions on how corporate social responsibility activities by KCB have influenced their loyalty. However, the Njeri (2014) study established that males were the most dominant gender among the respondents who participated in the research. In addition, Chege (2014) study established that majority of the respondents were males as shown by 56% (n=22), whereas 44% (n=17) of the respondents were females. From this it can be deduced that both genders were well involved in this study and thus the finding of the study did not suffer from gender bias.

### 4.3.2 Customers Age Bracket

CSR activities are aimed at changing the socio and economic lives of all members of the society irrespective of their age category. Therefore, the respondents were asked to give their age category bracket. The results are presented in Table 4.4.

**Table 4.4 Customers Age Bracket**

| <b>Bracket</b> | <b>Frequency</b> | <b>Percent</b> |
|----------------|------------------|----------------|
| Below 25 years | 61               | 19.5           |
| 25-30 years    | 78               | 24.9           |
| 31-40 years    | 95               | 30.4           |
| 41-50 years    | 63               | 20.1           |
| Above 50 years | 16               | 5.1            |
| <b>Total</b>   | <b>313</b>       | <b>100.0</b>   |

Table 4.4 result show that 61 (19.5%) of respondents were aged below 25 years, 78 (24.9%) were 25-30 years, 95 (30.4%) were 31-40 years, 63 (20.1%) were 41-50 years while 16 (5.1%) were aged above 50 years. The distribution of respondents' age suggests that diverse opinions were established with regard to various social corporate responsibility activities that KCB engages in. Njeri (2014) found out that respondents were old enough to provide valuable responses that pertain to the effect of corporate social responsibility on customer loyalty among commercial bank.

### 4.3.2 Customers Level of Education

The customers were asked to indicate their level of education. The results are presented in Table 4.5

**Table 4.5 Level of education**

| <b>Level</b>        | <b>Frequency</b> | <b>Percent</b> |
|---------------------|------------------|----------------|
| Secondary level     | 70               | 22.4           |
| Certificate/diploma | 77               | 24.6           |
| Bachelors degree    | 109              | 34.8           |
| Masters             | 49               | 15.7           |
| Primary             | 8                | 2.5            |
| <b>Total</b>        | <b>313</b>       | <b>100.0</b>   |

Results from Table 4.5 show that 70 (22.4%) of KCB customer had secondary level of education, 77 (24.6%) had diploma and certificate qualification, 109 (34.8%) had bachelors degree, 49 (15.7%) had masters while 8 (2.5%) primary level of education. The education qualification of respondents shows that most of them are literate and therefore understand the impact of CSR on their loyalty to KCB. The results coincide with Mokeira *et al.*, (2014) and Njeri (2014) whose studies revealed that most respondents had adequate education to execute their pertaining to quality management systems on university performance in Kenya.

#### **4.3.3 Period to which Customers have been holding KCB Account**

Loyalty of customers can be measured though the period they have been holding and operating accounts with a financial institution. The customers were asked to indicate how long they have been holding an account with KCB. The results are given in Table 4.6.

**Table 4.6 Period to which Customers have been holding KCB Account**

| <b>Period</b> | <b>Frequency</b> | <b>Percent</b> |
|---------------|------------------|----------------|
| Below 3 years | 118              | 37.7           |
| 3-5 years     | 99               | 31.6           |
| 6-10 years    | 76               | 24.3           |
| 11-15 years   | 20               | 6.4            |
| <b>Total</b>  | <b>313</b>       | <b>100.0</b>   |

Results show that most 118 (37.7%) said that they have been holding KCB account, 99 (31.6%) had been customers for 3-5 years, 76 (24.3%) had been customers for 6-10 years while 20 (6.4%) said that they have been operating accounts for 11-15 years.

#### 4.4 Education and Customer Loyalty at KCB

The first objective of the study was to determine the influence of promotion of education on customer loyalty at Kenya Commercial Bank Eldoret branches. At first the respondents were asked to indicate the extent to which KCB was involved in educational various programmes aimed at improving customer loyalty on a scale of five; Agree (1) to Strongly Disagree (5). A mean of 3.5-5.0, shows that the factor in question has been adopted by the responding organizations to a large extent. A mean of 1-2.4, shows the factor in question has been adopted by the responding organizations to a small extent. Their responses are given in Table 4.7.

**Table 4.7 Education and Customer Loyalty at KCB**

| <b>Respondents perception</b>   | <b>N</b>   | <b>Mean</b>   | <b>Std. Deviation</b> |
|---|------------|---------------|-----------------------|
| The scholarships that KCB has provided to needy students has increased my satisfaction                    | 313        | 4.1510        | 1.02199               |
| I can speak about KCB to my friends due to their engagement in sponsoring education events                | 313        | 4.0369        | 1.05184               |
| The efforts that KCB has made in sponsoring community education has improved my loyalty to the bank       | 313        | 3.6946        | .97995                |
| I like being associated with KCB due to their support in buying books for school libraries in my area     | 313        | 3.4966        | 1.12889               |
| Based on KCB support in construction of classroom blocks, I often speak to surrounding people about them. | 313        | 3.3289        | 1.15145               |
| The KCB school feeding programs in schools has enhanced its reputation as the bank of choice              | 313        | 3.3255        | 1.19964               |
| <b>Mean score on involvement in promotion of education towards customer loyalty</b>                       | <b>313</b> | <b>3.6723</b> | <b>1.08896</b>        |

The results from Table 4.7 show most ( $M=4.15$  and  $SD=1.02$ ) of respondents agreed with the statement that KCB group provision of scholarships to needy students in their localities has increased their satisfaction. This was found to be an annual event whereby students (needy and orphaned) who had passed their KCPE examinations were sponsored by KCB foundation for four year education in secondary schools. This shows that customers are really satisfied with the scholarship programmes which tend to increase their loyalty. The results of the study coincide with Ndemo *et al.*, (2013) result from retail banking institutions that showed that CSR activities helped to build customer satisfaction and retention. Secondly the respondents tended to agree ( $M=4.03$  and  $SD=1.05$ ) that they could speak about KCB bank to their friends and families due to their engagement in sponsoring educational events. These events are held during open days, head teachers seminars, students' career days and symposiums. The result therefore implies that the customers felt free and open to talk about their bank because of the KCB impact to the society through promotion of educational activities.

Thirdly, the respondents also agreed ( $M=3.69$  and  $SD=0.97$ ) that the efforts that KCB group has made in sponsoring community education had improved their loyalty to the bank. This shows that most respondents approve that when community education is sponsored through CSR activities, their loyalty to their bank increases. The respondents also tended to agree that they preferred (liked) being associated with KCB due to their support in buying books for school libraries in their locality. This shows that the bank often buys books for schools libraries and this has promoted reading culture in primary and secondary schools in the surrounding areas.

However, the respondents appeared to be undecided ( $M=3.32$  and  $SD=1.15$ ) on the statement that that based on KCB support in construction of classroom blocks, they often spoke to surrounding people about them. This implied that the organisation had not actually built more classrooms in schools. In addition, moderate impact on the constructional educational facilities could be due to the fact that the group mandate is to construct model classroom (s) which are standard and well equipped rather than building many classes that are not up to standard and therefore compromise the safety of learners in schools. The findings are supported by Chege (2014) stud that showed that 35% of respondents indicated that their banks contribute to a great extent towards the construction of classes in schools. However, the results of the study are in contrast with Adeyanju (2012) study in Nigeria that showed that social responsibility activities had a great impact on the society by adding to the infrastructures and development of the society.

The respondents also were undecided ( $M=3.32$  and  $SD=1.19$ ) that the KCB support in school feeding programmes has enhanced its reputation as the bank of the choice thereby influencing their loyalty. This response could be due to the fact that Eldoret town is not considered a drought risk region and this makes parents and other caregivers to provide food for their children. Mean statistics are ( $M=3.67$  and  $SD=1.09$ ) which suggest that most KCB banks customers have positive perceptions on the KCB contributions in educational projects as part of its CSR in residents of Eldoret Town. They agree that projects has positive effect on their loyalty to the bank to an extent to that they could recommend other people to open their accounts with the leading Kenyan bank. The finding implies that KCB group CSR activities have significant influence on their customer loyalty in Eldoret town. To answer the second research questions, the scores on promotion of education were compared with the



summation scores on the customer loyalty at KCB through cross tabulation. The results are presented in Table 4.9 (a and b).

**Table 4.9 (a) Education and Customer Loyalty Crosstabulation**

|                             |          | <b>Customer loyalty</b>              |                 |              | <b>Total</b> |               |
|-----------------------------|----------|--------------------------------------|-----------------|--------------|--------------|---------------|
|                             |          | <b>Low</b>                           | <b>Moderate</b> | <b>High</b>  |              |               |
| <b>Education Activities</b> | Low      | <b>Count</b>                         | 13              | 3            | 1            | 17            |
|                             |          | <b>% within education activities</b> | 76.5%           | 17.6%        | 5.9%         | 100.0%        |
|                             | Moderate | <b>Count</b>                         | 2               | 36           | 50           | 88            |
|                             |          | <b>% within education activities</b> | 2.3%            | 40.9%        | 56.8%        | 100.0%        |
|                             | High     | <b>Count</b>                         | 7               | 5            | 181          | 193           |
|                             |          | <b>% within education activities</b> | 3.6%            | 2.6%         | 93.8%        | 100.0%        |
| <b>Total</b>                |          | <b>Count</b>                         | <b>22</b>       | <b>44</b>    | <b>232</b>   | <b>298</b>    |
|                             |          | <b>% within education activities</b> | <b>7.4%</b>     | <b>14.8%</b> | <b>77.9%</b> | <b>100.0%</b> |

Result show that the respondents who perceived education activities as low, 13 (76.5%) had low customer loyalty, for those who said KCB are engaged in educational activities on moderate level 2 (2.3%) had low loyalty levels, 36 (40.9%) had moderate loyalty levels while 50 (56.8%) had high loyalty levels. Moreover, for those who said the educational activities were high, 7 (3.6%) had low levels of loyalty, 5 (2.6%) were averagely loyal while most 181 (93.8%) had high loyalty levels. The cross tabulation shows that as customers perceive education activities to be continuously provided, their loyalty increases. The result coincide with Mutuku (2015) who established that the amount spent on education increased each year and the profit increased as well by commercial banks in Kenya. The education programs supported by CSR activities included purchase of textbooks to schools, desks donation, secondary school scholarships among others which serve as direct expenditure to the banks. This was verified using chi-square analysis at 99% confidence level (Table 4.9b).

**Table 4.9 (b) Chi-Square Tests on Education and Customer Loyalty at KCB**

|                              | <b>Value</b>         | <b>df</b> | <b>Asymp. Sig. (2-sided)</b> |
|------------------------------|----------------------|-----------|------------------------------|
| Pearson Chi-Square           | 199.522 <sup>a</sup> | 4         | .001                         |
| Likelihood Ratio             | 133.890              | 4         | .001                         |
| Linear-by-Linear Association | 101.456              | 1         | .001                         |
| <b>N of Valid Cases</b>      | <b>298</b>           |           |                              |

The findings of the study (Table 4.9) shows that there exist significant relationship ( $\chi^2=199.52$  and  $p=0.001$ ) between KCB group sponsoring educational activities and customer loyalty. Moreover, the computed  $\chi^2=199.522$  ( $df=4$ ) is greater than the critical  $\chi^2= 13.227$  ( $df=4$ ) leading to the deduction that there exist a significant level of association between KCB customers perception on educational activities towards their satisfaction levels. This implies that continuous support of educational projects by KCB group will increase their customer loyalty automatically. Therefore one part of promoting loyalty in commercial banks is for them to channel more resources towards promoting educational initiatives. The results agree with Chege (2014) who found out that at 95% level of precision, the educational factors that have significant relationship or impact on profitability of the banks included contributions towards sponsoring community education. This showed that customer loyalty increased as a result of the bank support of educational projects. Similarly, Oyaya (2012) established that customer loyalty increased which translated to new business and the retention of existing business. This shows that support of educational activities resulted to improvement in customer loyalty.

#### **4.5 Sports and Customer Loyalty at KCB**

Sports activities are common in this area (Eldoret Town). So, various corporate companies usually compete to nurture the sports talents in various activities in schools

and communities around and KCB is one of them. Therefore, the second objective of the study was to determine the degree to which sports activities sponsored by KCB group affected customer loyalty in Eldoret town. The study solicited information from customers and community champions. Therefore, the customers were asked to indicate the degree to which KCB supports sports activities as part of its CSR strategy with the aim of improving their loyalty. Through six statements constructed on a Likert scale of five (strongly agree 5 to strongly disagree 1), the customers were asked to indicate the frequency to which they witnessed sporting activities. The descriptive results are given in Table 4.10.

**Table 4.10 Sports Activities and Customer Loyalty at KCB**

| <b>Funding of sports activities and its effect on customer loyalty</b>  | <b>N</b>   | <b>Mean</b>   | <b>Std. Deviation</b> |
|---|------------|---------------|-----------------------|
| Through KCB safari rally series, the bank public image has improved   | 313        | 4.2215        | .90896                |
| KCB has promoted social responsible banking by promoting football tournaments and clubs in my area                            | 313        | 4.1779        | .86374                |
| The frequency to which KCB group support athletics competitions (including schools) has increased my attachment with the bank | 313        | 4.0705        | 1.11844               |
| Through regular support by KCB group to rugby tournaments e.g. Chebarbar 7s I am proud being an account holder with them      | 313        | 4.0503        | .99873                |
| Through assist community clubs to purchase sports kits and wears, my trust with the bank has grown                            | 313        | 3.8859        | 1.05429               |
| The more times KCB group support volleyball tournaments the more I am proud being associated with them                        | 313        | 3.8691        | .89874                |
| <b>Mean perceptions on CSR sports activities and customer loyalty</b>   | <b>313</b> | <b>4.0459</b> | <b>0.97382</b>        |

It is evident that the respondents agreed that KCB group supports safari rally often (M=4.22 and SD=0.90) and it has improved its image in the banking sector. The community champion interviewed said that this is through KCB bank being golden

(main) sponsor of the Kenya Safari Rally series for a long period of time. This has made people to identify the growth of Kenya safari rally with KCB. Secondly, the respondents also agreed that KCB has often ( $M=4.17$  and  $SD=0.86$ ) support football tournaments and clubs in their area and this had increased their loyalty. This is seen through the group sponsoring the nationwide KCB FC as revealed by community champion interviewed said. Moreover, the respondents perceived that KCB bank group also supports directly and indirectly other community clubs and tournaments as part of giving back to the community and this is seen to raise customer loyalty level.

Thirdly, the respondents also concurred ( $M=4.07$  and  $SD=1.12$ ) that the frequency to which KCB group support athletics competitions has increased their attachment and proud of being associated with the bank. According to community champion interviewed said that they regularly support Athletics Kenya (AK) local branches competition and also partner in schools through their tournaments. This has made the group activities to be felt across the community thereby increasing customers' loyalty to the moneylender. Moreover, the respondents agreed ( $M=4.05$  and  $SD=0.99$ ) that through regular support by KCB group to rugby tournaments, they were proud and enthusiastic to be associated with the bank. This shows high level of loyalty because their bank supports rugby activities. The community champion said that they have been supporting Chebarbar sevens that is held annually in Uasin Gishu County and this has made them to fulfil their corporate governance role of giving back to the society. This event has raised the talents of many youths who have gone to play for national rugby (Kenya Cup) sides like; Impala, Harlequins, Nakuru RFC, Mwamba, Mean Machine among others.

Despite sponsoring various clubs and tournaments, the respondents also agreed (M=3.88 and SD=1.05) that KCB regular assistance to community clubs to purchase sports kits and wears, their trust with the bank had grown significantly. These sports kits are usually branded KCB group logo brand and this makes it easy to advertise its products and services to people and this makes customers to feel connected with the bank. The community champion also said that KCB was an official sponsor of Olympic athletes from Kenya. Mutuku (2015) also found out that the banking industry, sports programs include supporting athletes and teams. Lastly, the respondents also concurred (M=3.86 and SD=0.89) with the statement that the more times KCB group supported volleyball tournaments, the more they felt being proud being associated with them. On average, the respondents tend to agree that KCB group often (M=4.04 and SD=0.97) support CSR sports activities which is seen to improve their loyalty to the bank. The results suggest that 85.3% of KCB customers agreed that KCB group CSR activities on sports had positive influence on their loyalty. Therefore, to answer the research question, ordinal of involvement in sports activities and its effect on customer loyalty were cross-tabulated. The results of the analysis are presented in Table 4.12 (a and b).

**Table 4.12 (a) Sports Activities and Customer loyalty Crosstabulation**

|                   |          | Customer loyalty                  |             |              | Total        |               |
|-------------------|----------|-----------------------------------|-------------|--------------|--------------|---------------|
|                   |          | Low                               | Moderate    | High         |              |               |
| Sports activities | Low      | Count                             | 6           | 0            | 0            | 6             |
|                   |          | % within sports activities        | 100.0%      | .0%          | .0%          | 100.0%        |
|                   | Moderate | Count                             | 0           | 31           | 22           | 53            |
|                   |          | % within sports activities        | .0%         | 58.5%        | 41.5%        | 100.0%        |
|                   | High     | Count                             | 16          | 13           | 210          | 239           |
|                   |          | % within sports activities        | 6.7%        | 5.4%         | 87.9%        | 100.0%        |
| <b>Total</b>      |          | <b>Count</b>                      | <b>22</b>   | <b>44</b>    | <b>232</b>   | <b>298</b>    |
|                   |          | <b>% within sports activities</b> | <b>7.4%</b> | <b>14.8%</b> | <b>77.9%</b> | <b>100.0%</b> |

Results show that all 6 (100.0%) of respondents who rated sports activities are low, their loyalty was also low. For those who rated sports activities as moderate, 31 (58.5%) had moderate loyalty while 22 (41.5%) had high loyalty. For those with who rated sports activities as high, 16 (6.7%) had low level of loyalty, 13 (5.4%) had moderate level of loyalty while majority 210 (87.9%) had high loyalty levels. The result therefore implies that customers' perceptions on the frequent to which sports activities are supported by KCB increases their loyalty. To prove, this assertion, the chi-square statistic was computed at 99% confidence level. The results are given in Table 4.12 (b).

**Table 4.12 (b) Chi-Square Tests on Sports activities and Customer Loyalty**

|                              | <b>Value</b>         | <b>df</b> | <b>Asymp. Sig. (2-sided)</b> |
|------------------------------|----------------------|-----------|------------------------------|
| Pearson Chi-Square           | 174.116 <sup>a</sup> | 4         | .001                         |
| Likelihood Ratio             | 110.676              | 4         | .001                         |
| Linear-by-Linear Association | 57.171               | 1         | .001                         |
| <b>N of Valid Cases</b>      | <b>298</b>           |           |                              |

Results show that there exists a significant relationship ( $\chi^2=174.116$  and  $p=0.001$ ) between KCB's promotion of sports activities as part of CSR and customer loyalty. This is because with a df of 4, the calculated value  $\chi^2=174.116$  is greater than the critical value  $\chi^2=13.227$ . The finding suggests that when KCB group continues to sponsor different and with more resources sports activities, their customers will remain loyal hence ensure positive growth. The results concur with Ndegi (2014) who established that showed that 35.7% of respondents agreeing that CSR contributed to a good reputation for the organization while 32 respondents (32.7%) indicated that they strongly agreed CSR contributed to a good reputation for the organization. The results therefore implies that organisation reputation is improved when they engage in

#### 4.6 Health Sector and Customer Loyalty at KCB

This is the third objective of the research that sought to determine how health activities funding and support by KCB influenced customer loyalty in Eldoret. The KCB customers were asked to indicate their awareness on the frequency to which their bank CSR activity focused on improving the state of public health sector in their localities. The statements were on a Likert scale of five; 1-Strongly Disagree to 5-Strongly Agree. Their responses are presented in Table 4.13.

**Table 4.13 KCB Group CSR Health Activities and Loyalty**

| <b>Perception</b>   | <b>N</b>   | <b>Mean</b>   | <b>Std. Deviation</b> |
|---|------------|---------------|-----------------------|
| My confidence and trust with KCB has grown due to their numerous support of community health projects   | 313        | 4.0168        | 1.02316               |
| The programmes by KCB group through paying medical for patients needing specialized treatment has increased my loyalty to the bank            | 313        | 4.0101        | 1.24853               |
| The frequency to which KCB group contributes towards the construction of health facilities makes me to talk about them in meetings and groups | 313        | 3.8020        | 1.05300               |
| The community has benefited a lot from KCB health projects making most of them to open their accounts with them                               | 313        | 3.7617        | 1.11628               |
| The purchase of dialysis machines for MTRH by KCB has increased my urge to talk to other people about KCB                                     | 313        | 3.6309        | 1.22185               |
| My satisfaction has increased as a result of KCB support in purchase medical drugs for public health facilities                               | 313        | 3.4765        | 1.37110               |
| KCB group sponsor health wellness camps that has improved my allegiance of being associated with them   | 313        | 3.4564        | 1.30775               |
| <b>Mean perception on health sector sponsoring</b>  | <b>313</b> | <b>3.7363</b> | <b>1.19167</b>        |

The respondents agreed ( $M=4.01$  and  $SD=1.02$ ) that their confidence, trust and loyalty has grown as a result of KCB support of numerous health initiatives in their areas. This is through their funding of various initiatives aimed at improving community health. This implies that KCB group continuous support of health projects would raise customers' loyalty in Eldoret town. Secondly, they also agreed ( $M=4.01$  and  $SD=1.25$ ) that the initiative by KCB of paying medical bills for patients in need of specialised treatment has increased their loyalty and commitment to the money lender. KCB group also repeatedly pays for specialised treatment for some needy cases. The community health champion said that the bank regularly support people who are usually terminally ill by collaborating with other partners to pay for their operation and other medication fees. The results are in agreement with Chege (2014) who found out that 42% confirmed that their banks to a great extent pay for specialized treatment. This shows that commercial banks are in some way supportive of specialised treatment that later impacts on their image in the public domain.

The respondents also tended to agree ( $M=3.80$  and  $SD=1.05$ ) with the statement that the frequency to which KCB group contributed towards the construction of health facilities (dispensaries, health centres) made them to talk about the bank in community and group meetings. This shows that respondents value the initiatives made by the bank towards improving the accessibility of health services to the local population. The community champion interviewed also said that they do not only construct new facilities but they also do renovate existing ones which are usually dilapidated.

Study results also showed that customers also tended to agree ( $M=3.76$  and  $SD=1.12$ ) that the community has benefited a lot from KCB health projects making most of



them to convince those who do not have accounts to open them with the bank. The result implies that the bank no longer has to rely on agents for accounts opening but their customers are leading the pack in creating awareness on the need for them to open accounts with them.

Findings further show that the respondents also tended to concur ( $M=3.63$  and  $SD=1.22$ ) with the statement that the purchase of dialysis machines for MTRH by KCB has increased customers urge to talk to other people about being associated through opening of bank accounts with the bank. This shows that most of the customers have developed confidence and trust with the bank as a result of purchase of health equipments. The community champion explained that KCB group has been donating dialysis machines for kidney patients thereby helping majority of patients who receive the services at affordable fees.

Moreover, they also agreed ( $M=3.47$  and  $SD=1.37$ ) with the statement that their satisfaction had increased as a result of KCB support in purchase of medical drugs for public health facilities. This is usually done in conjunction with county government and other private mission health facilities located in different parts of the county. This has improved accessibility of drugs which in previous times could not be readily available but through those kinds of partnerships the drugs are available and at subsidized prices while others are free. This was found to increase respondent loyalty level with KCB. Lastly, the customers also agreed ( $M=3.45$  and  $SD=1.31$ ) that KCB group sponsored health wellness camps that have improved their allegiance of being associated with the organisation. This programme mainly advocates for healthy living among members of community. This helps to prevent diseases associated with modern lifestyle. According to community champions interviewed, they said that

these wellness camps assist in creating awareness, diagnosis of various ailments and also conduct tests for various body ailments. The mean perception score obtained shows that most respondents tended to agree that KCB group frequently support health sector (M=3.73 and SD=1.19) as part of its corporate social responsibility in Eldoret town. This is has been seen to improve their loyalty levels with the bank. The result shows that health activities tend to have moderate influence on customer loyalty in Eldoret town. The study agrees with Mokeira *et al.*, (2014) who found out that increase in philanthropic activities in the society like donations to charities, building of social amenities among others will result to increase in profitability of the bank because many people will be proudly associated with bank that gives bank to society. In addition, Mutuku (2015) found out that spending on health may not contribute to profitability directly but the fact that health related programs improves the wellness of the society, this can improve the banking trends of the involved communities.

To answer the third research question, a cross tabulation analysis was computed to check the effect of KCB group CSR activities on health sector and its influence on customer loyalty in Eldoret. The findings are presented in Table 4.15 (a and b).

**Table 4.15 (a) Health Activities and Customer Loyalty Crosstabulation**

|                          |                                   |                            | Customer loyalty |              |               | Total  |
|--------------------------|-----------------------------------|----------------------------|------------------|--------------|---------------|--------|
|                          |                                   |                            | Low              | Moderate     | High          |        |
| <b>Health Activities</b> | Low                               | Count                      | 9                | 7            | 16            | 32     |
|                          |                                   | % within health activities | 28.1%            | 21.9%        | 50.0%         | 100.0% |
|                          | Moderate                          | Count                      | 1                | 26           | 43            | 70     |
|                          |                                   | % within health activities | 1.4%             | 37.1%        | 61.4%         | 100.0% |
|                          | High                              | Count                      | 12               | 11           | 173           | 196    |
|                          |                                   | % within health activities | 6.1%             | 5.6%         | 88.3%         | 100.0% |
| <b>Total</b>             | <b>Count</b>                      | <b>22</b>                  | <b>44</b>        | <b>232</b>   | <b>298</b>    |        |
|                          | <b>% within health activities</b> | <b>7.4%</b>                | <b>14.8%</b>     | <b>77.9%</b> | <b>100.0%</b> |        |

Results shows that for those respondents who perceived health activities as low, 9 (28.1%) have low loyalty, 7 (21.9%) had moderate loyalty levels and 16 (50.0%). For those who rated health activities as average, 1 (1.4%) had low loyalty, 26 (371%) had moderate loyalty and 43 (70.0%) had high loyalty. For those who rated health activities as high, 12 (6.1%) had low loyalty, 44 (14.8%) had moderate loyalty and 232 (77.9%) had high loyalty levels. This implies that for those who rated support of health projects as high, their loyalty level was high. The results are in agreement with Mokeira *et al.*, (2014) who found out that when banks increase their focus towards philanthropic activities, their organisation performance increases. The findings therefore suggest that banking institutions have to incorporated CSR activities in their corporate strategies as it has been found to be a determinant of customer loyalty and satisfaction. To confirm the significance of the results, chi square analysis computed at 99% confidence interval are given in Table 4.15 (b).

**Table 4.15 (b) Chi-Square Tests on Health Activities and Customer Loyalty**

|                              | <b>Value</b>        | <b>df</b> | <b>Asymp. Sig. (2-sided)</b> |
|------------------------------|---------------------|-----------|------------------------------|
| Pearson Chi-Square           | 66.733 <sup>a</sup> | 4         | .001                         |
| Likelihood Ratio             | 57.380              | 4         | .001                         |
| Linear-by-Linear Association | 30.037              | 1         | .001                         |
| <b>N of Valid Cases</b>      | <b>298</b>          |           |                              |

The statistics shows that there exists significant relationship ( $x^2=66.733$  and  $p=0.001$ ) between KCB group CSR activities on health and customer loyalty. This is because the computed chi square values at  $df=4$  is  $x^2=66.733$  which is high compared to the critical value  $x^2=13.277$ . This implies that KCB's increase in funding and supporting health sector activities as CSR activities will improve their customer loyalty. Therefore for KCB to sustain competitive advantage over other commercial banks, CSR in health sector is one of the areas they need to be funding more so that their

customers can feel that their bank values their health status. The results are in agreement with Chege (2014) research result that showed that community health factors that have significant relationship or impact on profitability of the banks, at 95% included banks' contributions towards community health (P-value 0.044), contributions towards the construction of health facilities (P-value 0.000), sponsoring of health camps (P-value 0.010), paying of specialized health practitioners (P-value 0.045) and intention to continue contributing towards community health (P-value 0.009).

The study also agrees with Njeri (2014) who found out positive correlation between customer awareness of the CSR activities and customer loyalty. This showed that awareness on health activities raised their loyalty level. The community champion interviewed also indicated that their bank has been increasing its spending on health activities over the past ten years. these assertion coincides with Mutuku (2015) who established that the amount spent on health increased each year and the profit increased as well by commercial banks in Kenya. this implies that health spending will not only affect customer loyalty but performance of the bank as well.

#### **4.7 CSR Environmental Activities and Customer Loyalty at KCB**

With the increased global warming, several nations across the world are 'going green' with the aim of reducing carbon emission and part of meeting the Kyoto protocol. There is a challenge for organisations to be at the forefront in promoting sound environmental strategies aimed at curbing carbon emission and increasing forest cover. Therefore the fourth objective of the study was to determine the influence of environmental CSR activities by KCB on customer loyalty. Hence, customers were asked to indicate the extent to which they were aware of the environmental activities

that KCB supported in their areas and how it influenced their loyalty. Their responses are given in Table 4.16.

**Table 4.16 KCB Environmental Activities and Customer Loyalty**

| <b>Perceptions</b>  | <b>N</b>   | <b>Mean</b>   | <b>Std. Deviation</b> |
|---|------------|---------------|-----------------------|
| KCB group efforts on sensitizing us on the need to conserve the environment has affected my loyalty                               | 313        | 3.9430        | 1.03154               |
| The use of environmental friendly products by KCB has enabled me to talk about them in my village                                 | 313        | 3.9060        | 1.05308               |
| The use of eco-friendly materials by KCB group has improved its image   | 313        | 3.8389        | .91796                |
| I have vowed to stick with KCB group because of their contribution towards environmental conservation                             | 313        | 3.7651        | 1.02092               |
| The KCB group involvement in tree planting projects has challenged me to retain being an account holder with them                 | 313        | 3.7550        | 1.01689               |
| The involvement of KCB in cleanup programmes e.g. settlements, towns, schools, markets has increased its loyalty and public image | 313        | 3.6779        | 1.15043               |
| <b>Mean perception on environmental CSR activities on customer loyalty</b>  | <b>313</b> | <b>3.8143</b> | <b>1.03180</b>        |

Results from Table 4.16 shows that the respondents tended to agree with the statement that KCB group (M=3.94 and 1.03) efforts in sensitising them on the need to conserve the environment affected their loyalty positively. This is reflected through their pamphlets and even screens mounted on their banking halls that advocate for environmental conservation for better living. The activities are seen to contribute towards customer loyalty. In another study, Mutuku (2015) also established that environment programs include supporting waste management initiatives, fight against global warming, tree planting among others.

Secondly, the customers also agreed ( $M=3.90$  and  $SD=1.05$ ) with the statement that the use of environmentally friendlier products had enabled them to talk to others in the village on the importance of opening bank accounts with KCB. This has been initiated through minimisation of paper work and going green (paperless transformation) as explained by one community champion interviewed. It is seen that continuous advocacy for protecting the environment will increase customers trust and confidence with the bank.

The respondents also agreed that KCB group often ( $M=3.83$  and  $SD=0.91$ ) use eco-friendly materials had improved its image in the society thereby increasing their loyalty. This was underscored during research as it was established that the company advocates for use of biodegradable materials which are less harmful to the environment. This has resulted to positive responses from their customers hence retaining them. Fourthly, the respondents also concurred ( $M=3.76$  and  $SD=1.02$ ) that they had vowed to stick with KCB group because of their contribution towards environmental conservations measures. This shows the value that customers put in conservation of environment because if appropriate measures are not taken, their future is not guaranteed.

The respondents also agreed that ( $M=3.75$  and  $SD=1.01$ ) KCB group involvement in tree planting exercises had challenged them to continue holding their accounts with the bank. This was clearly explained by community champion who said that they ensure that each of their employees plant at least a tree in one year during their environmental day. They also partner with county governments and Kenya Forest Service in planting trees in order to raise the forest cover and ensure Vision 2030 goals are achieved.

Moreover, the customers also approved the statement (M=3.67 and SD=1.15) that the involvement of KCB in cleanup programmes has increased citizens image with the bank which also affected their loyalty. KCB group is regularly involved in cleanup programmes in informal settlements, towns, markets, school among other public amenities. This is a positive move to ensure that cleanliness and hygiene are maintained for the purpose of prevention of airborne and waterborne infections that are transmitted through dirty and unhealthy environment. In general, the respondents seem to agree with the statement that KCB group regularly (M=3.81 and SD=1.03) support environmental CSR activities in the study area and this they agree affect their loyalty to the bank. This shows that environmental activities tend to have moderate effect on customer loyalty.

Therefore, to answer the fourth research question, the statistics obtained on respondents (customers) perception ordinal scores was cross tabulated against loyalty ordinal scores at 99% confidence level. The findings are presented in Table 4.18 (a and b).

**Table 4.18 (a) Environmental Activities and Customer Loyalty Crosstabulation**

|                          |                                   |  | Customer loyalty |              |              | Total         |
|--------------------------|-----------------------------------|--|------------------|--------------|--------------|---------------|
|                          |                                   |  | Low              | Moderate     | High         |               |
| Environmental activities | Low                               | Count                                    | 0                | 1            | 21           | 22            |
|                          |                                   | % within environmental activities        | .0%              | 4.5%         | 95.5%        | 100.0%        |
|                          | Moderate                          | Count                                    | 22               | 36           | 45           | 103           |
|                          | % within environmental activities | 21.4%                                    | 35.0%            | 43.7%        | 100.0%       |               |
|                          | High                              | Count                                    | 0                | 7            | 166          | 173           |
|                          | % within Environmental activities | .0%                                      | 4.0%             | 96.0%        | 100.0%       |               |
| <b>Total</b>             |                                   | <b>Count</b>                             | <b>22</b>        | <b>44</b>    | <b>232</b>   | <b>298</b>    |
|                          |                                   | <b>% within Environmental activities</b> | <b>7.4%</b>      | <b>14.8%</b> | <b>77.9%</b> | <b>100.0%</b> |

Results show that 1 (4.5%) who rated environmental projects as low had moderate loyalty levels while 21 (95.5%) had higher loyalty. For those who rated environmental projects as moderately sponsored, 22 (21.4%) had low loyalty rate, 36 (35.0%) had moderate loyalty while 45 (43.7%) had high loyalty. For those who rated environmental projects initiated by KCB as high, 7 (4.0%) had moderate loyalty while 166 (96.0%) had high loyalty rate. This shows that the degree of loyalty increases with CSR sponsorship. The results are in agreement with Mutuku (2015) who found out that the amount spent on environment increased each year and the profit increased as well. To confirm the significance of the results, chi square statistics are presented in Table 4.18 (b).

**Table 4.8 (b) Chi-Square Tests on Environmental Activities and Customer Loyalty**

|                              | <b>Value</b>         | <b>df</b> | <b>Asymp. Sig. (2-sided)</b> |
|------------------------------|----------------------|-----------|------------------------------|
| Pearson Chi-Square           | 108.692 <sup>a</sup> | 4         | .001                         |
| Likelihood Ratio             | 114.280              | 4         | .001                         |
| Linear-by-Linear Association | 35.212               | 1         | .001                         |
| <b>N of Valid Cases</b>      | <b>298</b>           |           |                              |

Results from Table 4.18 (b) shows that there exists significant relationship ( $\chi^2=108.692$  and  $p=0.001$ ) between KCB group CSR activities on environmental initiatives and customer loyalty. The results suggests that customer loyalty increases when there is an increase in KCB group support and funding of various environmental activities as part of its CSR goals. This shows the importance of companies engaging in environmental conservations which in turn helps to retain their customers. Study findings coincides with Mokeira *et al.*, (2014) who found out that there was a significant positive but weak relationship between organization profitability and



environmental activities of the banks ( $r=.490$ ,  $p<0.010$ ). This means that a bank which is been involved in environmental activities like good waste management, use of renewable energy, obey local and international laws on environmental will increase its profitability though it is not significant with  $p=0.311$ . This is because most of these activities are salient and most customers are not aware of them

Moreover, through open-ended question, the respondents were asked to state their perceptions on how KCB bank should improve their CSR activities for the purpose of increasing their loyalty and commitment to remain customers in the bank. Their responses are illustrated in Table 4.19.

**Table 4.19 Recommendations on Improvement of KCB Group CSR Activities**

| <b>Suggestions</b>  | <b>Frequency</b> | <b>Percent</b> |
|---|------------------|----------------|
| Start new peace keeping projects  | 30               | 9.6            |
| Increase high school education scholarships                                 | 22               | 7.0            |
| The bank to collect views from respondents on the projects they are funding | 16               | 5.1            |
| To increase cancer funding  | 7                | 2.2            |

Findings show that the respondents recommended that KCB should start supporting peace keeping initiatives as part of its CSR. They also said that there is need for KCB Group foundation to increase its yearly sponsorship package for students joining secondary schools since the needy cases are many. The respondents also suggested that there is need for KCB group to first collect views from their customers (community) on the projects they need to support before rolling out any project without beneficiaries input. Lastly, they recommended that the group needs also to increase its support towards cancer funding.

## **CHAPTER FIVE**

### **SUMMARY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the findings on the study on respondents' perceptions on the influence of corporate social responsibility activities and customer loyalty at Kenya Commercial Bank Branches in Eldoret town. The chapter also covers the conclusions of the study, recommendations, implications and suggestions for future research.

#### **5.2 Summary of Findings**

The purpose of the study was to investigate the degree to which KCB group CSR activities influenced their customer loyalty in Eldoret town. The targeted respondents were KCB customers and community champions' representatives. Data for this study was collected through primary means; questionnaires and interview guide. Data was analysed using descriptive and inferential statistics. Results of the study showed that more than three quarter (75.31%) were loyal to KCB indicating that they were contented and satisfied with the services rendered by the bank. This made it possible to investigate the degree to which various KCB group CSR activities influenced customers' loyalty. The study makes the summary based on the research objectives.

##### **5.2.1 Education and Customer Loyalty**

The customers who participated in the research maintained that KCB group was engaged in promoting various educational activities. For instance, KCB foundation scholarships for needy children to access secondary education were voted to be prevalent in the area (M=4.15 and SD=1.02). The community champions also reported that the KCB scholarship beneficiaries' numbers have been increasing yearly

and more needy children will receive support. It was also evident from the study results that the bank also supported various education events, contributed to purchase of instructional resources, constructed classrooms and even supported school feeding programmes. These CSR activities were felt to have impacted on socio economic development of the areas that customers came from. Chi square statistics computed showed that there existed a significant of association ( $p < 0.01$ ) which was the one that respondents rated highly. This showed that customer loyalty tended to increase the moment KCB group was increasing its CSR activities on promoting educational development in the study area.

### **5.2.2 Sports Activities and Customer Loyalty**

Sports activities is the common co-curricular activities that is prevalent in schools around the study area particularly athletics. The second objective of the study was to determine how sports activities influence KCB customer loyalty levels. For instance, the respondents reported that they were aware of the sponsorship that KCB group makes towards Kenya National Rally Championships by being the major sponsor and acquiring branding rights. This has seen the KNRC circuits being staged in Eldoret in the past three years. It was established that KCB also supports football tournaments at local level through which they use the events to market their products and services. It was established that the sponsoring of various sports tournaments like rugby events has led to promotion of peace and national cohesion among communities living in the region. Chi square statistics showed that there existed a positive significant relationship ( $p < 0.01$ ) between KCB CSR activities on sports activities on customer loyalty. This implies that continuous support and funding by KCB group to sports, their customers loyalty increases.

### **5.2.3 Health Activities and Customer Loyalty**

Without a healthy society, communities would not engage in economic activities. Therefore, health is a critical sector that has been underfunded by government for many years and this has created opportunities for companies to come on board and support health related activities. Therefore the third objective of the study sought to determine the degree to which health activities were sponsored or supported by KCB group based on responses from its customers. Descriptive results summary showed that the bank has often supported; health awareness mobilisation campaigns, paying for specialised treatment to needy cases, starting of health projects (dispensaries), purchase of health infrastructure like dialysis machines and also purchase of drugs among other activities.

According to chi square results, the involvement of KCB group in health activities has impacted on their loyalty positively ( $p < 0.01$ ). The focus on the health sector has led to reduction in infant mortality rate, reduction in preventable diseases and affordable healthcare to needy cases in public health amenities. This has resulted to customers increasing confidence on the role their banks are doing to improve the wellbeing of the society. The chi square statistics suggests that customer loyalty will increase as a result of KCB group increasing its support to the health sector.

### **5.2.4 Environmental activities and Customer Loyalty**

Organisations embrace the green environment as their green marketing strategy and as a source of competitive advantage. The fourth objective of the study was to determine respondents' opinion on the frequency to which KCB group supported environmental activities and how it influenced their customer loyalty. Study findings revealed that the bank has been working with other stakeholders to promote biodiversity

conservation, reduction in carbon emissions and also increase of forest cover. This has been through sponsoring tree planting events, creating awareness on the need to conserve environment and working with institutions like county government and Kenya forest service to improve sanitation, hygiene and tree planting efforts. When looking at the kind of relationship that existed between KCB efforts in environmental activities, a significant effect was observed ( $p < 0.01$ ). This implied that an increase in environmental conservation CSR activities by KCB would ultimately result to increase customer loyalty levels. The increase in customer loyalty might increase financial growth of KCB.

### **5.3 Conclusions**

Study findings have shown that corporate social responsibility is one of KCB group's goal of ensuring they become competitive, profitable and sustainable. The findings of the study have shown that respondents perceive that CSR is likely to impact on customer loyalty in Eldoret. The findings of the study have revealed that KCB group participates in various CSR activities; sports, education, health and environmental protection. The computed chi square statistics showed that there existed significant relationship ( $p < 0.01$ ) between CSR activities that KCB group supported and increase in customer loyalty. This was confirmed by responses the study got from customers who participated in the research together with community champions representatives. However, the statistics shows that the company did not put much more emphasis on CSR activities related to health and environmental conservation. The low perception on health and environmental issues among customers is a concern for KCB group while it seeks to have competitive edge in the banking industry. However, the study results have revealed that for increased customer loyalty to KCB, CSR activities are significant predictors.

#### **5.4 Recommendations**

The study found out that the degree of influence of CSR activities on customer loyalty were on average suggesting that there is need for improvement on how CSR activities are conceptualised, planned and implemented by KCB Group. Based on the finding of the study, the following recommendations are done as per study objectives;

- (i) To improve on the CSR education activities, there is need for thorough screening of beneficiaries to ensure that students who benefit from scholarship are those who are needy and bright. Moreover, community representatives need to be included in screening of students who apply for scholarships. Moreover KCB group needs to increase its funding to ensure more needy students are enlisted under their scholarship programme.
- (ii) To improve on CSR activities on sports, there is need for KCB to provide sports kits branded using their name to ensure that the kits given out promote and market their various products to all of its customers thereby improving their loyalty.
- (iii) To improve on CSR activities related to health, there is need for KCB to continue providing financial and technical support to public health facilities. More resources are needed in these health facilities to reduce the cost of health services and make them affordable.
- (iv) There is need for KCB to regularly communicate their efforts through publicising green environmental activities to show their commitment on promotion of sustainable environment.

#### **5.5 Contributions to the Body of Knowledge**

The study has the following implications for CSR strategy in the commercial bank industry with the aim of maintaining competitive advantage.

**Table 5.1 Contributions to the Body of Knowledge**

| <b>Objective</b>  | <b>Implication</b>  |
|---|---|
| Influence of promotion of education on customer loyalty   | Education is the key to success of community and therefore CSR educational projects are critical to ensure customers trust and remain loyal in their financial institution  |
| Influence of promotion of sports on customer loyalty      | Sports activities create a brand that customers would be proud to be associated with.   |
| Influence promotion of health sector on customer loyalty  | Reduction in health related problems ensure that the society will become productive hence constant engagement in financial transaction that will boost company performance  |
| Influence of environmental activities on customer loyalty | The concern for the future would remain at the heart of every customer who will understand that the bank is concerned with protecting and making their environment to be habitable in future through green banking and afforestation measures |

## **5.6 Suggestions for Further Research**

The study suggests further research to be done focusing on the following areas:

- (i) The study was confined to one commercial bank. This may not be a representation of other banks; therefore future research needs to be conducted by involving other commercial banks in Kenya.
- (ii) A research on the influence of CSR activities by commercial banks on customer satisfaction need to be undertaken.

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## APPENDICES

### Appendix I: Letter of Transmittal

Wendy Ajiambo Barasa,  
University of Nairobi  
P. O Box  
Eldoret.

Dear Respondent,

#### **RE: REQUEST TO FILL A RESEARCH QUESTIONNAIRE**

I am a Masters of Arts, Project Planning and Management student at The University of Nairobi. I am carrying out a research on **“Influence of Corporate Social Responsibility Activities on Customer Loyalty: A Case of KCB Banks in Uasin Gishu County.** To facilitate the exercise, I kindly request for your time to answer the questions in the attached questionnaire. Please note that all questions are equally important to my study. Also note that the information collected from this questionnaire will be treated in strict confidence and will be used only for this academic study and will not in any way be linked to the individual respondent. Your honest responses are most appreciated.

Your cooperation in this regard is highly appreciated.

Yours Sincerely,

Barasa, Wendy A.

**L50/71759/2014**

MAPPM Student

University of Nairobi-Eldoret Centre.

## Appendix II: Questionnaire for KCB Customers

### Instructions

You are requested to fill in this questionnaire by giving your opinion. Do not indicate your name on the questionnaire booklet. Kindly please mark (√) in the box that matches your answer to the questions.

### Section A: Demographic Characteristics of Respondents

1. What is your gender?
  - a. Male { }
  - b. Female { }
2. What is your current age bracket?
  - a. Below 25 years { }
  - b. 25 – 30 years { }
  - c. 31 – 40 years { }
  - d. 41 – 50 years { }
  - e. Above 50 years { }
3. What is your highest level of education?
  - a. Secondary level { }
  - b. Certificate/diploma { }
  - c. Bachelors' degree { }
  - d. Master's { }
  - Any other \_\_\_\_\_
4. How long have you been holding an account with KCB bank?
  - a. Below 3 years { }
  - b. 3 – 5 years { }
  - c. 6 – 10 years { }
  - d. 11 – 15 years { }
  - e. More than 15 years { }

### Section C: CSR Educational Activities Influence on Customer loyalty

5. Please tick the most appropriate option using the scale provided on your perceptions on KCB involvement in educational projects aimed at giving back to the community. Key: SD-Strongly Disagree, D-Disagree, U-Undecided, A-Agree and SA-Strongly Agree.

|   | Education activities   | SD | D | U | A | SA |
|---|--|----|---|---|---|----|
| a | The scholarships that KCB has provided to needy students has increased my satisfaction                                       |    |   |   |   |    |
| b | I can speak about KCB bank to my friends due to their engagement in sponsoring education events in our area                  |    |   |   |   |    |
| c | The efforts that KCB has made in sponsoring community education has increased my desire to continue my banking with the bank |    |   |   |   |    |
| d | I like being associated with KCB due to their  |    |   |   |   |    |

|   |   |  |  |  |  |  |
|---|---|--|--|--|--|--|
|   | support in buying books for school libraries in my area   |  |  |  |  |  |
| e | Based on KCB support in construction of classroom blocks, I often speak to surrounding people about them. |  |  |  |  |  |
| f | The KCB school feeding programs in schools has enhanced its reputation as the bank of choice              |  |  |  |  |  |

**Section D: CSR Sports Activities Influence on Customer loyalty**

6. Please tick the most appropriate option using the scale provided on your perceptions on KCB involvement in sports programmes aimed at giving back to the community. Key: SD-Strongly Disagree, D-Disagree, U-Undecided, A-Agree and SA-Strongly Agree.

|   | <b>Sports activities</b>  | <b>SD</b> | <b>D</b> | <b>U</b> | <b>A</b> | <b>SA</b> |
|---|---|-----------|----------|----------|----------|-----------|
| a | Through KCB safari rally series, the bank's public image has improved   |           |          |          |          |           |
| b | KCB has promoted social responsible banking by promoting football tournaments and clubs in my area                            |           |          |          |          |           |
| c | The frequency to which KCB group support athletics competitions (including schools) has increased my attachment with the bank |           |          |          |          |           |
| d | Through regular support by KCB group to rugby tournaments e.g. Chebarbar 7s I am proud to be an account holder with them      |           |          |          |          |           |
| e | Through assist community clubs to purchase sports kits and wears, my trust with the bank has grown                            |           |          |          |          |           |
| f | The more times KCB group support volleyball tournaments the more I am proud being associated with them                        |           |          |          |          |           |

**Section E: CSR Health Activities Influence on Customer loyalty**

7. Please tick the most appropriate option using the scale provided on your perceptions on KCB involvement in health related activities aimed at giving back to the community. Key: SD-Strongly Disagree, D-Disagree, U-Undecided, A-Agree and SA-Strongly Agree.

|   | <b>Health activities</b>  | <b>SD</b> | <b>D</b> | <b>U</b> | <b>A</b> | <b>SA</b> |
|---|---|-----------|----------|----------|----------|-----------|
| a | My confidence and trust with KCB has growth due to their numerous support of community health projects  |           |          |          |          |           |
| b | The programmes by KCB group through paying medical for patients needing specialized treatment has increased my loyalty to the bank            |           |          |          |          |           |
| c | The frequency to which KCB group contributes towards the construction of health facilities makes me to talk about them in meetings and groups |           |          |          |          |           |
| d | The community has benefited a lot from KCB health projects making most of them to open their accounts with them                               |           |          |          |          |           |
| e | The purchase of dialysis machines for MTRH by KCB has increased my urge to talk to other people about KCB                                     |           |          |          |          |           |
| f | My satisfaction has increased as a result of KCB support in purchase medical drugs for public health facilities                               |           |          |          |          |           |
| g | KCB group sponsor health wellness camps that has improved my allegiance of being associated with them   |           |          |          |          |           |

**Section F: CSR Environmental Activities Influence on Customer loyalty**

8. Please tick the most appropriate option using the scale provided on your perceptions on KCB involvement in environmental activities aimed at giving back to the community. Key: SD-Strongly Disagree, D-Disagree, U-Undecided, A-Agree and SA-Strongly Agree.



|   | <b>Sports activities</b>  | <b>SD</b> | <b>D</b> | <b>U</b> | <b>A</b> | <b>SA</b> |
|---|---|-----------|----------|----------|----------|-----------|
| a | KCB group efforts on sensitizing us on the need to conserve the environment has affected my loyalty                               |           |          |          |          |           |
| b | The use of environmental friendly products by KCB has enabled me to talk about them in my village                                 |           |          |          |          |           |
| c | The use of eco-friendly materials by KCB group has improved its image   |           |          |          |          |           |
| d | I have vowed to stick with KCB group because of their contribution towards environmental conservation                             |           |          |          |          |           |
| e | The KCB group involvement in tree planting projects has challenged me to retain being an account holder with them                 |           |          |          |          |           |
| f | The involvement of KCB in cleanup programmes e.g. settlements, towns, schools, markets has increased its loyalty and public image |           |          |          |          |           |

9. What has been the influence of KCB group CSR activities on your wish to remain a customer of the bank, talking about bank to others and remaining loyal?

No Influence [ ]      Minimal influence [ ]      Moderate Influence [ ]  
 High influence [ ]      Great influence

10. As a customer of KCB, what do you think the bank should do to improve your satisfaction as part of giving back to the society?

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**Thank you for taking your time to fill this questionnaire.**

**Be blessed**

### **Appendix III: Interview Guide**

Dear Respondent,

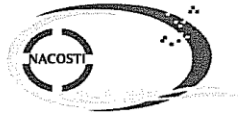
The purpose of conducting this interview is to get your opinion on the way through which customer loyalty has been influenced by KCB involvement in corporate social responsibility activities. Kindly spare your 20 minutes to respond to the questions given here.

Questions

1. What is your role or position at KCB
2. How long have you worked at KCB in charge of CSR activities
3. What is the bank policy towards CSR activities? Is there a formal structure that guides CSR practices in the bank?
4. What are the CSR activities that you've undertake so far targeting communities living in Uasin Gishu County?
5. Among the various CSR activities, which ones are given more attention and why?
6. How do you conduct those CSR activities? Is it the bank itself or which other stakeholders are involved?
7. Which CSR goals has the bank been able to achieve so far since it started engaging in the practice?
8. What factors drive your company to participate in Corporate Social Responsibility?
9. What are the main results on customer loyalty after KCB involvement in CSR activities?
10. What are the biggest drawbacks and restraining factors that your company experiences in the carrying out of social responsibility?
11. How can CSR activities be improved to achieve its target of improving customer loyalty and performance of your bank?

**Thank you for taking part in this interview**

## Appendix IV: Research Permit



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
when replying please quote

9<sup>th</sup> Floor, Utalii House  
Uhuru Highway  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No.

Date:

NACOSTI/P/16/42067/11811

6<sup>th</sup> July, 2016

Wendy Ajiambo Barasa  
University of Nairobi  
P.O. Box 30197-00100  
NAIROBI.

#### RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Influence of Corporate Social Responsibility on customer loyalty in Kenya Commercial Bank Ltd; Uasin Gishu County,*" I am pleased to inform you that you have been authorized to undertake research in **Uasin Gishu County** for the period ending **4<sup>th</sup> July, 2017.**

You are advised to report to the **Branch Manager, Kenya Commercial Bank, the County Commissioner and the County Director of Education, Uasin Gishu County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

A handwritten signature in black ink, appearing to read 'Boniface Wanyama', written over a horizontal line.

BONIFACE WANYAMA  
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Branch Manager  
Kenya Commercial Bank.

The County Commissioner  
Uasin Gishu County.

The County Director of Education  
Uasin Gishu County.

*National Commission for Science, Technology and Innovation is ISO 9001: 2008 Certified*

