MANAGERIAL ATTITUDES TOWARD BUSINESS SOCIAL RESPONSIBILITY: THE CASE OF BANK MANAGERS IN NAIROBI.

BY

MARTIN KWEYU

A Management Project Submitted in Partial Fulfilment of the Requirement for the Degree of Master of Business and Administration (M.B.A), Faculty of Commerce, University of Nairobi.

JUNE, 1993

DECLARATION

THIS PROJECT IS MY ORIGINAL WORK AND HAS NOT BEEN PRESENTED FOR A DEGREE IN ANY OTHER UNIVERSITY.

SIGNED ....

MARTIN KWEYU

THIS PROJECT HAS BEEN SUBMITTED FOR EXAMINATION WITH MY APPROVAL AS THE UNIVERSITY SUPERVISOR.

SIGNED ....

MR. DUNCAN O.OCHORO

LECTURER (BUSINESS ADMINISTRATION)

DATE 15/10/93

DEDICATION

To my dear parents,

Mr. Noah Kweyu

and

Mrs. Dolphine Kweyu,

for the immense parental

love and support that

they have given me.

And also,

a special dedication

to Jacinta and little

Duncan, for their love.

ACKNOWLEDGEMENTS

So many people contributed directly or indirectly to the completion of this course. Without my parents' support I would not have been able to pursue the course. My sincere thanks to them for financing my first year of study and thus enabling me to realise my ambition.

I am also grateful to the University of Nairobi, for financing my second year of study. In this regard, special thanks go to the Chairman of the Business Administration Department, Mr. Stephen Nzuve for recommendi..g me for the award of the scholarship and the Director, Board of Postgraduate Studies, for awarding it.

My sincere thanks go to my supervisor, Mr. Duncan O. Ochoro, without whose invaluable criticism and advice, this work would not be what it is. I am also grateful to the managers in various banks who supplied the relevant data for the study.

Sincere thanks to my fellow M.B.A. students for their encouragement and in particular, Esmailjee A.E.K, a sincere and wonderful friend, for his support during the gruelling course. I cannot forget Nzioka D., Kiarie M., Mwaura S., Aduda J. and Kimutai for the friendship and discussions that we shared.

I also wish to thank Paul Asura, a close friend and former schoolmate, for the excellent print in which the text of this project appears.

I cannot fail to thank other members of my family for their unfailing support and encouragement. Special thanks to my brothers, Francis, David, Tony and Fred, and to my sister, Joan.

And finally, to all those relatives and friends who assisted my parents to finance my education, I say, *thank you!*

CONTENTS

PAGE

PAGE

CHAPTER FIVE: SUMMARY AND CONCLUSIONS

APPENDICES

LIST OF TABLES

ABSTRACT

This study sought to answer four questions in relation to the business social responsibility concept. First, it sought to determine the extent to which top level managers in banks in Nairobi were aware of the basic dimensions of the business social responsibility concept. Secondly, it sought to determine the attitudes of managers toward the arguments for and against the concept. Thirdly, it sought to determine the relative importance of the social responsibility criteria as an indicator of organizational performance, from the bank managers' point of view. Fourthly, the study sought to determine some of the activities that constitute social responsibility in the banking industry and the obstacles to the implementation of the social responsibility policies and programs.

The population of interest included all commercial banks in Nairobi. The information sought in the study was collected using a structured questionnaire and personal interviews. Fifteen managers from various banks completed the questionnaires and five were interviewed.

Concerning the issue of managers' awareness of the social responsibility concept, it was found that the bank managers are well aware of some aspects of the concept.

In relation to attitudes toward the arguments for and against the concept of business social responsibility, it was found that the bank managers, in general, perceived the arguments in

favour of the concept to be more important (valid) than the arguments against it.

In regard to the relative importance of social responsibility as an indicator of organisational performance, the category representing *society* (i.e the perceived importance of the firm's social responsibility to the society as an indicator of the firm's overall performance) was ranked very low (i.e seventh) among the seven indicator-categories of organisational performance. The category representing *personnel* (i.e the perceived importance of the firm's social responsibility to its workers as an indicator of the firm's overall performance) was ranked fairly high (i.e third) among the seven inidcator - categories.

As far as involvement in socially responsible activities is concerned, it was found that the banks are socially responsible to their employees (personnel) as well as to the larger society in various ways. The spectrum of activities constituting social responsibility in the banking industry was found to be quite wide. In regard to the problems of implementation of the concept, it was found that most managers will not implement social responsibility if it will adversely affect their profit performance. Managers also felt that they have to cut back on social responsibility issues in difficult economic times.

In conclusion, it was deduced that the pursuance of high profits through provision of competitive customer services, remains the single most important business goal as far as bank managers are concerned.

CHAPTER ONE

INTRODUCTION

1.1 Background

Traditionally, the primary objective of any business corporation has been to make profits and to serve the interest of its owners (i.e shareholders). However, as a result of rapid environmental changes especially after World War II, the society has become more restless about its quality of life and outputs of various social subsystems. In recent years business corporations have been under increasing pressure to redefine their role in society. Corporate managers are being called upon to direct attention and resources to social problems far removed from their central economic mission.

The concept of social responsibilities of business has been a subject of intense debate for almost three decades. A review of the literature pertaining to this concept reveals two opposing views; the traditional or classical view and the modern or managerial view.

The proponents of the traditional class are of the view that the "business of business is business"[1] This means that businesses have the major objective of producing maximum profit for their owners (shareholders). The traditional group is therefore opposed to any calls for extra business obligations that might dilute this objective.

However, the proponents of the modern class have argued for

---

1. Reavis, C. "The Business of Business is ...?" in **Business and Society 74-75, Text, Readings and Cases,** Evans, W.D. and Wagley, R.A., pp 40 - 42

corporate social responsiveness. They are of the view that business should assume certain responsibilities that may be less economically attractive but socially desireable. They maintain that to achieve long range profitability businesses should engage in activities which are purely voluntary and where, through their own conscience, they undertake the initiative to exercise leadership in the community. Steiner notes.

> "Business is and must remain fundamentally an economic institution, but it does have responsibilities to help society achieve its basic goals and does, therefore have social responsibilities. The larger a company becomes,the greater are these responsibilities but all companies can assume some share of them at no cost and often at a shortrun as well as a longrun profit"[2]

The claim by the managerial class that a positive relationship could exist between social performance and economic performance (shortrun and longrun profitability) of corporations has attracted the attention of scholars in recent years (Ullman, A. 1985) In the United States of America, several studies have established relationships between social responsibility and other determinants of organizational effectiveness. For instance there have been many studies investigating the relationship between social responsibility and quantitative measures of profitability (Kraft, K.L, 1991). The results of these studies have been mixed.

The review of the literature on the concept of business social responsibility in Kenya reveals that, unlike in the

---

2. Steiner, G. __The Social Responsibility of Business: The Changing Business Role in Modern Society,__ in G. Steiner (Ed), UCLA, Mineograph, 1974, PP. 84

developed economies such as the U.S.A, where several studies have been carried out on various aspects of the concept, there have been relatively few empirical investigations of the concept in Kenya.

Apart from showing interest in the relationship between corporate social performance and corporate effectiveness, scholars in the U.S.A have studied other aspects of the concept that include; its ideological foundations, its purposes, its management and the development of valid measures and standards of external disclosures (Ullmann, A.A, 1985). Such studies have led to the term social responsiveness being popularized as a replacement for social responsibility in the U.S.A, in recent years. Murphy indicates that "social responsiveness is a more positive and accurate term than social responsibility.... many corporations have already recognized their responsibility (i.e obligation) to society and are now reacting to these demands in diverse ways"[3] He regards the period beginning in 1974 as the Era of Corporate Social Responsiveness.

An empirical investigation of aspects of the business social responsibility in the Kenyan setting would be informative and would contribute to the available literature on the concept.

---

3. Murphy, P.E; An Evolution: Corporate Social Responsiveness. **University of Michigan Business Review**, 1978, 30(6), P 19-25.

1.2 Statement of the Problem.

According to the Business Social Responsibility Concept, managers of business corporations should incorporate societal considerations in decision making.

The managers' level of awareness of the Business Social Responsibility Concept may indicate their interest in the concept. The attitudes of managers toward this concept have implications on the kind of decisions they are likely to make regarding societal issues.

In an effort to improve societal welfare, the Government of Kenya has been urging managers of business corporations to adopt policies that will lead to increased corporate social responsiveness.

Managerial behaviour and corporate performance may reflect such policies if managers attach more importance to the commonly recited arguments for corporate social involvement than to the commonly recited arguments against social involvement.

Managers may also give more attention to social responsibility policies if they perceive corporate social performance as being an important indicator of corporate effectiveness, relative to the other indicators.

Corporate social responsiveness is also likely to increase if there are no impediments to the implementation of social responsibility policies.

The researcher is not aware of any research effort in Kenya that has been devoted to the study of managerial attitudes towards corporate social responsibility in a service industry. The present study will therefore address itself to this area and contribute to knowledge in this field.

1.3 Objectives of the Study

The objectives of the study are four-fold:

1) To determine the extent to which top level managers in banks are aware of the basic dimensions of the social responsibility concept.
2) To determine the extent to which commonly recited arguments for and against corporate social responsibility involvement are or are not embraced by the bank managers.
3) To determine the social activities in the banking industry and the obstacles to the implementation of social responsibility policies.

1.4 Importance of the Study

This study is expected to be of benefit to various groups:

1) To the business community, it will hopefully contribute to increasing their awareness of the importance of concern for social welfare.
2) The study will be of significance to advocates of the business social responsibility concept such as the government. It investigates several aspects of the concept that include: a) the awareness of the concept within a service industry that has the potential of attaining a high degree of success on both economic and social performance; b) the extent of support for arguments for corporate social responsiveness by decision-makers in banks; and c) the implementation of the concept in the banking industry.

3) To the academicians, the study will be important as an addition to knowledge. It is hoped that it will stimulate research into other aspects of the business social responsibility concept.

1.5 Overview of the Study

This research report is made up of five chapters. Chapter One, the introduction, consists of background information pertaining to the subject of study, statement of the problem, objectives of the study, importance of the study and overview of the research report. In Chapter Two, the literature review pertinent to or related to the subject matter of the study is reviewed. The literature review covers definition of the social responsibility concept, evolution of the concept, arguments for and against the concept, impediments to the implementation of the concept and the planning and operation of social responsibility. Chapter Three deals with research design, which covers the population of study, the sample and data collection method. The results of the study are presented and analyzed in Chapter Four. Chapter Five, the last chapter, contains discussions of the findings, suggestions for further research and limitations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Definition of Business Social Responsibility

The issue of social responsibility of business has been a subject of intense debate and interest for almost three decides. Part of the controversy stems from the different definitions of the term, social responsibility. The precise limits or boundaries of this concept are still undefined. For the purpose of showing the diversity of definitions a number of outstanding definitions are provided.

According to Davis Keith, "Social responsibility refers to businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interests"[4] It is implied in this definition that businessmen are charged with the duty of correctly evaluating the impact of their decisions on the society. Management is required, according to Davis's definition to have a wider perspective and to extend their vision beyond the traditional business interest of maximizing shareholders wealth.

Business social responsibility has also been defined by Bowen as "obligations to pursue those policies, to make decisions or to follow those lines of action which are desirable in terms of objectives and values of society"[5]. According to Bowen, the

---

4 Keith, D. "Can Business Afford to Ignore Social Responsibility?" California Management Review., Spring, 1960, pp 70 - 76.

5.Bowen, H.R. Social Responsibility of Business, New York, Harper and Row, 1953, pp 4 freedom of choice that businessmen posses should be guided by the objectives and values of society. It therefore implies, businessmen should voluntary be sensitive to social costs of economic activities and to the opportunities that allow corporations to focus their resources on objectives that may be economically less attractive but socially desirable.

According to Reidenbach, R.E and Robin, D.P. (1987), the basis of understanding the meaning of corporate social responsibility comes from an observation by Steiner (1975). Steiner has observed that:

> "At any one time in any society there is a set of generally accepted relationships, obligations and duties between the major institutions and the people. Philosophers and political theorists have called this set of common understandings, the social contract"[6]

According to Steiner, the social responsibility of business is a substantial part of this contract. It is the set of generally accepted relationships, obligations and duties that relate to the corporate impact on the welfare of society.

The concept of business social responsibility assumes that there exists a theory about the social role of business organisation in the modern society. Such a theory would not only explain the interest of the public but would advocate for the monitoring and the influencing of the behaviour of firms in

---

6. Steiner, G. <u>Business and Society</u>, New York, Random House 1975, pp 18.

accordance with the value judgment upon which the theory may be said to be founded. The interest of the community in the behaviour of firms is expressed both at the national level and at the local level. At the national level the interest is expressed by the concern of the government in various aspects of the business activities such as economic well being, their contribution to welfare, their part in the growth of the economy, etc. At the local level, the interest is expressed by local authorities and bodies in both direct and indirect social-economic impact of the activities of the organisations.

The law as an institution, to an extent has the objective of embodying and expressing those value judgements by which the behaviour of firms is to be regulated. For example, in Kenya those value judgements are embodied and expressed in Acts of Parliament which include the Employment of Women, Young Persons and Children Act (Cap 227), The Workmen's Compensation Act (Cap 236,) etc.

However, the concept of business social responsibility extends beyond notions embodied in the current law. It has represented and still represents debate that has its root in political and social theory.

The spectrum of social responsibilities of business is quiet wide. It encompasses among others the following activities.

1. Economic growth and production efficiency.
2. Full employment and economic stability.
3. Education, employment and training of poor classes.
4. Civil rights and equal opportunities to all people
5. Urban renewal and development
6. Medical services to workers and the community.

7. Transport facilities to workers and the public
8. Environmental protection through pollution abatement and ecological conservation.
9. Direct financial or personal support to cultural, charitable or artistic institutions.
10. Disclosure of social issues in the firm's financial statements (i.e social balance sheet).
11. Production of goods and services that are honestly represented in the market place.
12. Assisting the government in doing all those functions which will ensure improvements in the standard of living.

These activities can be broken down into two broad categories. First, the philanthropic activities, that is, the activities that are purely voluntary. Secondly, the activities where businesses are induced by market conditions, government incentives or public pressure. Proponents of the concept of business social responsibility advocate for increased business involvement in philanthropic activities such as provision of education, employment and training of poor classes and provision of direct financial or personal support to charitable institutions. Non-philanthropic activities such as production efficiency and maximization of profit (economic growth of the firm) are increasingly being perceived as either direct or indirect business costs and not as social responsibility activities. They reflect the traditional objectives of the firm.

In the final analysis, social responsibility signifies a situation where business decisions are taken with adequate considerations for all the needs of the participants in the environment, but specifically the socio-economic demands. It attempts to balance the interests of all concerned parties which are differently affected by the business operation. In other words, social responsibility involves all that is done beyond the minimum legal requirements.

2.2 Evolution of the Concept.

2.2.1 The Classical Economic Theory.

The classical economists insist that the primary purpose of the business is to make profit for the owners and other motives besides this are secondary or incidental to it. While business struggles to achieve economic advancements, the government is expected to balance up various interests which are unsatisfied by private enterprises.

As a staunch supporter of the doctrine of laissez-faire, Adam Smith (1776) considered any social benefits accruing to production as unintended byproducts of men's search for private gains. Laissez-faire assumes:-

(i) The businessman has no formal social obligations to the public.

(ii) He serves society best when he tends to his own affairs without giving much thought to social problems.

(iii) There is an "invisible hand" regulating business dealings in the market.

These assumptions form the basis for a free market system advocated by the classical economists. Given the competitive environment in a free market system, the entrepreneur is supposed to choose courses of actions which will cause maximization of profit without reference to reactions of the society. Competitive struggle was seen by classical economists as a necessary control device which regulated the behaviour of participants in the market.

Currently, due to inefficiencies or abuses of power, the assumed competitive market dynamism does not guarantee protection to every participant and hence the desire for specific regulations to ensure satisfaction of all participants in the business environment. It is necessary for businesses to attempt to achieve a dynamic equilibrium with environmental demands so as to achieve stability necessary for survival and growth.

2.2.2 **The Legal Position.**

Businesses by law are artificial persons that have rights to exist, own property, sue or be used under their names and depending on their constitution they enjoy many privileges.

As artificial persons, businesses transact through the agency of natural persons. Initially the owner (shareholders) appoint and delegate powers of management to the first controller (usually the board of directors) who subsequently subdelegates to other business officers.

Under common law, corporate managers as trustees had to manager the resources for the benefit of the owners and had no authority to dissipate the trust property. Some legal presidents reaffirmed the view that business exists to provide profits and equitable redistribution thereof to the shareholder. In the case of Hutton versus Westcork Railway Co. (1888) it was stated that "charity has no business to sit at the board of directors table".[7]

However, in the A.P Smith Manufacturing Firm Company versus Barlow (May 1953) Case, it was stated that the corporation was justified in disbursing stockholders wealth for educational purposes. This action was regarded as being in the interest of the

---

7. __Hutton Vs Westcork Railway Co.__ 23 Ch Div 654, 1888.

public. This philosophy recognizes the fact that what is good for business and society is good for the shareholders. As trustees, business managers have obligations to several claimants and besides ownership interests there are other vested interests to consider. Management has a unilateral duty to balance and maximize all the interests of beneficiaries.

2.2.3 The Doctrine of "Enlightened Self-Interest"

This doctrine requires business to undertake philanthropic activities besides investing in attractive programs in a way that will benefit the social environment or quality of life.

Business is an integral part of society from which it gets its inputs and gives its output. Inevitably, for survival, business depends on the goodwill of society which legitimizes its existence. To avoid the counter-vailing powers of the disgruntled society, it is in the "enlightened self-interest" of the business to promote a climate conducive for both business and public co-existence.

The Committee for Economic Development has stated that it is "not a right but a duty of business"[8] to support society in the interest of long-run benefits. "Corporations self-interest is best served by a sensitivity to social concern and a willingness within competitive limits to take needed actions ahead of any confrontation"[9]

2.2.4 Ownership versus Control

In modern corporations, the manager-owner relationship has changed. Economic power is in the hands of management while

---

8. <u>The Committee for Economic Development.</u> Social Responsibility of Business Corporation. Statement by Research and Policy Committee, June, 1971, PP 27
9. Ibid, PP 29

ownership is spread out among numerous shareholders. The owners expect high return on their capital while management perceives its duty as that of operating the business profitably to ensure survival and growth.

The shareholders are incapable of effecting direct control on the business affairs except by exercising their voting rights during general meetings. They, therefore, become passive recipients who own only claims to corporate property in ways that yield sufficient returns on capital and maximum business values. Davis States:

> "Partly because of increased size of business and partly because of increased strength of social groups, relationships between managers and owners have changed during the last century ...Stockholders in widely held corporations, for the most part, perceive themselves as passive investors rather than co-owners of a business. Under these conditions, traditional control and decision making by owners breaks down."[10]

The active organ which is management, appears to have little accountability to the owners. However, latitude in decision making and business control does not free management from the trustee duties. Under the above circumstances, the question that arises is, to whom is management answerable?

Since society legitimizes business powers which the owners have lost to management it can be rightly concluded that management is answerable to the society. Business executives have the powers and society demands that those powers be used appropriately for the

---

10. Davis, K; and Blomstrom, R.L; **Business and Society: Environment and Responsibility,** 3rd Ed., New York: Mc Graw-Hill, 1975, P 116.

benefit of all. To justify the powers vested in its hands, management has to accept the concept of social responsibility and to recognize society as a significant variable for purposes of economic success.

The effects of World War 11 and the consequent hardships of the prolonged great depression gave rise to the doctrine of social responsibility which recognizes and emphasizes business donative policies. In light of changing conditions and society expectations and despite the remoteness of some of the benefits, it is in the business interest as artificial citizens to recognize both economic and social obligations.

2.3 Arguments Against Business Social Responsibility.

This section represents the views of the followers of Adam Smith who vehemently opposed contributions made by business to the society.

Proponents of business social responsibility such as Steiner and Davis (1975) suggest that managers are committed to various social responsibilities and would use their discretionary powers accordingly. However, classical economists, on the basis of self-interest assumption, predict that most managers would use their discretionary power to further their own interests. In 1776 Adam Smith argued:

> "...Man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them..... it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner but from their regard to their own interest. We address

ourselves, not to their humility but to their self-love, and never talk to them of our own necessities but of their advantages,"[11]

The opponents of social responsibility insist that the sole business objective is to make profits. They argue that profits are the property of the owners of business and not management. Management is just charged with a "stewardship" responsibility and is accountable to shareholders as far as that responsibility is concerned. As stewards they have no mandate to dish out trust property. Friedman has emphasized that,

> "...there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profit so long as it stays within the rules of the game, which is to say, engage in open and free competition, without deception or fraud... few trends could so thoroughly undermine the very foundations of our free society as the acceptance of our corporate officials of a social responsibility other than to make as much money for the stockholder as possible. This is a fundamental subversive doctrine. If businesses do have a social responsibility other than making profits for shareholders, how are they to know what it is?"[12]

Hayek points out that "Corporations exist for one purpose only and that purpose is profit; and that when it is deflected from that specific purpose, the results are bad for the particular enterprise and the general community"[13]

---

11. Smith, A. <u>The Wealth of Nations.</u> New York: Modern Library, 1973, P.14
12. Friedman F, <u>Capitalism and Freedom.</u> Chicago, University of Chicagos Press, 1963, P 133
13. Hayek, F.A. <u>The Corporation in a Democratic Society</u>, Melvis Anshem and George Bad, New York, McGraw Hill Book Co. 1960, PP 99 - 108.

Levitt T. talks of the "frightening spectacle of a powerful business group that in the name of social responsibility imposes its narrow ideas about a broad spectrum of unrelated non-economic subjects on the mass of man and society".[14] The implication here is that businesses already have power (economic) and should not be permitted to stray into unrelated areas to interfere with peoples' private lives in the name of social responsibility.

A review of the literature on the concept of business social responsibility reveals the following as some of the commonly recited arguments against business social involvement;

1. The resources deployed for social responsibility projects reduce the earning ability of the firm, lowering its dividends and the price of the firm's stock. This denies the shareholders the rightful use of their money.
2. Economically social responsibility is not viable where a firm engages in social projects while its competitors do not. The firm as a competitor would be disadvantaged due to increase in its cost and prices. This may render the products of a particular firm less competitive both in the domestic market and the international market causing an imbalance in trade.
3. The cost incurred by the firm in discharging its social responsibility is likely to be met by the customer through a price increase. In effect, the burden will be shifted to the consumer and the consumer will subsequently lose the opportunity to spend more on other goods.

---

14. Levitt, T, "Dangers of Social Responsibility" **Havard Business Review.** July - August, 1968, PP 77 - 85.

4. Opponents of this concept believe that managers of business enterprises do not have the appropriate knowledge, skills or expertise to tackle social problems. Those trained in this sphere are government officials, politicians, voluntary organisations, specialists, etc.

5. They further their argument by stating that currently business enterprises have too much power in their hands. Undertaking social responsibility would only concentrate more political and social power in the hands of those who currently have economic power.

6. Based on their belief that enterprises are only accountable to their owners, followers of Adam Smith argue that giving social responsibilities to enterprises would lead to handing over responsibilities not commensurate to accountability and yet their primary objective for existence is earning profit.

It has already been seen that there is a fear that acceptance of an expanding social role by business will inevitably produce unfortunate results for the business and society. Hence it is argued that, the business of business is business, and that social responsibility is a departure from the profit ideology. Profit considerations are basic to the arguments against business social responsibility.

2.4 Arguments in Favour of Business Social Responsibility.

The concept of business social responsibility implies obligations on the part of business to make decisions or pursue policies which are socially desirable in terms of the objective function. This is a significant departure from the basic economic responsibility.

Steiner and Davis (1975) content that the doctrine of corporate social responsibility has evolved form a changing managerial philosophy which explicitly recognizes the obligations of the corporation to society and eschews the narrow goal of simply increasing profits or earnings. The ability of managers to employ the resources of their firms in socially responsible activities is alleged to result from the separation of ownership and control in large corporations. Steiner argues:

> "By virtue of the diffusion of stock ownership ..management, (of large corporations) in effect control the property they do not own .... It is, true of course, that in thousands of corporations where there is little diffusion of stock ownership the older model of corporate authority still exists, but in more and more of the largest corporations, the new model is more realistic. Power exists without mandate"[15]

In the above argument the older model refers to the traditional managerial objective of maximizing profits for shareholders, so frequently associated with classical economists. The new model refers to socially responsive managers.

In general the proponents of social responsibility advocate for businesses to adopt policies, products, services, facilities, plans, schedules, to meet continuously, voluntary, the social, civic and economic responsibilities commensurate with the opportunities afforded by the size, success and nature of the business and of public confidence in it as a corporate enterprise.

The proponents of business social responsibility have argued that;

1. An enterprise owes its existence to the society. Its legitimacy depends on its acceptance by the public. Thus

---

15. Steiner G "<u>Business and Society</u>, New York. Random House, 1975 PP 116.

businesses have to meet the demands of the community to survive. Refusal would earn the business the wrath of the society and clients.

2. Social involvement benefits both the enterprise and the society. The expenses incurred by an enterprise are translated into gains in the long run. The corporate image improves and the society appreciates the enterprises existence and support it.

3. Enterprises need to engage in social responsibility activities to minimize government intervention. Enterprises have been known to sacrifice the welfare of society for their own benefit, thus the government has always intervened or imposed regulations that govern the activities of businesses. For example, when Kel Chemical (k) Ltd. proved to be a health hazard to both the workers and its immediate external environment, the Government of Kenya intervened due to the nation wide concern. Such intervention has placed the future of the firm at stake.

4. Business today have assumed a lot of power in influencing the life of individuals. They control our eating habits,working, dressing habits, e.t.c. It is but only fair that they be given responsibilities commensurate to their power.

5. Many other institutions and individuals have failed to solve social problems and so business firms should be given a chance. Since businesses have such a substantial share of society's management and financial resources, they should be expected to solve social problems.

6. It is in the interest of stockholders that their firms engage in socially responsible behaviour. As society norms change,

businessmen's behaviour has to change correspondingly. Businessmen have a utility function in which they desire more than simple economic satisfaction. All in all businesses cannot afford to ignore the broader public demands. They must not only provide quantities of goods and services, but also contribute to the quality of life. Survival depends on the responses to the changing expectations of the public.

2.5 Impendiments to the Implementation of Social Responsibility Policies in Organizations.

2.5.1 The Reward - Penalty System

In organizations, individual performance, group performance or an organisational-center performance is usually measured in terms of economic results such as profit-levels and return on investment (ROI). Economic results serve as important controls in the evaluation process because they are easily quantifiable.

To managers, the concept of business social responsibility implies reduction of profit through philanthropies. In small and centralized business firms, the managers who initiate social responsibility programs, depending on their leadership qualities, may be able to push through various programs. However, in large or heavily decentralized organizations, where managers of various centers are appraised and rewarded depending on quantitative results, implementation of social programs may be hampered.

The structural implication has grave implications for the concept of business social responsibility, for there will be concern for tangible aspects at the expense of the intangible aspects of the business strategies. Management will continue to be more sensitive to what quantitative measures mean to them so long as punishments and rewards are distributed according to economic accomplishments. Subordinates will aspire for top positions and will be sensitive to what quantitative measures mean to them.

This impediment to the implementation of social responsibility programs calls for a method which will incorporate social goals in business strategies in a way likely to motivate the implementors or alternatively, the formulation of an effective reward-penalty system based on a different criteria.

2.5.2 **The Role of Business**

Businesses are economic institutions established by business entrepreneurs but sustained by society. They are expected to satisfy the society by offering goods and services. The traditional business objective has been economic and in response to accusations of non-involvement in social responsibility, businessmen have been pointing at the way they have indulged in social affairs by promoting economic growth.

In developing economies particularly, there is need for more business involvement in society's affairs. Business usually posses abundant financial and managerial resource necessary for solving many of the pressing social problems. Community welfare can be promoted fast, if only, business can redefine their role in society and begin to perceive social responsibility more and more in terms of social issues rather than economic issues.

2.5.3. **The Roles of Management.**

The concept of social responsibility advocates for business posture towards both economic and social problems. In decision making business managers should consider economic, technical, social, political, personal and moral issues. Balancing these "conflicting values"[16] is a big job which entails many problems especially those concerned with the concept of social responsibility.

A part from systematic regulation of business machinery so as to cater for both internal and external demands, management must administer and protect trust property. In its mediation role, business management requires balanced judgment. The functions or roles of management must be played within an environmental context. Business myopia or wrong strategies may be due to managements' failure to relate business activities to its environment or failure to gear them for socio-economic performance.

2.6 Planning and Operation of Social Responsibility.

It is paramount for any enterprise to assess its strengths and weakness before it selects the approach in which it chooses to respond to the social ethic. Assessment of its own resources and the industry's requirements would be an indicator of the ability of any enterprise in fulfilling its social responsibility if it choces to do so. Enterprises have a dynamic relationship with their environment such that polices have to be formulated, evaluated and changed as required to achieve a dynamic equilibrium. It follows that management needs to evaluate the opportunities it can exploit in its discharge of social responsibilities and the threats it might face in respect to other forces.

---

16. McMurry, R.N., "Conflict in Human Values. Harvard Business Review, June, 1963 PP 131 -145

2.6.1 Approaches Open to Enterprises

There are three main approaches from which an enterprise may choose in response to social ethics;

2.6.1.1 Adaptive Approach.

In this approach an enterprise observes a "low profile" strategy in participating in social responsibility. It does not undertake an active role in social issues but responds only to legal requirement. Minimum compliance required by the law is the "order" of the firm. This strategy is normally adopted when the enterprise has no control over the demanding factor. However, critics may argue that this approach does not conclusively relate to social responsibility since the firm is just complying with the law and is not socially responsive by its own initiative.

2.6.1.2 Proactive Approach

The enterprise is the entity which initiates th activity. It analyses its environments to identify opportunities which it can exploits for its own benefit. Within this approach, the society sees the enterprise undertaking social responsibility but in the longrun it is the enterprise that benefits and not the society. This approach can be viewed as a "Selfish Approach"

2.6.1.3. Interactive Approach.

The enterprise interacts with its environment as much as possible in undertaking social responsibility for the purpose of benefiting both the society and the enterprise. Such an approach calls for an inherent understanding of the society and the factors that influence the activities of the society. It would be viewed as a "bargaining response" where the enterprise negotiates with the group demanding social responsibility.

2.6.2 Stages Through Social Responsibility Response.

2.6.2.1 Token Behaviour Stage.

At this stage management makes a few gestures to indicate concern or a more liberal position. This includes making speeches, giving out money from headquarters as bonuses, etc. Although this stage proves to be the least expensive and very adaptive to change, it is quite inefficient and ineffective.

2.6.2.2 Attitude Change Stage.

In this stage management goes beyond the few gestures and appoints a staff executive responsible to the chairman in charge of social responsibility activities. At this stage the management's attitude is more inclined toward pro-social activities than the Token Behaviour Stage. Expenditure incurred is relatively less and management provides supportive expertise. However this stage can give rise to organisation expansion and potential for conflict within management due to differing attitudes.

2.6.2.3 Substantive Change State.

Management embarks on structural and behavioral changes to implement social responsibility. This includes setting up task forces, committees, special departments, executive to handle social issues, etc. Commitment of management towards social issues is brought out in this stage. Labour is more specialised and there is more meaningful representation within the labour force. Management however experiences high expenditures and increasing conflict within decision making.

CHAPTER THREE

RESEARCH DESIGN

This chapter deals with research design which was used to conduct the research. It covers the population of the study, the sample, data collection method and data analysis method.

3.1 The Population.

The population of interest in this study consisted of all commercial banks based in Nairobi. To date there are 31 commercial banks registered and operating under the Banking Act in Nairobi (see Appendix 111). The list of banks was constructed using a Central Bank of Kenya Publication of 1992 (updated).

3.2 The Sample

The research methodology consisted of two methods of gathering information. These were the questionnaire and personal interview methods. The questionnaire method required the respondents to fill the questionnaire.

Since the population of interest was considered small, the questionnaire was distributed to all members of the population.

However, given the time limit of two months within which the research was to be concluded a sample of 10 banks was selected for the purpose of personal interviews. The random sampling technique was used to select the banks.

It, however, proved very difficult to get all questionnaires completed and the interviews administered within reasonable time and only 15 questionnaires and 5 interviews were analyzed.

3.3 Data Collection Method.

The study used primary data. The data was collected using the questionnaire and personal interview methods (see Appendix II) The questionnaire has four sections and was formulated in such a way that sections A,B,C, and D help to achieve the first, second, third and fourth objectives of the study, respectively.

3.3.1 Section A of the Questionnaire.

In Section A of the questionnaire, the respondent was provided with fourteen statements and was asked to indicate the statements he/she thought were true about the business social responsibility concept.

Eight out of the fourteen statements (i.e. 2, 4, 5, 8, 10, 11, 13, 14) portray some of the roles of a socially responsible business according to the proponents (managerial class) of business social responsibility. Six out of the fourteen statements (i.e 1, 3, 6, 7, 9, 12) portray the traditional role of business (maximization of profit and adherence to business economic intrests), as opponents of business social responsibility would advocate.

Thus the statements were provided with the objective of determining whether top business executives in banks perceive socially responsible business activities in terms of social achievements or economic achievements. It can be said that the top executives are generally aware of the basic dimensions of the business social responsibility concept if they perceive business social responsibility activities in terms of social goals rather than economic goals. The highest score a respondent could get was eight.

3.3.2 Section B of the Questionnaire

Section B of the questionnaire helped to achieve the second objective of the study. Part 1 of the section contains some of the commonly recited arguments in favour of the concept of business socially responsibility while Part 2 contains some of the commonly recited arguments against the concept. The arguments for and against the concept are derived from the literature partinent to the concept.

3.3.3 Section C of the Questionnaire

Section C of the questionnaire was designed to capture information for the third objective of the study. This section was constructed on the basis of indicators of organisational performance as given by the Kraft and Jauch (1988) Organisational Effectiveness Menu. However a reference was also made to pertinent literature as well as discussions with academics in order to make the questionnaire more relevant to the banking industry in Kenya.

This section is composed of thirty-five criteria that represent seven categories of performance. Each respondent was asked to rate each criterion on a five-point Likert type scale.

Criteria (3-12) and (26-35) are the social responsibility categories: the Personnel Category and the Society category. The criteria representing the personnel category was used to measure the perceived importance of the firm's responsibility to its workers as an indicator of the firm's overall performance. The category representing society (26 -35) was used to measure the perceived importance of the firm's social responsibility to the society as an indicator of the firm's overall performance.

The other categories are indicators of organisational performance that do not represent social responsibility. They are the; Marketing Category (1-2); Finance Category (13-16); Service/Production Category (17-19); Research and Development Category (20); and Organisational Category (21-25).

3.3.4 Section D of the Questionnaire

Section D of the questionnaire helped to achieve the fourth objective of the study. It is largely composed of open-ended questions which were also used as the guiding questions in the administration of personal interviews.

In order to solicit for more information on the aspects of social responsibility that were under investigation, personal interviews were conducted in a number of sampled banks (5 banks out of a sample of 10 banks). Since most officials prefer to respond to direct interviews for the simple reason that they have a chance to get direct explanations about the topic or the implications or genuiness of the research, the personal interview method was utilized to enrich the research findings.

3.3.5 The Type of Respondents

The questionnaires and interviews were directed at Managing Directors or General Managers of the banks, because they play a major role in decision making. However, the information sought was in most cases provided by lower level mangers (e.g. branch and sectional managers) on instruction form the top executives.

The questionnaire was administered using the "drop-pick-later" method.

3.4. Data Analysis Method

The data collected from this research was presented mainly by the use of summarized tabulations, percentages and means. For the third objective of the study, the ranking of factors (indicators of organizational performance) was done on the basis of computed standard values (i.e mean divided by standard deviation).

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Overview

In this section, the data from the completed questionnaires was summarised and presented in the form of tables, percentages and mean scores.

Out of the thirty-one banks that comprised the population of study, twenty-five banks (managers) received the questionnaires. Six bank managers declined to take the questionnaires citing various reasons (see for instance section on limitations of the study). Two banks (Trade Bank and Post Bank Credit) did not form part of the study because they were not conducting business at the time the research was being conducted. Out of the twenty- five questionnaires that were received by managers, fifteen were filled and returned in good time for the data analysis to be carried out. This gave an overall response rate of forty-eight per cent.

The banks that provided the data that was analyzed were divided into three categories on the basis of the value (in shillings) of the total assets they own. Three banks were found to have assets worth less than one billion Kenya shillings, nine had assets worth between one billion and five billion shillings and three had assets worth more than five billion shillings.

The analysis was presented in four stages. The first stage presented data on the awareness of the business social responsibility concept, the second presented data on managers' attitudes toward arguments for and against the concept, and the hird presented data on the relative importance of social esponsibility criteria as an inidcator of organisational performance, s perceived by bank managers. The fourth stage presented data elating to areas of social involvement by banks and problems of nplementation of social responsibility.

.2 Managers' Awareness of the Business Social Responsibility Concept.

Generally, the respondents were found to be aware of some of the imensions of business social responsibility, as advocated by roponents of the concept (i.e business firms aiming at goals that are artially beyond the firms' direct economic interests). The overall ean score was 4.3. Sixty - seven per cent of the respondents otained a score of five or above, indicating above average level of wareness. However, only one respondent got a maximum score of eight.

Table 1 shows scores obtained by respondents in relation to wareness of aspects of the business social responsibility concept. he overall mean score is computed in the last row of the table.

The table indicates that the managers of banks with assets valued at more than five billion shillings had a slightly higher mean score (5.0) than managers of banks that have assets worth between one billion shillings and five billion shillings, who got a mean score of 4.9. The managers of banks with assets valued at less than one billion shillings got the lowest mean score (3.3).

4.3 Attitudes of Managers toward the Arguments For and Against Business Social Responsibility.

To indicate the managers' attitudes toward the commonly recited arguments for business social responsibility, proportions of respondents perceiving an argument in favour of the concept as important or unimportant were computed and are presented in Table 3. The attitude index in the last column of the table was calculated by substracting from each attitude statement, the percentage of respondents who found the argument important from the percentage of those who found it unimportant.

The neutral score was ignored for the purpose of this calculation. A positive attitude index indicates that, in general, the respondents found the argument important (valid) while a negative index indicates that, in general, the argument was found to be unimportant (invalid)

Managers' attitudes toward arguments against business social responsibility were determined using the same procedure as above, in Table 4

Table 3: **Managers' Attitudes toward Specific Arguments For Business Social Responsibility.**

Argument	5	4	3	2	1	Index*
1) It is in the longrun self interest of business to get directly involved in social issues.	53%	23%	7%	13%	-	63
2) Efficient production of goods and services is no longer the only thing society expects from business	40%	60%	-	-	-	100
3) A business that wishes to capture favourable public image will have to show that it is socially responsible	67%	33%	-	-	-	100
4) If business is more socially responsible it will discourage additional regulation of the economic system by the government	13%	33%	40%	7%	7%	32
5) Other social Institutions have failed in solving social problems so businesses should try	7%	-	27%	20%	47%	-60
6) Since businesses have such a substantial share of society's management and financial resources, they should be expected to solve social problems	13%	53%	27%	7%	-	59
7) Involvement by business in improving quality of life will also improve longrun profitability.	53%	40%	-	7%	-	86

* Index = (% of the total respondents who found an argument as very important and somewhat important minus % finding the argument very unimportant and somewhat unimportant)

	5	4	3	2	1	Index
8) Responsible Corporate behaviour can be in the best interest of Stockholders	87%	7%	7%	-	-	94
9) It is better to start now and thereby prevent further social problems	47%	27%	7%	13%	7%	54
10) Corporate Social programs will help preserve business as a viable institution in society	40%	20%	27%	13%	-	47
11) Making at least a token effort on social policies is wiser than holding out on principle	40%	47%	13%	-	-	87
12) The idea of social responsibility is needed to balance corporate power and discourage irresponsible behaviour	40%	33%	7%	7%	13%	59

Table4: **Managers' Attitude toward Specific Arguments Against Business Social Responsibility.**

Argument	5	4	3	2	1	Index
1) Business is most socially responsible when it attends strictly to its economic interests and leaves social activities to social institutions	-	33%	7%	20%	40%	-27
2) Business will become uncompetitive if it commits many economic resources to social responsibility	-	53%	20%	27%	-	26
3) If social programs add to business costs it will make business uncompetitive in international trade	-	40%	20%	13%	27%	0
4) Business leaders are trained to manage economic institutions and not to work effectively on social issues	-	20%	27%	33%	20%	-33
5) Consumers and the general public will bear the costs of business social involvement because business will pass these costs along through their pricing structure	7%	53%	7%	27%	7%	26
6) The costs of involvement in social programs will drive marginal firms out of business	-	40%	13%	33%	13%	-6
7) Corporations aren't held accountable to an electorate the way politicians are and therefore shouldn't try to transform society	13%	13%	-	33%	40%	-47
8) If society wants to get corporations involved in solving its ills, the government should use tax incentives or subsides to make it happen	47%	40%	7%	7%	-	73

	5	4	3	2	1	Index
9) Government should merely pass the laws they want followed, not expect corporations to go beyond the law in solving society's problems	-	20%	7%	40%	33%	-53
10) Society is better advised to ask only that corporations maximize their efficiency and profits.	7%	27%	7%	20%	40%	-26
11) Since there is considerable disagreement among the public as to what should be done, corporations will be criticized no matter what is done.	-	33%	33%	20%	13%	0
12) Business will participate more actively in social responsibility in prosperous times than in recession.	40%	53%	-	-	7%	86

4.3.1 Attitudes toward Arguments For Business Social Responsibility.

Table 3 reveals that the arguments in favour of business social responsibility were in general perceived as important with most attitude indices ranging between 50 and 100.

The argument that states that, *other social institutions have failed in solving social problems and so businesses should try,* was the only one that had a negative attitude index (index = -60) among the commonly recited arguments in favour of business social responsibility. Therefore, in general, mangers perceived this argument as unimportant.

Two of the arguments were perceived as important by all respondents. The argument that states that, *a business that wishes to capture favourable public image will have to show that it is socially responsible,* was perceived as important by all respondents and had an index of a hundred. All respondents also perceived the argument that states that, *efficient production of goods and services is no longer the only thing society expects from business* (index = 100) as important. Eighty-seven per cent of the respondents perceived the argument that states that, *responsible corporate behaviour can be in the best interest of stockholders,* as a very important argument. This argument had an attitude index of ninety-four.

4.3.2 Attitudes toward Arguments Against Business Social Responsibility

The computed attitude indices for six of the commonly recited arguments against business social responsibility were negative. This implies that, in general, managers perceived these arguments as unimportant. Four of the arguments had a positive attitude index, implying that they were perceived as important. Two of the arguments had a computed attitude index of zero, implying that, in general, the managers perceiving the two arguments as important and those perceiving them as unimportant were equally divided.

Among the commonly recited arguments against business social responsibility the one that states that, *government should merely pass the laws they want followed and not expect corporations to go beyond the law in solving social problems*, had the largest negative index (index = -53). Thus, in general most mangers were in agreement that this was not an important argument. On the other hand, most mangers perceived the argument that states that, *if society wants to get corporations involved in solving its ills, the government should use tax incentives or subsidies to make it happen*, as important. It had a large positive index (index = 73), with eighty -seven per cent of the managers perceiving the argument as important.

4.3.3 Conclusion on Managers' Perception of Arguments For and Against Business Social Responsibility

Although there were differences of attitudes toward different arguments for and against business social responsibility, it was, however, clear that managers were more sympathetic towards arguments for the concept of business social responsibility than towards arguments against it.

It was noted that the computed attitude indices for eleven of the twelve arguments in favour of the concept, were positive. This meant that in general, ninety-two per cent of the arguments were perceived as important by managers. Nine of the arguments (75%) had attitude indices ranging between 50 and 100.

On the side of arguments against the concept, six had negative attitude indices. This meant that in general, fifty per cent of the arguments were perceived as unimportant by managers. Only four arguments (33%) were,in general, perceived as important by the managers. There was no consensus in as far as managerial attitudes toward two arguments (17%) were concerned. In general, the managers perceiving the two arguments as important and those perceiving them as unimportant were equal in number (i.e index = 0)

4.4 The Relative Importance of Social Responsibility Criteria as an Indicator of Organizational Performance.

In order to determine the relative importance of the social responsibility criteria as an indicator of organizational performance, the mean and standard deviation of each criterion were computed. (see Appendix IV, Section 1). A standard value for each criterion was then computed by dividing the mean by the standard deviation and the thirty-five criteria were ranked on the basis of the standard value. The ranking of the thirty- five criteria is shown in Appendix IV, Section 2.

Further an average of the standard values of each of the seven categories (Marketing, Personnel, Finance, Service/Production, Organization, Research and Development, Society) was computed in order to determine the relative importance of each category as an indicator of organizational performance. The means for each category are presented in Appendix IV, Section 3. The neutral score was not considered when computing the above values.

Table 5 represents the top ten criteria, and the remaining social responsibility criteria ranked by standard value with associated means and standard deviations.

Table5: **Top 10 and Social Responsibility Criteria Ranked by Standard Value.**

Criteria	Standard Value X/ n-1	Mean X	Standard Deviation n-1
1. Training	11.71	4.80	0.41
1. Output quality	11.71	4,80	0.41
2. Planning effectiveness	9.53	4.67	0.49
3. Job security	9.02	4.60	0.51
4. Company philosophy	8.78	4.30	0.49
5. Income growth	8.76	4.47	0.51
6. Industry welfare	8.62	4.40	0.51
7. Job satisfaction	5.72	4.63	0.81
8. Revenue growth	4.15	4.40	1.06
9. Working conditions	3.48	4.53	1.30
10. Employee justice	3.36	4.33	1.29
12. Social amenities	3.33	4.00	1.20
16. Worker productivity	2.66	4.13	1.55
18. National welfare	2.42	3.53	1.46
19. Special services	2.40	3.60	1.50
20. Ethical conduct	2.37	4.00	1.69
22. Compensation	2.35	3.93	1.67
23. Consumerism	2.18	3.80	1.74
25. Social audit	1.88	3.60	1.92
26. Community welfare	1.81	3.13	1.73

27. Work hours	1.78	3.26	1.83
29. Community service	1.53	2.87	1.88
30. Equal opportunity	1.35	2.87	2.13
31. World welfare	1.11	2.13	1.92

The top ten ranked criteria represented a diverse set of six of the seven functional categories. Five of these criteria were from the personnel category, two from organization, one from service/production, one from finance, one from marketing, and one from the society category.

Training from the personnel category and *output quality*, form the service/production category were jointly ranked first. The other four criteria from the social responsibility category of personnel that were ranked among the top ten were; job security (ranked No. 3), job satisfaction (ranked No. 7), working conditions (ranked No. 9), and employee justice (ranked No. 10).

Industry welfare, was the only criterion form the social responsibility category of society to be ranked among the top ten criteria. It was ranked sixth. The other criteria in the society category were ranked low relative to the other indicators of organizational performance. These were; *national welfare* (ranked No. 18), *ethical conduct* (ranked No. 20), *social audit* (ranked No. 25), *community welfare* (ranked No. 26), *community service* (ranked No. 29), *equal opportunity* (ranked No. 30), and *world welfare* ranked last (no. 31).

Table 6 shows the relative importance of the seven performance categories.

Table 6: **Importance of Indicators (categories) of Performance to Managers.**

Category	Average standard value
1. Service / Production	5.63
2. Organization	5.15
3. Personnel	4.58
4. Finance	4.32
5. Marketing	3.56
6. Research and Development	3.34
7. Society	2.57

When the means for the criteria in each category were averaged, the service/production category was ranked first. The social responsibility categories of personnel and society came in third and last (seventh), respectively.

4.5 Some of the Areas of Social Involvement by Banks and Problems of Implementation of the Concept.

4.5.1 Overview

In this section, information that was provided by the managers in Section D of the questionnaire and during personal interviews was analyzed and presented. This section of the questionnaire is mainly composed of open-ended questions that were also adopted as the guiding questions to the personal interviews. The section was designed with the main objective of collecting information regarding areas of social involvement by banks and the impediments to the implementation of social responsibility policies.

Most managers revealed that their major business goals were making profits and providing good customer service. This entails the pursuance of an economic goal (achieving high profits) and a social goal (consumerism or provision of quality services to customers). The other business goals that the managers pursue include; the attainment of a good organisational public image, business expansion, cost control and provision of competitive services.

When asked whether social responsibility was an objective in their business, about sixty per cent of the managers indicated that it was. Two respondents, however, replied in the negative. One of the respondents who replied in the negative argued that their firm being a private one, the interests of the shareholders were paramount. The other respondent was of the view that social responsibility has a negative effect on productivity and gross profitability of the organization.

Most managers perceived the shareholders to be the major beneficiaries of the businesses.

4.5.2 Areas of Social Involvement

The spectrum of socially responsible activities pursed by the bank managers in Nairobi is quite wide.The following were revealed as some of the ways in which the firms were socially responsible to their personnel (workers) or society;

1. Providing customer - driven services (i.e consumerism) to workers. They endeavour to provide high quality services that are competitive in the industry.
2. Making banking services available to all kenyans by expanding into rural areas.
3. Providing social amenities for workers, for instance sports facilities (playing grounds, etc.)
4. Availing training opportunities to workers, for instance, the Kenya Commercial Bank Training Institute.
5. Funding charitable institutions, for instance the Nyadarua School for the Deaf, Dr. Barnados Home, Gertrude Children's Home, Kenyans - for - Kenyans Movement, to mention but a few.
6. Taking keen interest in wildlife conservation and supporting organizations such as East African Wildlife Society.
7. Sponsorship of television programs and sports events such as Safari Rally and golf tournaments with the aim of entertaing the public.
8. Funding industries such as the tea, coffee, horticultural and textile industries.
9. Assisting cultural players such as Miujiza Players and identifying and funding upcoming artists (i.e painters).
10. Sponsoring local sportsmen to international events and helping nurture local sportsmen into world class sportsmen. This is for instance in hockey, rugby, volleyball and golf. Many of the bank teams are in the premier leagues in the country and sometimes represent the country in international

tournaments.

4.5.3 Problems of Implementation.

Over eighty per cent of the responding managers pointed out two obstacles to the implementation of corporate social responsibility policies in their firms. They were of the view that if social responsibility programs are perceived as adversely affecting profits, it would discourage management from implementing the policies. They also unanimously agreed that in difficult economic times, firms are compelled to cut down on corporate social responsibility issues.

A few managers (three) perceived the difficulties in measuring benefits of involvement of social responsibility as an obstacle. They felt that the chief problem with social responsibility programs was that profits (benefits) are difficult to measure while their costs are readily measurable.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS.

In this chapter the findings of the study are summarized and discussed in relation to the objectives of the study. Also included in this chapter are the conclusion, limitations of the study and suggestions for further research.

5.1 Summary

This study sought to answer four major questions. First it sought to determine the extent to which top level managers in banks in Nairobi were aware of the dimensions of the business social responsibility concept. Secondly it sought to determine the attitudes of managers toward the arguments for and against the concept. Thirdly, the research sought to determine the relative importance of social responsibility criteria as an indicator of organisational performance, and fourthly to determine some of the activities that constitute social responsibility in the banking industry and the obstacles to the implementation of the social responsibility policies and programs

In relation to the issue of the managers' awareness of the concept, it was found that bank managers in Nairobi were, in general, aware of some aspects of the concept. There was an above average level of awareness by most of the respondents (67%). In addition, the managers in banks that had assets valued at more than 1 billion shillings were found to have a slightly higher level of awareness (mean score = 5.0) of the concept than those in banks that had assets whose value lay between 1 billion and 5 billion shillings,(mean score = 4.9). Managers in banks that had assets worth less than 1 billion shillings were found to have the lowest level of awareness with a mean score of 3.3.

In regard to attitudes toward the arguments for and against business social responsibility, it was found that the bank managers, in general, attached more importance to arguments for the concept than to arguments against it. Ninety-two per cent of the arguments in favour of social responsibility were perceived as important by managers. Seventy-five per cent of the arguments had attitude indices ranging between 50 and 100. On the other hand fifty per cent of the arguments against business social responsibility were perceived as unimportant by managers and only thirty-three per cent were perceived as important.

As far as the relative importance of social responsibility criteria as an indicator of organisational performance was concerned, most managers ranked the criteria in the social responsibility category of society very low. The society category was ranked last among the seven categories indicating performance, with an average standard value of 2.57. The social responsibility category of personnel was ranked third, with an average standard value of 4.58. However, the personnel category had more criteria in the top 10 than any of the other six categories. It had five categories in the top 10 with *training* holding a joint first position with *output quality* (from service/production) category. Both had a standard value of 11.71

As far as involvement in social responsibility by the banks is concerned, it was found that banks are socially responsible to their employees (personnel) as well as to the society in various ways. The spectrum of activities that constitute social responsibility in the banking industry was found to be quite wide and comprised of activities such as; provision of training for workers, provision of social amenities for workers, funding of charitable institutions, cultural institutions and industries, conservation of wildlife, to mention but a few.

5.2 Conclusion.

The findings of this research have brought to light a number of issues regarding the managers' attitudes toward the business social responsibility concept. The managers in banks in Nairobi are largely aware of the dimensions of the business social responsibility concept. They are also largely in favour of the arguments supporting the concept.

However, it appears that the main managerial goal is to pursue profits through provision of competitive customer services. This may explain the reason why most mangers felt that the pursuance of the personnel-related issues of social responsibility was of more significance to overall organisational performance than the pursuance of society-related issues. The fact that the societal issues are ranked low in the list of indicators of organisational performance may be due to the lack of a direct relationship between societal orientation and profits.

Although it was found that managers support the idealistic views supporting social responsibility and react to calls for social involvement in various ways, adoption of social policies on a large scale may prove very difficult. This could be as a result of the reward-penalty psychology, adherence to traditional economic interests or low business earning power.

As pointed out in the literature review, management is likely to choose the approach in which to respond to social issues after evaluating the opportunities it can exploit in discharge of social responsibilities and the threats it might face in respect to other forces.

5.3 Limitations of the Study.

The study was constrained by a number of factors. Firstly, time was a limiting factor and this limited the scope and depth of the study. Owing to the short time during which the study was to be completed it was not possible to get all managers to fill the questionnaires or to conduct all the interviews. A number of mangers (six) did not take the questionnaire, citing reasons such as; (i) lack of staff and time to fill the questionnaire; (ii) a managerial policy not to release any information related to the bank; (iii) a managerial policy not to engage in research with academic institutions, the University of Nairobi inclusive; and (iv) management not being able to commit itself to filling the questionnaire because of the workload pertaining to earlier commitments to fill other researchers' questionnaires. Because of these difficulties only 15 of the originally targeted 30 banks provided information and the sample size for personal interviews had to be reduced from 10 to 5.

Secondly, there are limitations of measurement which are common to all surveys. Beliefs and feelings that are used in the study of attitudes may change over time and also respondents may give biased or dishonest answers.

Thirdly, the study was limited to a single service industry and may not apply to all service sector or any manufacturing organisations.

5.4 Suggestions for Further Research.

Due to limitation in time, the views of managers from other business organisations were not investigated. Therefore in connection with further research, possible areas can be recommended.

First, since this study was solely based on top executives in banks, perhaps a study investigating all the dimensions or some of the dimensions that were investigated could be carried out in other service industries.

Secondly, a similar study could be carried out in the manufacturing industries. Such a research could bring out deferent results and highlight other important factors.

Thirdly, other dimensions of the concept could be investigated in the service or manufacturing industries. For instance, one might be interested in investigating the relationship between social performance and economic performance of organisations.

Appendix I

Note to Respondent.

17, May, 1993.

Dear Respondent,

This questionnaiare has been designed to gather informtion regarding your opinion on the Business Social Responsibility Concept. This study is being carried out for a management project report as a requirement in partial fulfilment of the Degree of Master of Business and Administration, University of Nairobi.

I kindly request you to fill the quesionnaire. Any information that you provide will be treated in the strictest of confidence and in no instance will your name or that of the firm be mentioned in the report.

A copy of the research project will be made available to you upon request. Your cooperation will be greatly appreciated.

Thanking you in advance.

Yours sincerely,

MARTIN KWEYU

MBA 11 STUDENT

MR. D.O. OCHORO

SUPERVISOR

Appendix II

Questionnaire

Section A.

In your opinion, which of the following statements are true about the Business Social Responsibility Concept (socially responsible business activities)

Tick ( ) only those you think are true.

If there are some which you consider true but which have not been included, please write them in the space provided for "others ____".

(1) Focus is on maximizing profits ( )

(2) Concern is for good working environment ( )

(3) The main goal is to market all the services the firm can provide ( )

(4) Business is expected to give direct financial or personal support to charitable or cultural institutions ( )

(5) Profits are viewed through consumer satisfaction ( )

(6) Business growth and production efficienty is of utmost importance ( )

(7) The major objective is to produce maximum profit for the business owners ( )

(8) Business is expected to produce products and services that are honestly represented in the market place ( )

(9) By attending to its economic interests business is most socially responsible ( )

(10) Employee welfare is of utmost importance ( )

(11) Business is expected to provide education, employment and training for poor classes ( )

(12) Business social responsibility only makes sense in the absence of institutions set up to deal with social issues ( )

(13) Concern is for environmental protection through pollution abatement and ecological conservation ( )

(14) Business is expected to alleviate poverty in disadvantaged areas of the community. ( )

Others ______________________________

____

____

____

____

Section B

Part 1

In your opinion, how important are the following arguments in favour of corporate social responsibility? Please circle the appropriate response as follows:

1 = Very Unimportant Argument

2 = Somewhat Unimportant Argument

3 = Neither Important Nor Unimportant Argument

4 = Somewhat Important Argument

5 = Very Important Argument.

(1) It is in the long-run self interest of business to get directly involved in social issues	5	4	3	2	1
(2) Efficient production of goods and services is no longer the only thing society expects from business	5	4	3	2	1
(3) A business that wishes to capture a favourable public image will have to show that it is socially responsible	5	4	3	2	1

(4) If business is more socially responsible it will discourage additional regulation of the economic system by the government	5	4	3	2	1
(5) Other social institutions have failed in solving social problems, so businesses should try	5	4	3	2	1
(6) Since businesses have such a substantial share of society's management and financial resources, they should be expected to solve social problems	5	4	3	2	1
(7) Involvement by business in improving quality of life will also improve long-run profitability	5	4	3	2	1
(8) Responsible corporate behaviour can be in the best interest of stockholders	5	4	3	2	1
(9) It is better to start now and prevent further social problems	5	4	3	2	1

(10) Corporate social action programs will help preserve business as a viable institutions in society	5	4	3	2	1
(11) Making at least a token effort on social policies is wiser than holding out on principle	5	4	3	2	1
(12) The idea of social responsibility is needed to balance corporate power and discourage irresponsible behaviour.	5	4	3	2	1

Part 2

In your opinion how important are the following arguments agianst corporate social action or responsibility policies and programs. Please circle the appropriate answere as in Part 1.

(1) Business is most socially responsible when it attends strictly to its economic interest and leaves social activities to social institutions	5	4	3	2	1

(2) Business will become uncompetitive if it commits many economic resources to social responsibility	5	4	3	2	1
(3) Business leaders are trained to manage economic institutions and not to work effectively on social issues	5	4	3	2	1
(4) If social programs add to business costs it will make business uncompetitive in international trade	5	4	3	2	1
(5) Consumers and the general public will bear the costs of business social involvement because business will pass these costs along through their pricing structure	5	4	3	2	1
(6) The costs of involvement in social programs will drive marginal firms out of business	5	4	3	2	1

(7) Corporations aren't held accountable to an electorate the way politicians are and therefore shouldn't try to transform society 5 4 3 2 1

(8) If society wants to get corporations involved in solving its ills, the government should use tax incentives or subsidies to make it happen 5 4 3 2 1

(9) Government should merely pass the laws they want followed, not expect corporations to go beyond the law in solving society's problems. 5 4 3 2 1

(10) Society is better advised to ask only that corporations maximize their efficiency and profits 5 4 3 2 1

(11) Since there is considerable disagreement among the public as to what should be done, corporations will be criticized no matter what they do 5 4 3 2 1

(12) Business will participate more actively in social responsibility in prosperous times than in recession 5 4 3 2 1

Section C.

As a *key manager* of a service organisation how would you rate the relative *importance* of favourable performance on the following criteria in contributing to the *overall performance* of your firm? Please circle the appropriate response as follows:

1 = Very Unimportant

2 = Somewhat Unimportant

3 = Neither Important Nor Unimportant

4 = Somewhat Important

5 = Very Important

For example, if as a *key manager* you think that favourable performance by the firm on public image is very important to the *overall performance* of your firm, then circle the 5 next to public image.

(1) Market share	5	4	3	2	1
(2) Revenue growth	5	4	3	2	1
(3) Work hours	5	4	3	2	1
(4) Worker productivity	5	4	3	2	1
(5) Working conditions	5	4	3	2	1
(6) Job security	5	4	3	2	1
(7) Employee Justice	5	4	3	2	1
(8) Compensation	5	4	3	2	1
(9) Training	5	4	3	2	1
(10) Special Services					

(e.g. counselling)	5	4	3	2	1
(11) Job satisfaction	5	4	3	2	1
(12) Social amenities (eg sports facilities for workers)	5	4	3	2	1
(13) Income growth	5	4	3	2	1
(14) Asset growth	5	4	3	2	1
(15) Divident policy	5	4	3	2	1
(16) Stock price	5	4	3	2	1
(17) Output quantity (e.g number of clients served)	5	4	3	2	1
(18) Output quality	5	4	3	2	1
(19) Cost of resources (material/finance/human)	5	4	3	2	1
(20) Service innovations (e.g number of new services)	5	4	3	2	1
(21) Company philosophy (e.g management style)	5	4	3	2	1
(22) Organization structure (e.g control)	5	4	3	2	1
(23) Planning effectiveness	5	4	3	2	1
(24) Flexibility	5	4	3	2	1
(25) Survival	5	4	3	2	1
(26) Equal opportunity (eg of minorities)	5	4	3	2	1
(27) Consumerism (eg. number of complaints)	5	4	3	2	1
(28) Community service (eg. group membership)	5	4	3	2	1
(29) Community welfare (eg. charity)	5	4	3	2	1
(30) National welfare (eg. trade balance)	5	4	3	2	1

(31)	World welfare	5	4	3	2	1
(32)	Ethical conduct (eg. number of violations)	5	4	3	2	1
(33)	Industry welfare (eg. codes of conduct)	5	4	3	2	1
(34)	Social audit (eg. disclosure of social issues)	5	4	3	2	1
(35)	Organization public image	5	4	3	2	1

Section D*

In this section use a separate sheet of paper if necessary.

1. What are your major business goals?

   ----

2. (a) Is business social responsibility an objective in your business?

   Yes ( )   No ( )

   (b) If Yes, what constitutes social responsibility in your business?

   (c) If no, explain the reasons

   ----

* The questions in section D were also used as guiding questions to the personal interviews.

3. Which of the following statements explains the obstacles to implementation of corporate social responsibility policies in your firm? Please tick only those that explain the obstacles.
If there are some which you consider as obstacles but which have not been included, please write them in the space provided for "others -------- "

(a) A Manager cannot be expected to implement social responsibility programs if it will adversely effect his profit performance. ( )

(b) The chief problem with social responsibility programs is that you can measure only the cost, never the profits ( )

(c) Most managers are simply too busy to worry about social objectives ( )

(d) Unless a reward and punishment system for managers that is based on social criteria rather than on economic criteria is devised, managers will not pursue social objectives on their own ( )

(e) If a manager knows that he will be moving on to another position soon, he is unlikely to make expenditures towards long-term social goals. ( )

(f) In difficult economic times the firm is compelled to cut back on corporate social responsibility issues ( )

Others --

----

4 (a) To whom is this business accountable?

(b) Rank the following business beneficiaries in the order of Importance

Government	( )
Shareholder	( )
Workers	( )
Creditors	( )
Public	( )

5 (a) Who formulates business policies and decisions?

(b) Are the beneficiaries in question 4 (b) represented during decision making?

Explain why they are represented or not represented.

----

6. What other relevant information can you furnish in relation to social responsibility ? Please state anything that you may feel is relevant to the research.

THANK YOU FOR YOUR COOPERATION!

Appendix 111

List of Commercial Banks.

1. ABN - AMRO Bank
2. African Mercentile Banking Co. Ltd.
3. Bank of Baroda
4. Bank of India
5. Banque Indosuez
6. Bank of Oman
7. Barclays Bank of Kenya Ltd.
8. Biashara Bank of Kenya ltd.
9. Bullion Bank of Kenya.
10. Citibank N.A.
11. Consolidted Bank of Africa Ltd.
12. Consolidated Bank of Kenya Ltd.
13. Cooperative Bank of Kenya Ltd
14. Delphis Bank Ltd.
15. Exchange Bank Ltd
16. First American Bank of Kenya Ltd.
17. Grindlays Bank of Kenya ltd.
18. Habib Bank A.G. Zurich
19. Habib Bank Ltd.
20. Kenya Commercial Bank Ltd.
21. Middle East Bank Ltd.
22. National Bank of Kenya Ltd.
23. Pan African Bank Ltd.
24. Prime Bank Ltd.
25. Standard Chartered Bank (k) Ltd

26. Transnational Bank Ltd

27. Trust Bank Ltd

28. Union Bank of Kenya Ltd

29. United Bank Ltd

30. Meridian Biao Bank of Kenya Ltd

31. Guilders International Bank Ltd.

Appendix IV

Section 1

The Means, Standard Deviations and Standard Values of the Indicators of Organisational Performance

Criteria	Respondents and the Response on the Five-point - Likert Scale (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	Mean X	Standard Deviation n-1	Standard Value X / n-1
1) Market Share	4	5	-*	5	5	4	5	4	5	5	5	2	5	5	4	4.20	1.42	2.96
3) Revenue growth	4	5	2	5	5	2	5	5	5	5	5	4	5	5	4	4.40	1.06	4.15
3) Work hours	-	4	2	5	4	5	4	-	4	5	4	-	4	4	4	3.26	1.83	1.78
4)Worker productivity	-	4	1	5	5	5	5	5	4	5	5	4	5	4	5	4.13	1.55	2.66
5)Working conditions	-	5	5	5	5	4	5	5	5	5	5	4	5	5	5	4.53	1.30	3.48
6) Job security	4	4	5	5	5	5	5	4	5	5	4	4	5	5	5	4.60	0.51	9.02
7)Employee justice	4	-	5	5	5	4	5	5	5	5	4	4	5	4	5	4.33	1.29	3.36
8)Compensation	-	-	5	5	5	4	4	4	5	5	4	4	5	4	5	3.93	1.67	2.35
9) Training	4	5	4	5	5	5	5	5	5	5	5	4	5	5	5	4.80	0.41	11.71
10)Special services	-	4	4	5	5	4	4	-	4	4	4	4	4	4	4	3.60	1.50	2.40
11)Job satisfaction	5	4	5	5	5	5	5	5	5	5	4	4	2	5	5	4.63	0.81	5.72
12)Social aminities	4	4	4	4	4	4	5	4	5	5	5	-	4	4	4	4.00	1.20	3.33
13)Income growth	5	4	5	5	4	4	5	4	5	4	4	5	4	4	5	4.47	0.51	8.76
14) Asset growth	5	4	5	5	4	4	5	4	5	5	4	4	-	5	4	4.20	1.26	3.33
15) Dividend policy	4	4	4	4	5	-	4	4	4	4	4	4	2	4	4	3.67	1.18	3.11
16) Stock price	4	-	1	5	4	5	4	-	4	4	4	4	4	4	4	3.40	1.64	2.07
17) Output quantity	-	4	-	5	5	5	5	4	5	4	-	4	4	4	5	3.60	1.92	1.88
18) Output quantity	5	4	5	5	5	5	5	5	5	5	4	5	4	5	5	4.80	0.41	11.71
19)Cost of resources	5	4	-	5	4	4	5	5	4	4	4	5	4	5	4	4.13	1.25	3.30

20)Service innovation	4	4	-	5	5	5	5	5	4	5	4	4	5	5	4	4.27	1.28	3.34
21) Co. philosophy	5	4	4	5	4	5	5	4	4	4	4	4	5	4	4	4.30	0.49	8.78
22)Org. structure	5	-	4	5	4	4	5	5	4	4	4	4	4	5	4	4.06	1.22	3.33
23)Plan' effectivenes	4	4	5	5	5	5	5	5	4	5	4	5	4	5	5	4.67	0.49	9.53
24) Flexility	5	-	4	4	5	4	5	4	-	4	4	4	4	4	5	3.73	1.58	2.36
25) Survival	5	-	2	5	4	4	5	5	-	-	4	4	4	5	4	3.40	1.92	1.77
26)Equal opportunity	-	-	5	5	4	5	4	4	-	-	4	4	4	-	4	2.87	2.13	1.35
27) Consumerism	-	2	-	5	5	4	5	4	4	5	4	5	4	5	5	3.80	1.74	2.18
28)Community service	-	2	-	-	4	4	5	4	-	4	4	4	4	4	4	2.87	1.88	1.53
29)Community welfare	-	2	4	4	4	5	4	-	-	4	4	4	4	4	4	3.13	1.73	1.81
30)National welfare	4	-	4	5	4	4	4	4	-	4	4	4	4	4	4	3.53	1.46	2.42
31) World welfare	4	2	-	2	4	-	4	4	4	-	-	-	4	4	-	2.13	1.92	1.11
32)Ethical conduct	5	4	4	5	-	4	5	5	5	4	-	5	5	5	4	4.00	1.69	2.37
33)Industry welfare	5	4	4	5	4	4	5	4	5	4	4	5	5	4	4	4.40	0.51	8.62
34) Social audit	4	-	4	4	-	4	5	4	5	5	-	4	4	4	5	3.47	1.85	1.88
35) Public image	5	-	5	5	5	5	5	5	5	5	-	5	5	5	5	4.33	1.75	2.47

(-*) Represents a neutral score on the likert scale.

Appendix IV

Section 2

Indicators of Organizational Performance Ranked on the Basis of Computed Standard Values.

Criteria	Mean $\bar{X}$	Standard Deviation $\sigma n - 1$	Standard Value $\bar{X}/\sigma n-1$
1. Training	4.80	0.41	11.71
1. Output quality	4.80	0.41	11.71
2. Planning effectiveness	4.67	0.49	9.53
3. Job security	4.60	0.51	9.02
4. Company philosophy	4.30	0.49	8.78
5. Income growth	4.47	0.51	8.76
6. Industry welfare	4.40	0.51	8.62
7. Job satisfaction	4.63	0.81	5.72
8. Revenue growth	4.40	1.06	4.15
9. Working condition	4.53	1.29	3.36
10. Employee justice	4.33	1.29	3.36
11. Service innovation	4.27	1.28	3.34
12. Social amenities	4.00	1.20	3.33
12. Asset growth	4.20	1.26	3.33
12. Organization structure	4.06	1.22	3.33
13. Cost of resources	4.13	1.25	3.30
14. Dividend policy	3.67	1.18	3.11
15. Market share	4.20	1.42	2.96
16. Worker productivity	4.13	1.55	2.66
17. Public image	4.33	1.75	2.47
18. National welfare	3.53	1.46	2.42

19. Special service	3.60	1.50	2.40
20. Ethical conduct	4.00	1.69	2.37
21. Flexibility	3.75	1.58	2.36
22. Compensation	3.93	1.67	2.35
23. Conservation	3.80	1.74	2.18
24. Stock price	3.40	1.64	2.07
25. Output qunantity	3.60	1.92	1.88
25. Social audit	3.47	1.85	1.88
26. Community welfare	3.13	1.73	1.81
27. Work hours	3.26	1.83	1.78
28. Survival	3.40	1.92	1.77
29. Community service	2.87	1.88	1.53
30. Equal opportunity	2.87	2.13	1.35
31. World welfare	2.13	1.92	1.11

Appendix IV

Section 3

The Average Standard Values of the Categories of Indicators of Organizational Performance.

(A) Personnel Category.

Criteria	Standard Value X / δ n-1
Work hours	1.78
Worker productivity	2.66
Working condition	3.48
Job security	9.02
Employee justice	3.36
Compensation	2.35
Training	11.71
Special services	2.40
Job satisfaction	5.72
Social amenities	3.33
Mean = (/ n - 1)/ 10	= 4.58

(B) Marketing Category.

Criteria	X / δn 1
Market Share	2.96
Revenue growth	4.15
Mean	= 3.56

(C) Finance Category

Criteria	$X/\sqrt{n-1}$
Income growth	8.76
Asset growth	3.33
Dividend policy	3.11
Stock price	2.07
Mean	= 4.32

(D) Service / Production Category

Criteria	$X/(\sqrt{n-1})$
Output quantity	1.88
Output quality	11.71
Cost of resources	3.30
Mean	= 5.63

(E) Organization Category

Criteria	$X/\sqrt{n-1}$
Company philosophy	8.78
Organizational Structure	3.33
Planning effectiveness	9.53
Flexibility	2.36
Survival	1.77
Mean	= 5.15

(F) Society Category.

Criteria	X / σ_{n-1}
Equal opportunity	1.35
Consumerism	2.18
Community service	1.53
Community welfare	1.81
National welfare	2.42
World welfare	1.71
Ethical conduct	2.37
Industry welfare	8.62
Social audit	1.88
Public image	2.47
Mean =	2.57

(G) Research and Development Category.

Criteria	X / σ_{n-1}
Service innovation	3.34
Mean =	3.34

BIBLIOGRAPHY

Arlow, P. and Gannon, J.M.: "Social Respensiveness, Corporate Structure, and Economic Performance". **Academy of Management Review,** 1982, Vol 7, No.2.

Bowen, H. R.: **Social Responsibility of Business.** New York, Harper and Row, 1953

Buchholz, R.A.: **Business Environment and Public Policy: Implications for Management.** New Jersey, Prentice Hall Inc. 1987

Churchill, G.A.: **Marketing Research, Methodological Foundations.** 4th Edition. The Dryden Press International Edition, 1987.

Davis, K. and Blomstrom, R.L.: **Business and Society: Environment and Responsibility.** 3rd Edition. New York, McGraw Hill, 1975

Friedman F.: **Capitalism and Freedom.** Chicago, University of Chicago Press, 1963.

Glueck, W.F.: **Management.** The Dryden Press, U.S.A, 1977

Hayek, F.A.: **The Corporation in a Democratic Society.** New York, McGraw Hill Book Co., 1960

Holmes, S.L.: "Executive Perceptions of Corporate Social Responsibility." **Business Horizons. 1976. Vol 19. No. 3.**

Homburg, M.: **Statistical Analysis for Decision Making.** New York, Harcourt Javanovich, 1983

Keim, G.D.: "Managerial Behaviour and the Social Responsibility Debate: Goals versus Constraints." **Academy of Management Journal. 1978. Vol. 21. No. 1.**

Keith, D. :"Can Business Afford to Ignore Social Responsibility?" **California Management Review**, Spring, 1960.

Kraft, K.L.: "The Relative Importance of Social Responsibility in Determining Organizational Effectiveness: Managers from Two Service Industries". **Journal of Business Ethics**, Vol. 10, No. 7, July, 1991.

Kraft, K.L. and Jauch, L.R. : The Organisational Effectiveness Menu: A Device for Stockholder Assessment." **Proceedings of the Southern Management Association.**

Levitt, T.: "Dangers of Social Responsibility." **Havard Business Review.** July - August, 1968.

McMurry, R.N.: "Conflict in Human Values." **Havard Business Review**, June, 1963.

Murphy, D.E.: "An Evolution: Corporate Social Responsiveness." **University of Michigan Business Review**, Vol, 30, No. 6, 1978

Murray, E.A. Jr.: "The Social Response Process in Commercial Banks: An Empirical Investigation," **Academy of Management Review**, Vol. 1, No. 3, 1976

Ostlund, L.E.: "Attitudes of Managers toward Corporate Social Responsibility." **California Management Review**, Vol. 19, No. 4, 1977.

Robin, D.P. and Reidenbach, E.R.: "Social Responsibility Ethics and Marketing Strategy: Closing the Gap Between Concept and Application." **Journal of Marketing Research**, Vol. 51, No.1, January, 1987.

Steiner, G. : **Business and Society**. New York, Random House, 1975

Steiner, G. : **The Social Responsibility of Business: The Changing Business Role in Modern Society.** Steiner Edition, UCLA, Mineograph, 1974.

Smith, A. :**The Wealth of Nations.** New York, Modern Library, 1973

Sturdivant, F.D. and Ginter, J.L. : "Corporate Social Responsiveness: Management Attitudes and Economic Performance". "**California Management Review**, Vol. 19, No. 3, 1977.