FACTORS INFLUENCING THE PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY BY STANDARD CHARTERED BANK IN KENYA

LUCY SAMPERU NZOVVAH

A RESEARCH PROJECT SUBMITTED IN FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2012
DECLARATION

I declare that this is my original work and has not been submitted for examination to any other University.

Signature __________________________  Date 9th November 2012

LUCY SAMPERU NZOVVAH

D61/61564/2010

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

Signature __________________________  Date 9th November 2012

DR. JOHN YABS

SENIOR LECTURER

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY OF NAIROBI
I wish to first of all thank God for enabling me put this work together. Second, I am greatly indebted to my supervisor Dr. John Yabs for the dedicated input and guidance that has finally culminated in this project. I also wish to recognize the input by all my lecturers during my course work. Yours was an invaluable contribution that assisted in mapping the way forward to the final project writing. To my parents, my brothers and sisters, I thank you for the various forms of support you accorded me in the course of this work. God bless you all.
DEDICATION

I dedicate this work to my family and all those who supported me in the completion of this project. Thank you and May God bless you abundantly.
ABSTRACT

In recent times, there has been an evident tremendous growth in the adoption of Corporate Social Responsibility (CSR). This growth shows that CSR proliferates on the boardroom agenda across many sectors and thus proves that modern corporations understand the need to give to their business a more holistic sense in order to ensure their viability. In the context of international organizations operating in diverse host countries, the objective of this study was to determine factors that influence the practice of CSR in Standard Chartered Bank-Kenya. Data was collected by use of an interview guide from 61 senior managers, middle level managers and staff working directly in the corporate affairs department. Descriptive statistics was used in analyzing primary data while secondary data was analyzed by use of content analysis. The findings indicate that the bank has various CSR activities ranging from health, education, environment and general community support strategies. Among factors that came out as influencing CSR in SCB included corporate strategy, accountability, enhancement of stakeholder relations, company integrity and stakeholder cooperation. However, among all these factors, stakeholders' welfare and relations appeared to be favored by the respondents as a key influencing factor in the adoption and implementation of CSR. Based on the fact that profitability of the bank as a factor, despite being among those mentioned lacked a tangible evidential justification, the study among other recommendations, recommended further studies that would be able to draw a link of CSR and any measurable financial benefits for the bank.
# TABLE OF CONTENT

Declaration .................................................................................................................................. ii  
Acknowledgement ................................................................................................................... iii  
Dedication ................................................................................................................................... iv  
Abstract ....................................................................................................................................... v  
Table of content ........................................................................................................................ vi  
List of Tables ............................................................................................................................. ix  
List of Figures ............................................................................................................................. x  
List of Abbreviations and Acronyms ......................................................................................... xi  

## CHAPTER ONE ..................................................................................................................... 1  
### INTRODUCTION .................................................................................................................. 1  
1.1 Background to the Study ...................................................................................................... 1  
1.1.1 Corporate Social Responsibility .................................................................................... 2  
1.1.2 Factors influencing practice of CSR in organizations .................................................... 5  
1.1.3 The banking sector in Kenya .......................................................................................... 7  
1.2 Research Problem .............................................................................................................. 9  
1.3 Objectives of Study .......................................................................................................... 10  
1.4 Value of the Study ............................................................................................................ 10  

## CHAPTER TWO .................................................................................................................. 12  
### LITERATURE REVIEW ...................................................................................................... 12  
2.1 Introduction ....................................................................................................................... 12  
2.2 Business Environment ....................................................................................................... 12  
2.3 Formulation and implementation of CSR strategies in organizations ............................. 14  
2.4 Importance of CRS in organizations ............................................................................... 17  
2.5 CSR and financial performance in organizations ............................................................... 19  
2.6 Theoretical Framework .................................................................................................... 21  

## CHAPTER THREE ............................................................................................................... 24  
### RESEARCH METHODOLOGY .......................................................................................... 24  
3.1 Introduction ....................................................................................................................... 24
APPENDICES

Appendix : Interview Guide

71
# LIST OF TABLES

<table>
<thead>
<tr>
<th>TABLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 4.1: Sample distribution according to position</td>
<td>26</td>
</tr>
<tr>
<td>Table 4.2: Summary of understanding of CSR</td>
<td>28</td>
</tr>
<tr>
<td>Table 4.3: Economic area market</td>
<td>29</td>
</tr>
<tr>
<td>Table 4.4: Economic area – CSR activities</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.5: Social area – stakeholders</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.6: Social area</td>
<td>31</td>
</tr>
<tr>
<td>Table 4.7: Environmental areas</td>
<td>31</td>
</tr>
<tr>
<td>Table 4.8: Environmental area: CSR activities</td>
<td>32</td>
</tr>
<tr>
<td>Table 4.9: Importance of CSR to the bank in terms of respondents rating</td>
<td>50</td>
</tr>
<tr>
<td>FIGURE</td>
<td>PAGE</td>
</tr>
<tr>
<td>--------</td>
<td>------</td>
</tr>
<tr>
<td>Fig 4.1: Distribution according to position and gender</td>
<td>27</td>
</tr>
<tr>
<td>Fig 4.2: Distribution on the importance of CSR in organizations</td>
<td>33</td>
</tr>
<tr>
<td>Fig 4.3: Sustainability of CSR</td>
<td>35</td>
</tr>
<tr>
<td>Fig 4.4: Views on general factors that influence CSR practice</td>
<td>38</td>
</tr>
<tr>
<td>Fig 4.5: General factors for CSR</td>
<td>41</td>
</tr>
<tr>
<td>Fig 4.6: Importance of CSR to the bank in terms of respondents rating</td>
<td>50</td>
</tr>
<tr>
<td>Fig 4.7: Attitudes of CSR’s contribution to growth</td>
<td>53</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
</tr>
<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CSP</td>
<td>Corporate Social Performance</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>ROC</td>
<td>Return on Capital</td>
</tr>
<tr>
<td>SAAR</td>
<td>Social Accountability Auditing and Reporting</td>
</tr>
<tr>
<td>SCB</td>
<td>Standard Chartered Bank</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality Management</td>
</tr>
</tbody>
</table>
CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

The intensification of competition at both domestic and international levels has driven firms to look beyond their domestic markets for new opportunities (Reid, 2000). Moreover, a United Nations Development Programme report on business and the Millennium Development Goals (UNDP, 2003) observes that over the past decade, domestic and foreign companies have become more important and influential actors in many developing countries as a result of privatization and market liberalization and they have a growing stake in the future progress of these countries. According to Mussa (2000) the progressive removal of barriers to trade and capital movements has stimulated greater flows of exports, imports and foreign direct investment (FDI). Multinational enterprises have emerged as the key agents of international economic co-ordination. They provide the capability to generate innovations and deliver new goods and services to the market; they also provide the capability to exploit these technological advances at a global level; and they are a depiction of the capacity of international managerial co-ordination to operate efficiently across international boundaries.

Appia-Adu (1998) observes that international objectives such as peace, security, sustainable development, human rights and poverty alleviation, are increasingly interlinked. They have ramifications for all sectors of society and their achievement
requires complex and collaborative solutions. Whilst governments must carry primary responsibility for achieving them, it is increasingly in the interests of business to be part of the solution and help alleviate or mitigate challenges of the rapidly changing global landscape as well as fostering development in countries where they operate. At the same time, there are growing international demands for companies to be more transparent and more accountable for their economic, social and environmental impacts everywhere they operate. It is in this context that the concept of Corporate Social Responsibility (CSR) has become a critical subject of discussion in business contexts.

1.1.1. Corporate Social Responsibility

Rupp et. al (2006) argue that while there is no universal definition of corporate social responsibility (CSR), it generally refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet. “People” constitute the company’s stakeholders: its employees, customers, business partners, investors, suppliers and vendors, the government, and the community. Albareda, Lozano & Ysa (2007) state that increasingly, stakeholders expect that companies should be more environmentally and socially responsible in conducting their business. In the business community, CSR is alternatively referred to as “corporate citizenship,” which essentially means that a company should be a “good neighbor” within its host community (Donaldson & Preston, 1995).
Due to the difficulties in defining CSR, alternative conceptualizations have been developed, representing various aspects of the same concept of corporate “doing good”. Examining the Web pages of Fortune 500 organizations, Kotler and Lee (2005) revealed the following list of related concepts corporate social responsibility, corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship, and corporate societal marketing.

CSR practices may be considered as discretionary (Kotler & Lee, 2005) or representing more sustained commitment (Holme & Watts, 2000). Similarly, CSR activities could be construed as voluntary (European Commission, 2001) or more of a commitment/obligation in nature (Anderson, 1989; Epstein, 1987; Jones, 1980). CSR practices may also be conceived as dynamic and process based (Maclagan, 1998) or more focused to a particular condition or state within a clearly defined boundary (Jones, 1980; Maignan, Ferrell, & Hult, 1999). Finally, CSR activities may be directed towards all stakeholders (Holme & Watts, 2000) or to a more specific group of stakeholders (Epstein, 1987; Maclagan, 1998).

It is the argument of this study that all these definitions, applying to companies and organizations including multinational banks can be summarized into statements that are quick to describe the concept CSR when the definition of Carroll (1979) is considered. In defining CSR, the author argues for a definition of CSR as a construct with four main components: economic responsibility to investors and consumers, legal responsibility to
the government or the law, ethical responsibilities to society, and discretionary responsibility to the community. This definition also supports various works (e.g. Carroll, 1979; Wolfe and Aupperle, 1991; Waddock and Graves, 1997; Hillman and Keim, 2001; Waldman, Siegel and Javidan, 2006), in defining corporate social performance as one multidimensional construct capturing “a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s social relationships” (Wood, 1991: p.693).

For organizations, multinational banks included, the concept of stakeholders is central to that of CSR. Stakeholders may be defined as "groups and individuals who can affect, or are affected by, the achievement of an organization’s mission" (Freeman, 1984: 54) or, alternatively "those groups who have a stake in or a claim on the firm" (Evan & Freeman, 1988: 97). The concept of stakeholders may be given a wider perspective as simply all those entities with a "critical eye" on corporate actors (Bomann-I.arsen & Wiggen, 2004). Stakeholders thus form a link between the aims and ambitions of the organization and the expectations of society (Whetten, Rands. & Godfrey, 2002). This is a dynamic activity, as expectations and pressures change and is further complicated by the need for managers to resolve the interests of different stakeholders and to integrate this within the managerial decision-making process. Managers must make decisions about the extent of their responsibilities and the nature of the stakeholders to whom they are both responsible and accountable.
Various analyses and specifications of stakeholders are also provided by the marketing literature. Morgan and Hunt (1994) identify stakeholders in four categories: internal, suppliers, buyers, and lateral stakeholders. Christopher, Payne and Ballantyne (1991) offer the six-market model as a normative model for categorizing the stakeholder groups to which the organization is responsible. These six market categories include customers, internal customers, suppliers, influencers, recruitments, and referrals. Each of these markets can influence positively or negatively the achievement of the organization's mission and it is argued that it is therefore desirable to manage actively the relationship with each of them.

1.1.2 Factors influencing practice of CSR in organizations

Some authors argue that CSR can be seen as either an integral part of the business strategy and corporate identity, or it can be used as a defensive policy, with the latter being used more often by companies targeted by activists. The rationale for CSR can be based on a moral argument, a rational argument, or an economic argument (Jayne, 2004). Campbell (2007) is representative of a group of studies that create testable propositions related to the conditions under which organizations will move toward CSR. He sees corporations' level of social responsibility as being influenced by factors such as financial conditions of the firm, health of the economy, and well-enforced state regulations.

Building the business case for CSR, Husted and Allen (2007) point out that much effort has focused on CSR in an attempt to demonstrate that positive CSR can be linked to
improved financial performance. There is a growing sense that looking after the people and the community as well as the environment are all relevant to long-term business survival. Though the business case for CSR appears strong, the literature also reflects the fact that there are doubts as well as cynicism (Jayne, 2004).

According to Husted & Allen (2007) a firm’s pyramid of CSR starts with economic responsibilities and continues with legal, ethical, and discretionary responsibilities respectively. However, what was ethical or even discretionary in Carroll’s model is becoming increasingly necessary today because of the changing environment within which businesses operate and because the ethical responsibilities are more likely to stand on a par with economic and legal responsibilities as foundational for business success (Wadell, 2007). CSR can be a way of matching corporate operations with societal values at a time when these parameters are changing rapidly. As such, ethical behavior is a prerequisite for strategic CSR. A company’s ethical behavior is the mirror image of its culture, a shared set of values and guiding principles deeply ingrained throughout the organization (Paine, 1994), and the ethical behavior and culture become part of the definition of corporate identity.

Accountability is one of the processes whereby a leader, company, or organization seeks to ensure integrity. In a global stakeholder society, accountability is among the key challenges of organizations. Responsible leaders are concerned with reconciling and aligning the demands, needs, interests, and values of employees, customers, suppliers, communities, shareholders, nongovernmental organizations (NGOs), the environment, and society at large. A company’s track record in terms of CSR accounting will be effec-
improved financial performance. There is a growing sense that looking after the people and the community as well as the environment are all relevant to long-term business survival. Though the business case for CSR appears strong, the literature also reflects the fact that there are doubts as well as cynicism (Jayne, 2004).

According to Husted & Allen (2007) a firm's pyramid of CSR starts with economic responsibilities and continues with legal, ethical, and discretionary responsibilities respectively. However, what was ethical or even discretionary in Carroll's model is becoming increasingly necessary today because of the changing environment within which businesses operate and because the ethical responsibilities are more likely to stand on a par with economic and legal responsibilities as foundational for business success (Wadell, 2007). CSR can be a way of matching corporate operations with societal values at a time when these parameters are changing rapidly. As such, ethical behavior is a prerequisite for strategic CSR. A company's ethical behavior is the mirror image of its culture, a shared set of values and guiding principles deeply ingrained throughout the organization (Paine, 1994), and the ethical behavior and culture become part of the definition of corporate identity.

Accountability is one of the processes whereby a leader, company, or organization seeks to ensure integrity. In a global stakeholder society, accountability is among the key challenges of organizations. Responsible leaders are concerned with reconciling and aligning the demands, needs, interests, and values of employees, customers, suppliers, communities, shareholders, nongovernmental organizations (NGOs), the environment, and society at large. A company's track record in terms of CSR accounting will be effec-
tive when appropriate CSR measures are included in its internal as well as its supply-chain activities. Furthermore, the literature reflects a growing need for dissemination of good practice in CSR accountability and a need for more pressure to be exerted on NGOs to prove themselves as ethical, transparent, and accountable as those they seek to influence (Frame, 2005).

Corporations need to engage with stakeholders to develop valuable CSR-related actions. Stakeholders that face challenges and threats are more likely to partner with corporations on CSR-related issues and corporations and stakeholders are more likely to succeed when a long-term vision is embraced. The literature shows that corporate leadership should have a holistic approach to engage with stakeholders and that the vital link between business and stakeholder management is leadership (Chow Hoi Hee, 2007).

1.1.3 The banking sector in Kenya

The Central Bank of Kenya (CBK, 2011) lists 45 commercial banks and one microfinance institution currently in Kenya. Barclays bank, Citi bank, Standard Chartered bank and Commercial bank of Africa are among the international banks currently operating in Kenya. This study will focus on analysis of factors that influence the practice of CSR in Standard Chartered Bank. According to the Standard Chartered Annual Financial Report (2009) Standard Chartered Bank was formed in 1969 through a merger of two banks: The Standard Bank of British South Africa, founded in 1863, and the Chartered Bank of India, Australia and China, founded in 1853. Both companies were keen to capitalize on the huge expansion of trade and to earn the handsome profits to be
made from financing the movement of goods between Europe, Asia and Africa. The bank was founded in the Cape Province of South Africa in 1862 by John Paterson. It commenced business in Port Elizabeth, in January 1863 and was prominent in financing the development of the diamond fields of Kimberley from 1867 before later extending its network further north to the new town of Johannesburg when gold was discovered there in 1885. It expanded in Southern, Central and Eastern Africa and, by 1953, had 600 offices. In 1965, it merged with the Bank of West Africa, expanding its operations into Cameroon, Gambia, Ghana, Nigeria and Sierra Leone. With a banking heritage spanning more than 150 years, Standard Chartered has developed extensive global reach and a strong position in emerging markets and new trade corridors.

From the early 1990s, Standard Chartered has focused on developing its strong franchises in Asia, Africa and the Middle East. It has concentrated on consumer, corporate and institutional banking and on the provision of treasury services - areas in which the Group had particular strength and expertise. Since 2000 the Bank has achieved several milestones with a number of strategic alliances and acquisitions, which have extended the customer and geographic reach and broadened the product range that Standard Chartered offers. By the year 2009, Standard Chartered had a network of over 1,700 branches and outlets and 5,700 ATMs in more than 70 countries globally. Its diversity is a source of strength. Standard Chartered employs over 80,000 people, representing 125 nationalities with 70 represented among senior management. The bank sponsor people, projects and events that bring its values to life and make a difference in communities across the world.
1.2 Research Problem

According to Poovan, Du Toitn & Engelbrecht (2006) almost all corporate websites/policies/reports talk about their endeavors for CSR which has become a way of ensuring that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. It assures that the organization can grow on sustainable basis. These activities of CSR ranging from small donations to bigger projects for social welfare sustainable practices differ from organization to organization depending on the resources available to an organization for undertaking sustainable practices. Porter & Kramer (2003) argue that business practices of big and successful companies, with plenty of resources at their end, have set the trend for being committed to sustainable practices. Such business houses around the globe show their commitment to social responsibility.

Banks are among the various forms of multinational organizations with operations in Kenya. There is evidence that these banks have strategies with regard to CSR. For example, according to the Standard Chartered Annual Financial Report (2009) the bank has various CSR projects which include water projects, posho mills project, assistance to the Thika High School for the Blind, “seeing is believing” programmes at both the Kikuyu Eye Hospital and in Laikipia among others. The bank has also previously initiated Malaria and heart projects across East Africa as a commitment to working with communities in areas where they have business. In addition, the bank contributes greatly towards economic development through business activity and investment in areas such as business growth, entrepreneurship and financial literacy. These, among other activities by
Standard Chartered bank are evidence that multinational banks are involved in CSR across various sectors and communities Kenya.

With reference to Standard Chartered Bank, this study noted that there was evidence of CSR practice as part of an organizational strategy. However, the question of whether there were particular factors that could be influencing this practice in the bank was yet to be addressed.

This study therefore set out to determine factors that influenced the practice of CSR strategy in Standard Chartered Bank.

1.3 Objectives of Study

The objective of the study was to find out the factors that influence the practice of CSR by Standard Chartered Bank of Kenya.

1.4 Value of the Study

As a consequence of the findings of this study, it was going to be possible to demonstrate to the banking industry whether or not it was possible for CSR strategies to provide for the sustainability of organizations long term engagement with various stakeholders. In this context, the banking industry can be able to rationalize its adoption of CSR projects for commercial benefits to increase their own value, for society and government. The findings were also useful in advising banks on the need to maximize the impact of its activities on society in two ways: first, by removing, or at least mitigating, any negative impacts it may have; second, by taking positive steps to help communities through its employment practices, fundraising, volunteering and charitable giving.
It was found that most banks had in the recent past put in place a collection of policies and practices linked to relationship with key stakeholders, values, compliance with legal requirements, and respect for people, communities and the environment. The findings of this study were therefore useful in demonstrating the value of CSR and how it could assist banks to initiate actions and policies that would impact positively on their host community, their environment and the people generally.

The concept of CSR had become a major field of research among academics. This was partly due to the interest it had generated in organizational environments. The findings of this study were therefore a useful addition to this growing body of knowledge with regard to CSR. In addition, the recommendations of this study provided frontiers for new research in contested or new perspectives of CSR that require empirical research and documentation. The findings will be a useful resource in teaching of CSR concepts and its impact on organizational performance.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This section provided a review of literature related to various concerns of the study. These included: business environment, formulation of CSR programs in organizations, effect of CSR on net profits, deposits, annual income and expansion.

2.2 Business Environment

Several studies have attempted to analyze or appraise the effects of environmental factors on various aspects of business organizations. These include Narver and Slater (1990); Jaworski and Kohli (1993); Nwokah (2008). Norzalita and Norjaya (2010) investigated the role of the external environment in the market orientation-performance linkage among SMEs in the agro-food sector in Malaysia and found that market-technology turbulence and competitive intensity did not moderate the relationship between market orientation and business performance. Pulendran, Speed and Widing (2000) observe that the external environment in which organizations operate is complex and constantly changing; a significant characteristic of the external environment is competition.

Organizations that recognize the presence and intensity of competition have a greater tendency to seek out information about customers for the purpose of evaluation and to use such information to their advantage (Slater and Narver, 1994). Recognition of the threat from competition drives business organizations to look to their customers for better
ways to meet their needs, wants, and thereby enhances organizational performance (Bhuian, 1997). Accordingly, when competition is perceived as a threat by the organization, there is a greater tendency to adopt a market orientation (Pulendran et al. 2000). There has been a long tradition of support for the assumption that environmental factors influence the effectiveness of organizational variables (Appiah-Adu, 1998).

Indeed, several studies have investigated the association between different environmental factors and established the effects of moderating influences on organizational variables (e.g., Slater and Narver, 1994; Jaworski and Kohli, 1993; Greenley, 1995 and Han, Kim and Srivastava, 1998). Researchers have argued that firms should monitor their external environment when considering the development of a strong market-oriented culture (Kohli and Jaworski, 1990). To determine the influence of the external environment on business performance in transition economies, Golden et al. (1995), as cited in Appiah-Adu (1998), examined four factors: demand changes, product obsolescence, competitive pressures and product technology. These variables appear to mirror, respectively, four external factors, namely market growth - demand, market turbulence, competitive intensity and technological turbulence, which were identified as potential moderators of the market orientation-performance link by Kohli and Jaworski (1990).

The studies cited provided useful information with regard to factors in any business environment. This study proposed to go further and determine how all or some of these factors influenced spread of international banks in Kenya and whether they also influenced on adoption of CSR activities with the banks’ strategic growth plans.
2.3 Formulation and implementation of CSR strategies in organizations

CSR has moved from ideology to reality and is now acknowledged as an important dimension of contemporary business practice. Business leaders give increasing importance to this topic, recognizing that CSR is an important component of business survival and success in the 21st century. The management and marketing literature has significantly contributed to defining and characterizing the phenomenon of CSR (de Backer et al., 2005; Garriga & Melé, 2004), as well as developing the discussion concerning best practice (Esty & Winston, 2006; Savitz, 2006). However, an area that remains largely unexplored in the literature concerns the development and implementation of CSR. Based on this observation, this study found that it was not simply enough to establish the relationship between CSR and profitability. Analysis of implementation processes, internally among the banks, would be able to explain findings of success or failure of CSR in those banks.

CSR strategy development and implementation could be considered as an organizational change process (Georges & Jones, 1995), or as a new way of organizing and working (Dawson, 2003). The aim is to align the organization with the dynamic demands of the business and social environment through the identification and management of stakeholder expectations. In addition to change, CSR involves learning over time and the ability to understand the specific context and confluence of stakeholder expectations. Whilst there is no best way to bring about change (Burnes, 1996) enhanced learning of stakeholder expectations and the specifics of the context will help to ensure that change is beneficial and supported by appropriate mechanisms (Burnes, 2004). This requires
managers to understand and be actively aware of both the context and expectations, but also to recognize that any changes they implement will also shape the environment in turn (Mitleton-Kelly, 2003). The development of CSR practices can therefore be seen as an evolutionary and recursive activity, acting and reacting on and with the business environment. The authors provided useful information with regard to CSR as a “change process.” It was going to be useful to establish whether multinational banks in Kenya were implementing CSR programs as part of this “change process” or it was merely a legal requirement for them to operate. The analysis of any of the attitudes explained success or failure of CSR programs.

Hannifa & Cooke (2005) discuss five activities – organization and structure, planning, implementation, monitoring and evaluation, and communication and reporting – emphasizing the importance of social risk assessment. Jamali and Mirshak (2007) review models and studies derived from interpretive sociology and incorporated within the European Corporate Sustainability Framework (ECSF), however, this study found that whilst rigorous, this framework did not provide managerially relevant guidelines. The overview produced by Werre (2003) is a rich and practice-based perspective of CSR implementation based on four stages or phases – top-management awareness, formulation of a CSR vision and core corporate values, changing organizational behavior, and anchoring of change – but this approach was relatively poorly structured and consisted more of general advice, and the application of the suggested framework is bounded by the limits of the single case study on which it was based.
The eight-step approach identified by Maignan et al. (2005) provides more useful insights into the development and management of CSR policies, but lacks in-depth implementation guidelines as the linkage between strategy development and implementation is not explicated. Finally, Cramer suggests six main activities that "fall into place like a jigsaw puzzle" (2005: 586). These activities are as follows: list stakeholders' expectations and demands; formulate a CSR vision and mission and a code of conduct; develop CSR strategies and plan of action; set up monitoring and reporting system; embed the process in quality and management systems; and communicate about achieved results. However, the retrospective conclusion is limited in terms of the guidance that it gives to managers despite the clear definition of the six main activities that are provided.

From the strategies and processes discussed by the authors with regard to CSR implementation, this study argued that a well-designed CSR implementation framework integrates economic, social and environmental decision making throughout a firm—from the board of directors to front-line officials and supply-chain partners—and was therefore intimately connected with effective corporate governance. A properly governed firm could reap optimal benefits for itself and its shareholders, and in turn for those who were affected by the firm's activities. At all levels of a firm, inadequate direction and control of its activities and assets could jeopardize its very ability to operate and therefore, in the scope of the objectives set, affect profitability of the multinational banks.
2.4 Importance of CRS in organizations

According to Brammer and Millington (2008) corporate social responsibility represents one of the pillars of an organization's business excellence. The other two pillars of business excellence are satisfying user demands and improving business productivity. These two pillars contribute to the making of profit, but without the application of the principle of social responsibility, there is no business excellence. Morr, Web & Harris (2001) argue that business excellence assumes the development of market-oriented operations with the user being at the center of the organization's attention, constant improvements in business operations based on improving knowledge and work productivity and, finally, business operations adjusted to the demands of various local interest groups towards the goal of advancing the public interest. In that sense, the company is obligated to satisfy all the demands of the consumers, society, partners, workers and stockholders.

These are, at the same time, the basic tenets of the philosophy of Total Quality Management (TQM). This concept assumes the satisfaction of consumer needs, developing the quality of business operations, employee safety, environmental protection, employee education and the creation of an organization's corporate culture. The final goal of applying the TQM concept is to improve quality of life. Viewed in this way, the entire system rests on the individual, who must become a "responsible individual," who with his work and actions contributes to increased productivity and, thus, the general well being.
Aupperle (1991) posits that one practical way of applying this business principle is the implementation of integrated management systems. The implementation of integrated management systems shortens the time necessary for building TQM, which opens the way for companies from less developed countries, by respecting the demands of international standards, to build business systems that would allow the creation of world-class products and the realization of business excellence goals.

Cochran & Wood (1984) argue that for organizations, CSR is as much about seizing opportunity as avoiding risk. Drawing feedback from diverse stakeholders can be a rich source of ideas for new products, processes and markets, resulting in competitive advantages. For example, a firm may become certified to environmental and social standards so it can become a supplier to particular retailers. The history of good business has always been one of being alert to trends, innovation, and responding to markets. Increasingly, mainstream advertising features the environmental or social benefits of products.

A common theme that emerged from the arguments of the studies cited in this sub-section was that of CSR and economic growth of organizations and companies. The authors strongly argued that there exists a direct link between implementation of CSR and positive changes within organizations. This study therefore attempted to establish whether this link was practical among multinational banks in Kenya.
2.5 CSR and financial performance in organizations

Scholars have argued that enhanced social performance may lead to obtaining better resources (Cochran and Wood, 1984; Waddock and Graves, 1997), higher quality employees (Turban and Greening, 1996; Greening and Turban, 2000), better marketing of products and services (Fombrun, 1996) and it may even lead to the creation of unforeseen opportunities (Fombrun, Gardberg and Barnett, 2000). Better social performance may also function in similar ways as advertising does, by increasing overall demand for products and services and/or by reducing consumer price sensitivity (Sen and Bhattacharya, 2001; Milgrom and Roberts, 1986). Moreover, it has been suggested that positive social performance could reduce the level of waste within productive processes (Konar and Cohen, 2001; Porter and Van Der Linde, 1995).

Another theoretical stream, stakeholder theory, emphasizes that effective management of stakeholder relationships, the fundamental blocks of CSR, may also result in better financial performance. They argue that identifying and managing ties with key stakeholders may mitigate the likelihood of negative regulatory, legislative or fiscal action (Berman et al., 1999; Hillman and Keim, 2001), attract socially conscious consumers (Hillman and Keim, 2001) or even attract financial resources from socially responsive investors (Kapstein, 2001). In addition, stakeholder management theories suggest that CSR strategies may lead to better performance by protecting and enhancing corporate reputation (Fombrun and Shanley, 1990; Fombrun, 2005). Finally, a substantial number of studies within the resource-based view of the firm argue for the mechanisms through which socially responsible behavior may lead to competitive advantage (de
According to Margolis and Walsh (2002), one hundred twenty-two published studies between 1971 and 2001 empirically examined the relationship between corporate social responsibility and financial performance. The first study was published by Narver in 1971. Empirical studies of the relationship between CSR and financial performance comprise essentially two types. The first uses the event study methodology to assess the short-run financial impact (abnormal returns) when firms engage in either socially responsible or irresponsible acts. The results of these studies have been mixed with some finding a positive correlation while others established a negative one.

The second type of study examines the relationship between some measure of corporate social performance (CSP) and measures of long term financial performance, by using accounting or financial measures of profitability. The studies that explore the relationship between social responsibility and accounting-based performance measures have also produced mixed results. Cochran and Wood (1984) located a positive correlation between social responsibility and accounting performance after controlling for the age of assets. Aupperle, Carroll, and Hatfield (1985) detected no significant relation between CSP and a firm's risk adjusted return on assets.

The views on CSR and financial performance articulated by the authors provided a useful lead in attempting to locate the relationship between CSR and financial performance of...
multinationals in Kenya. Most importantly for this study, was the finding of a negative relationship (Wright and Ferris, 1999) as opposed to findings of a positive relationship between CSR and financial performance (McWilliams and Siegel, 1997). This conflict presented this study with an opportunity to establish the exact state of relationship between CSR and financial performance among multinationals in Kenya.

2.6 Theoretical Framework

This study proposed to base its theoretical framework on a comprehensive analysis of various theories by Secchi (2007) and which are compared with an analysis by Garriga and Mele (2004). Secchi has formulated a group of theories based on a criterion what role the theories confer to the corporation and society. The theories are as follows: 1) The utilitarian theory, which are anchored on social costs and functionalism, 2) The managerial theory, which address corporate social performance, social accountability, auditing and reporting and social responsibility and reporting, 3) The relational theory, which focuses on business and society, stakeholder approach, corporate global citizenship and social contract theory. On the other hand, Garriga and Mele’s (2004) analysis maps CSR into four types of territories. They are: 1) Instrumental theories, which focus on maximization of shareholder value, strategies for competitive advantage and cause-related marketing, 2) Integrative theories, which are anchored on managerial issues, public responsibility, stakeholder management and corporate social performance and 3) Ethical theories, which focus on the common good and universal rights.
This study found that in all the components of these theories, various intersections with CSR emerge. Although not all aspects were used, there were those that related directly to the objective of the study. For example, in the utilitarian theories the corporation serves as a part of the economic system in which the function is profit maximization. The utilitarian theory also points to situation in which the corporation is seen as only an instrument for wealth creation, and its social activities are only a means to achieve economic results. The firm is viewed as an investment, and investment should be profitable to the investors and stakeholders.

Managerial theory that emphasizes corporate management in which CSR is approached by the corporation internally. This makes the difference between utilitarian and managerial perspective of CSR. This suggests that everything external to the corporation is taken into account for organizational decision making. Managerial theories have been divided into three sub-groups: 1) Corporate social performance (CSP); 2) Social accountability, auditing and reporting (SAAR), and 3) Social responsibility for multinationals. CSP aims to measure the contribution the social variable makes to economic performance. Thus, the problem is that of managing the firm considering social and economic factors together. It is based on the assumption that business depends on society for its growth and sustainability. Stakeholder approach has been developed as one of the strategies in improving the management of the firm. It is also said as a way to understand reality in order to manage the socially responsible behavior of a firm.
The stakeholder approach further considers a firm as an interconnected web of different interests where self-creation and community creation happen interdependently. Therefore this study will be seeking to establish how the application of these theories in multinational banks not only consolidates efforts aimed at CSR, but also the effect of this consolidation on the banks' profitability.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This section provided the research design to be used by the study, the population, sample design, data collection procedures and analysis.

3.2 Research Design
This study applied a descriptive research design which emphasizes the measurement and analysis of relationships between variables (Creswell, 2003; McMillan and Schumacher, 2006). The descriptive design as applied in this study was used to analyze and explain factors that influence Standard Chartered bank-Kenya to practice CSR.

3.3 Data Collection
For purposes of collection of primary data, the study designed an interview guide (Appendix 1), which guided question-answer sessions between the researcher and respondents. Any other questions emerging as a consequence of responses helped to add value and detail to the data collected. The questions were asked to senior managers, middle level managers and corporate affairs staff. Secondary data was collected from the bank’s information booklets, accessible minutes that related to CSR and relevant sections of annual statements.
3.4 Data Analysis

The data collected from the interview guide was analyzed by the use of descriptive statistics. Content analysis was also be used on secondary data. The descriptive analysis was appropriate for this study because it involved the description, analysis and interpretation of the factors that influence the practice of CSR by international banks in Kenya. A number of graphs were used to present data findings.
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION.

4.1 Introduction

This section presents an analysis of data collected from the field with regard to factors that influence CSR in Standard Chartered Bank. The data was obtained from senior managers, middle level managers and staff directly involved in the formulation and implementation of CSR strategies in the bank. From a target population of 201 managers and staff, the study interviewed 61 (30%) being a representative sample of the total accessible population. Table 1 shows the distribution of the sample in terms of position in the bank.

Table 4.1: Sample distribution according to position

<table>
<thead>
<tr>
<th>Position</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior managers</td>
<td>10</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Middle level managers</td>
<td>15</td>
<td>16</td>
<td>31</td>
</tr>
<tr>
<td>CSR staff</td>
<td>7</td>
<td>6</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)
Fig 4.1 provides an illustration of the levels of management in Standard Chartered bank tasked with formulation and implementation of CSR activities. From Fig 1, middle level managers account for the highest number of staff involved in CSR activities at various levels of formulation, implementation and review. Senior managers are the second highest since major decisions regarding the bank's strategies are made at this level. Staffs in the CSR department account for a smaller number of members in this process since they largely address issues of implementation once senior managers and middle level managers have formulated policies. There was no mention of any significant representation from the finance department beyond the managers that represent the section.
4.2 Understanding of CSR among respondents

The study established that all the respondents had a good understanding of CSR and its practice in the bank. They were able to discuss aptly the various forms of CSR and the points of convergence it has within the general strategic formulation and implementation. Each of the respondents demonstrated not knowledge of CSR but also the nature of roles each played in its implementation. The study further established that mechanisms had been instituted within the bank aimed at ensuring that this knowledge of CSR is imparted to all staff irrespective of position. This response therefore accounted for 100% of respondents have an understanding of CSR in Standard chartered Bank. Table 2 shows a summary of the understanding of CSR by the respondents.

Table 4.2: Summary of understanding of CSR

| Stakeholders | • Customers  
|              | • Employees  
| Target Issues | • Social life  
|              | • Business practice and partners  
|              | • Environment  
| Activities | • To improve working conditions  
|              | • To provide better social services  
|              | • To promote social commitment  
|              | • To integrate the social engagements of the company  
|              | • Sponsorship programmes  
|              | • To produce high quality products and services  
| Society | • Economy  
|          | • Standard of life  
|          | • To support and to develop a positive image  
|          | • To take care about the personnel  
|          | • To take care about environment  
|          | • To develop social norms and standards  
|          | • To provide working places  

Source: Researcher (2012)
This understanding of CSR by the respondents was further broken down to three specific areas of action both within and outside the working environment of SCB as shown in Table 3. 100% of the respondents concurred that according to the strategy formulated by SCB, CSR is based on three fundamental principles. They are economic, social and environmental. Each part of CSR contains a lot of different activities depending on the requirements of stakeholders.

4.2.1 Economic area
Respondents stated that transparent enterprise is expected from the company. A positive relationship with investors, customers, suppliers and others business partners is also expected. They further observed that the impacts of the company on the economy at local, national and global levels are monitored.

Table 4.3: Economic area market

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Economic area - Market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Owners and investors</td>
</tr>
<tr>
<td></td>
<td>• Customers / consumers</td>
</tr>
<tr>
<td></td>
<td>• Suppliers and other business partners</td>
</tr>
<tr>
<td></td>
<td>• Governmental institutions</td>
</tr>
<tr>
<td></td>
<td>• Media</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)
### Table 4.4: Economic area – CSR activities

<table>
<thead>
<tr>
<th>Economic area</th>
<th>CSR activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Ethical codex creation</td>
</tr>
<tr>
<td></td>
<td>• Transparency</td>
</tr>
<tr>
<td></td>
<td>• Best practice management</td>
</tr>
<tr>
<td></td>
<td>• Corruption rejection</td>
</tr>
<tr>
<td></td>
<td>• Relation with stockholders</td>
</tr>
<tr>
<td></td>
<td>• Relation to customers / consumers</td>
</tr>
<tr>
<td></td>
<td>• Relation to investors</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)

#### 4.2.2 Social area

In the social area, respondents stated that behavior is focused on the attitude to employees and on supporting the local community. The company influences the standard of living, health, safety, education and cultural development of citizens.

### Table 4.5: Social area – stakeholders

<table>
<thead>
<tr>
<th>Social area</th>
<th>Working environment</th>
<th>Local environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholders</td>
<td>• Employees</td>
<td>• Non-profit organizations</td>
</tr>
<tr>
<td></td>
<td>• Unions</td>
<td>• Public</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)
4.2.3 Environmental area

According to the respondents and especially the senior managers, SCB is aware of its impact on the living and inanimate nature in the environment. This includes the ecosystem, land, air and water. There is an obligation for the company to support and protect part if not whole of these aspects of environmental import. Table 7 shows some of the priority areas with regard to SCB CSR strategy.

Table 4.7: Environmental areas

<table>
<thead>
<tr>
<th>Environmental area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholders</td>
</tr>
<tr>
<td>• Environmental groups</td>
</tr>
<tr>
<td>• Other environmental groups</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)
Table 4.6: Social area

<table>
<thead>
<tr>
<th>Social area</th>
<th>Working environment</th>
<th>Local environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR activities</td>
<td>• employee health and safety</td>
<td>• Corporate donor ship</td>
</tr>
<tr>
<td></td>
<td>• Developing human resources</td>
<td>• Corporate volunteerism</td>
</tr>
<tr>
<td></td>
<td>• Equal possibilities</td>
<td>• Support for social integration</td>
</tr>
<tr>
<td></td>
<td>• Work – life balance</td>
<td>• Support for social integration</td>
</tr>
<tr>
<td></td>
<td>• Workplace diversity</td>
<td>• Developing employment and local</td>
</tr>
<tr>
<td></td>
<td></td>
<td>infrastructure</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)

4.2.3 Environmental area

According to the respondents and especially the senior managers, SCB is aware of its impact on the living and inanimate nature in the environment. This includes the ecosystem, land, air and water. There is an obligation for the company to support and protect part if not whole of these aspects of environmental import. Table 7 shows some of the priority areas with regard to SCB CSR strategy.

Table 4.7: Environmental areas

<table>
<thead>
<tr>
<th>Environmental area</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Environmental groups</td>
</tr>
<tr>
<td></td>
<td>• Other environmental groups</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)
Table 4.8: Environmental area: CSR activities

<table>
<thead>
<tr>
<th>Environmental area</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR activities</td>
</tr>
<tr>
<td>• Compliance with regulations and standards</td>
</tr>
<tr>
<td>• Environmentally friendly company policy</td>
</tr>
<tr>
<td>• Protection of natural sources</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)

4.3 Reasons for CSR as a mandatory organizational practice.

With regard to importance of CSR in organizations generally, the study received various positions from the respondents. A total of 23 respondents were of the view that CSR contributed to enhanced organization’s relationship with its stakeholders. This represented 14.03% of the total respondents. 16 respondents were of the view that CSR helped organizations to give back to society. This represented 9.8%. 13 respondents were of the view that CSR had financial benefits to organizations that practice it. This sample represented 8% of the total respondents. The remaining 9 respondents were of the view that CSR assisted organizations to understand the needs of stakeholders and to formulate strategies of working towards solutions. This represented 5.5% of the total population of respondents. Fig 2 shows these distributions.
From the data presented in Fig 4.2 it is evident that many organizations will advocate CSR due to its ability to improve or enhance stakeholder relations. Through this practice organizations get an opportunity to interact with stakeholders and share any visions of the organization. On the other hand, CSR as a problem solving strategy seems not to have been explored and hence the low score of 5.5% of the total number of respondents.

4.4 Current CSR practices in Standard Bank-Kenya

The study sought to establish the nature of CSR practices currently active in SCB. 100% of the respondents were able to list the most notable including: the Standard Chartered marathon, which is held annually, provision of education aids to needy students across
the country, intervention in various diseases including interventions for deaf and blind cases and provision of safe drinking to communities across the country. The respondents pointed out that the bank was in the process of introducing more CSR practices to conform to the emerging needs of society. They pointed out that introduction and sustainability of any CSR activity was not an exclusive initiation of the bank management. Stakeholders were always involved in this process because they were the targets of the various CSR activities and therefore had to be part of related processes. This information was corroborated by analysis of the Standard Chartered 2006, 2007, 2008, 2009, 2010 and 2011 annual reports and statements.

Related to corporate values, the 18 senior managers stated that the bank intends to disseminate the CSR concept from the top down throughout the organization starting at its own headquarters. CSR has been taken as a critical part of the bank’s organizational culture. According to the managers, this top-down approach helps the strategic implementation of CSR policies. The respondents further observe that once CSR becomes part of corporate culture and values, it is an internal resource that can generate competitive advantage. The study established that in order to spread the CSR concept throughout the bank, it was important for it to become a stated corporate value and there are tools to be applied in order to reinforce such statements and foster continuous implementation. Among the tools the bank uses to spread the CSR concept include: seminars, conferences, presentations in general, folders and social reports, intranet, internal communication and the Internet.
In terms of sustainability, the bank has various strategies. The respondents pointed to frequent customer surveys (46 respondents concurring) internal self-assessment of existing strategies (15 respondents concurring) and viability of a particular CSR practice (5 respondents concurring). Figure 3 shows this distribution.

Fig 4.3: Sustainability of CSR

![Graph showing customer survey, internal assessment, and viability](image)

Source: Researcher (2012)

The data in Fig 4.3 shows that customer surveys are the most commonly used to evaluate a particular practice and propose a way forward. In the customer surveys, strategists in the bank include issues related to social responsibility and sustainable development in order to gather information on what the customers think. The bank believes that CSR actions could have an impact on their consumer behavior and their opinion counts. Internal assessment and viability although significant they are not favored since they exclude the very people for whom CSR is designed for. They can only be
applied as a priority during times of challenging financial crises or logistics that require the bank to cut back on spending.

4.5 Factors that influence CSR in Standard Chartered Bank

The study sought to determine the factors that influence CSR practices in SCB. Various reasons emerged from the spectrum of respondents selected. This study presents the data collected on the reasons and influence. However, it is imperative that the general views of the respondents be presented before providing specifics. This study also points out that since all the respondents were drawn from one organization with a shared vision and goal on CSR, responses tended to be unanimous and in line with a shared organizational policy.

As far as the broad factors were concerned the study established that CSR could be be analyzed from a point of view that emphasizes the reasons that guide a company’s social initiatives. 22 (36.0%) respondents were of the view that there are pragmatic or rational reason (Companies want to do it) attitude. The self-interest motive is undoubtedly the first and foremost impetus of a corporate social behavior. Business organizations assume increased responsibilities and take an active part in social projects in order to gain in terms of image and enhance profits on the long term. CSR actions usually induce companies a competitive advantage and reflect a win-win situation: for the society but for the company as well.
30 respondents (49.1%) were of the view that CSR was practiced based on the premise that companies feel obliged to do it. This reasoning assumed that businesses have a moral duty regarding the society and the community environment in which they operate; this obligation goes beyond mere profit maximization. Companies exist in order to satisfy a certain range of social needs; this is the reason why they should act in a correct and responsible way. This realization of a social obligation drives the adoption and implementation of CSR activities.

Only 9 respondents (14.7%) felt that social pressure was a factor in the adoption and implementation of CSR activities. This reasoning is premised on the argument that CSR happens because companies are made to do it. Companies also assume corporate responsibilities because they have to comply with the ever increasing social requirements. Society as a whole rejects companies that do not prove a responsible behavior and has certain expectations regarding the corporate involvement in social issues. Therefore, when an organization such as SCB measures the demerits of a society that might opt for other banks due to lack of stakeholder engagement, it is left with no option but to invest in CSR activities so as to remain relevant and perhaps profitable. Fig 4 illustrates the distribution of this data.
It is evident from Fig 4.4 that social pressure might not be a major factor that influences organizations to drive CSR policies and strategies. In fact, the data shows that companies and businesses such as Standard Chartered bank find it an obligation to engage in CSR practices. While the study will now focus on specific factors for CSR practice, the aspect of CSR as a business enterprise obligation was emphasized followed by the aspects of voluntary factors where businesses feel they need to volunteer some assistance or partnerships in host communities.
Generally, the respondents addressed various pertinent issues with regard to motivation towards CSR. 7 respondents were of the view that CSR was a responsibility that is economic in nature, entailing among others, providing a return on investment to owners and shareholders; creating jobs and fair pay for workers; discovering new resources; promoting technological advancement, innovation, and the creation of new products and services. This sample represented 11.4% of the total sample. 14 respondents mostly drawn from middle management were of the view that legal responsibility plays a role in adoption of CSR since it entails expectations of legal compliance to prescribed legal statutes that a company or an organization must adhere to. From this perspective, society expects business to fulfill its economic mission within the framework of legal requirements. The sample that held this view represented 22.9% of the accessible population.

31 respondents from among the CSR staff appearing together for the interview held the view that CSR was an ethical responsibility. In their submission, ethical responsibility encompasses activities that are not necessarily codified into law, but nevertheless are expected of business by societal members such as respecting people, avoiding social harm, and preventing social injury. Such responsibility is mainly rooted in humane principles, and human rights commitments. This sample represented 50.8% of the accessible population.

9 respondents, representing the remaining 14.7% of the population held the view that CSR could be seen from the perspective of an organization's discretionary judgment and
choice, in terms of deciding on specific activities or philanthropic contributions that are aimed at giving back to society. The respondents stated that the essence of this type of responsibility lie in the belief that business and society are intertwined. Examples of such activities might include philanthropic contributions, or attempts at increasing literacy rates. However, the respondents warned that this type of responsibility is the most controversial of all since its limits are broad and its implications could conflict with the economic and profit-making orientation of business firms.

It is noteworthy that all respondents, before addressing specific factors that influence CSR in the bank were unanimous that an identification of the social issues that business must address and a specification of the philosophy of responsiveness to the issues is a paramount process. They further noted that recognizing that social issues may change over time depending on the industry in which firms exist: an effective responsibility performance entails a systematic attempt at singling out the social issues that are of most interest to the firm. A strategy or mode of responsiveness must also be identified, with a simple differentiation between reactive, defensive, accommodative or proactive responsiveness strategies. Fig 4.5 provides details for these data.
Fig 4.5: General factors for CSR

![Bar chart showing general factors for CSR](image)

Source: Researcher (2012)

Fig 4.5 shows that of all the general factors introduced, it emerges that one of the key factors for CSR practice entail ethical considerations. Accounting for over 50% of the total response rate, other factors including economic appear to be secondary as influencers of CSR practice. However, this preliminary data as obtained through introductory questions was not taken as conclusions. The study sought to inquire exhaustively into specific factors that have influenced the practice of CSR in SCB. The data has been presented as transcribed from verbatim accounts and its analysis presented at the end.
4.5.1 Strategic management factor

26 (15.8%) respondents tended to concur that following a global tendency, corporations are currently more concerned with social responsibility. There is a trend toward promoting corporate changes with deep strategic implications that must be associated with business strategies in the company in order to be efficient. The strategies define what businesses the bank runs, the economic and non-economic nature of their actions and contributions, and the relationship between shareholders, employees, clients and the community.

21 (12.8%) respondents were of the view that corporate strategy should be viewed as a much more complex concept than just economic choices, as executive decisions end up influencing and impacting a large number of stakeholders who are either directly or indirectly associated with the company. In this context, CSRS has become indispensable. All the respondents concurred that strategic decisions of international organizations such as SCB involve social as well as economic consequences, which are intimately connected. There exists interdependence between corporations and society, since a company’s activities have a direct impact on the communities with which they work. This can lead to either positive or negative consequences. Due to this considerations, the bank has appreciates that its strategists and executives should take into account societal expectations and decisions, as there can be some attractive alternatives when goodwill or services to society are considered. Decisions from the strategy formulation process should take into account the positive and negative impacts that may arise, not only for the business itself, but also for stakeholders and society in general.
4.5.2 Competitive Advantage

Analysis of Standard Chartered Bank Strategic Plan (2005-2015) indicates that for the bank, CSR has become a strong and irreversible part of its corporate actions. The plan further states that when managed effectively, CSR programs and projects can create significant benefits in terms of reputation and returns as well as the motivation and loyalty of employees. CSR can also contribute toward strengthening valuable partnerships. Respondents concurred that CSR strategies that the bank has adopted have shown the ability to create competitive advantages if used properly, pointing out that there is a positive association between strategic social responsibility actions and competitive advantage. Senior managers interviewed considered reputation to be an internal resource that should be well managed, as it is an important differentiating aspect and potential creator of competitive advantage.

Respondents from the CSR department of SCB and who inevitably handle CSR strategies as part of their daily duties demonstrated that corporate reputation can be a crucial element in increasing the purchase of products and services. Reputation is a powerful concept for business. The respondents further observed that executives and administrators as well as both internal and external stakeholders use reputation to evaluate and communicate their perception of CSR should help enhance this reputation and, consequently, create competitive advantage. 100% of the respondents argued that CSR is currently a source of competitive advantage that companies should employ in the quest for greater competitiveness and better results.
The respondents were unanimous that the creation of competitive advantage occurs through the implementation of strategies that add value and create benefits for one company when another company fails to do so. According to the bank’s strategic plan document, competitive advantage will be achieved by 2015 through specific corporate strategies. These include: (1) valuable, exploring the opportunities and neutralizing threats to the environment of the firm; (2) rare, not being present in any rival or potential rival company; (3) inimitable, so that others cannot imitate them; and (4) non-substitutable, meaning they do not have strategic equivalents.

The respondents were also unanimous that in order to create competitive advantage, CSR actions should be valuable, rare, inimitable and non-substitutable. However, the study established that the bank’s strategic plan is clear that there is only the creation of competitive advantage through CSR if the benefits to society really exist; as such benefits should be implicit to the philosophy of social strategies. To be a source of competitive advantage, CSR actions should create real and consistent results for society. Increased concern with external aspects as an internal value to strategic social decisions leads to reflection regarding courses of action, analyzing and anticipating the effects of the corporation behavior while predicting the potential positive or negative consequences. The respondents concurred that once CSR is well-rooted, it is not difficult to meet new market expectations, such as dealing with corruption, human rights, environmental management in the supply chain among other issues.
The respondents concurred 100% that CSR is rooted in the recognition that the banking businesses are an integral part of society and that as such they have the potential to make a positive contribution to social goals and aspirations. The respondents further noted that the basic idea of CSR is that business and society are interwoven rather than distinct entities. More generally, a distinction has been drawn between CSR seen as philanthropy as opposed to CSR as core business. A variety of factors were cited as being important in building the current momentum behind CSR. These include: greater stakeholder awareness of corporate ethical, social and environmental behavior; direct stakeholder pressures; investor pressure; peer pressure and an increased sense of social responsibility. Senior managers interviewed argued that CSR had gained increasing recognition among companies as an important element in new and emerging forms of governance because it helps them to respond to fundamental changes in the overall business environment. These changes include globalization and the responsibilities companies feel the need to address as they increasingly source products and services in developing countries; the issues of image and reputation, which have become increasingly important elements in corporate success; and the need for companies to recruit and retain highly skilled personnel. Corporate social accountability and reporting is therefore seen as a key driver for engaging the wider community as an important stakeholder in business activity.

Respondents also felt that companies and organizations are considered responsible to society as a whole, because they are an integral part of it. The main idea behind this view is that business organizations operate by public consent (license to operate) in order to
The respondents concurred 100% that CSR is rooted in the recognition that the banking businesses are an integral part of society and that as such they have the potential to make a positive contribution to social goals and aspirations. The respondents further noted that the basic idea of CSR is that business and society are interwoven rather than distinct entities. More generally, a distinction has been drawn between CSR seen as philanthropy as opposed to CSR as core business. A variety of factors were cited as being important in building the current momentum behind CSR. These include; greater stakeholder awareness of corporate ethical, social and environmental behavior; direct stakeholder pressures; investor pressure; peer pressure and an increased sense of social responsibility. Senior managers interviewed argued that CSR had gained increasing recognition among companies as an important element in new and emerging forms of governance because it helps them to respond to fundamental changes in the overall business environment. These changes include globalization and the responsibilities companies feel the need to address as they increasingly source products and services in developing countries; the issues of image and reputation, which have become increasingly important elements in corporate success; and the need for companies to recruit and retain highly skilled personnel. Corporate social accountability and reporting is therefore seen as a key driver for engaging the wider community as an important stakeholder in business activity.

Respondents also felt that companies and organizations are considered responsible to society as a whole, because they are an integral part of it. The main idea behind this view is that business organizations operate by public consent (license to operate) in order to
serve constructively the needs of the society. This societal approach, a new perspective on CSR, appears to be a strategic response to changing circumstances and new corporate challenges that had not previously occurred: it requires organizations to fundamentally rethink their position and act in accordance with the complex societal context of which they are a part. This therefore becomes a major factor that influences the nature of CSR practices any organization can initiate within the context of society.

4.5.4 Corporate Identity and Ethics

From the respondents, the study established that the key attributes that define a company’s essential character and the contemporary turn to values reflect an evolution in what has sometimes been called the personality of the corporation—or the corporation’s identity. The senior managers interviewed were of the view that corporate identity reflects what a company really is, rather than what a company might advocate. The managers stated that the bank’s idea of CSR starts with economic responsibilities and continues with legal, ethical, and discretionary responsibilities respectively. They therefore see CSR as a way of matching corporate operations with societal values at a time when these parameters are changing rapidly. All the respondents were unanimous that ethical behavior is a prerequisite for strategic CSR. A company’s ethical behavior is the mirror image of its culture, a shared set of values and guiding principles deeply ingrained throughout the organization and the ethical behavior and culture become part of the definition of corporate identity.
4.5.5 CSR and Accountability

The study established that one of the reasons that SCB engages in CSR is to reflect its value of accountability to stakeholders. According to the responses received, accountability is one of the processes through which the bank seeks to ensure integrity. Senior managers argued that in a global stakeholder society, accountability is among the key challenges of organizations. Responsible leaders are concerned with reconciling and aligning the demands, needs, interests, and values of employees, customers, suppliers, communities, shareholders, nongovernmental organizations (NGOs), the environment, and society at large. They further argued that the company's track record in terms of CSR accounting will be effective when appropriate CSR measures are included in its internal as well as its supply-chain activities. CSR requires accountability by all leaders, individuals, organizations, stakeholders, customers, and community members.

4.5.6 Leadership Capabilities and Competencies

The respondents were of the view that in the context of CSR, responsible leaders are defined as people of the highest integrity and deep understanding of difficult concepts such as sustainable development, committed to building enduring organizations in association with others, leaders who have a deep sense of purpose and are true to their core values. The respondents further noted that leaders of socially responsible organizations have been associated with the charismatic leadership style; the connection between top managers and firm outcomes depends to a large extent on the managers' charismatic leadership under conditions of perceived environmental uncertainty. Charismatic leadership style communicates an innovation vision, energizes others to
innovate, and accelerates innovation processes and CSR; interactive leadership characteristically empowers employees to innovate and to become innovation leaders themselves. Senior managers stated that a CEOs' intellectual stimulation is found to be significantly associated with the propensity of the firm to engage in strategic CSR, or those CSR activities that are most likely to be related to the firm's corporate and business-level strategies. It is for this reason that the bank has embarked on various CSR strategies. They are aimed at demonstrating the ability by senior management to perform effectively in an environment of uncertainty and ambiguity while reconciling the diversity of interests, needs, and demands of multiple stakeholders.

4.5.7 Economic factors

Respondents were unanimous that the experience of the last decade in the bank's operation in Kenya shows that the main reason for many companies and competitors to involve in social initiatives is a whole range of bottom-line benefits that could be associated with a responsible practice. This means that basically, the profit-motive or the enlightened self-interest is the one that determines companies engage in CSR activities. The respondents and especially the senior managers were of the view that CSR is not altruistically doing good, but rather a way for both companies and societies to prosper, especially true when the socially responsible initiative is conceived of as a long-range plan of action. The bank's strategic plan terms this situation. "strategic philanthropy" in order to reflect the efficiency of CSR as a management strategy and a crucial factor in the company's success.
Respondents from the CSR department emphasized the most important advantages of CSR in the SCB included increased sales and market share; strengthened brand positioning; enhanced corporate image; increased ability to attract, motivate and retain employees; decreased operating cost; increased appeal to investors and financial analysts. However, on technical grounds, the finance department was not able to provide any tangible improved earnings directly resulting from CSR. The records available detail the bank's cumulative earning and hence difficult to single out the contribution of CSR. However, an important aspect that the respondents articulated consolidated the idea that CSR is not a general panacea that only brings profits to a company, but rather a strategy for achieving corporate objectives and it should be carefully implemented. They reckon that CSR strategy may harm the competitive advantage of the firm if not carefully conducted. However, they concurred that on the positive side: corporate social responsibilities may lead to improved stakeholder relationship, enhance corporate reputation, and strengthen the business model of the firm. However, on the negative side, the respondents warned that the freely assumed corporate responsibilities can lead to reputation damage, misunderstandings and wrong perceptions, mainly based on a lack of knowledge, lack of credibility and lack of information.

Finally, the respondents appeared unanimous that CSR practice within SCB consisted of the integration of social, ethical and ecological aspects into business operations and decision-making, provided it contributes to personal success and financial bottom line. Senior management respondents were categorical that the clear and only motivation for CSR is the awareness of the business case: CSR is promoted if profitable, for example
because of an improved reputation in various markets. The financial criterion (highest expected profit, return on investment or shareholder value) is the most important when taking a decision with regard to CSR practices in the bank.

Table 4.9: Importance of CSR to the bank in terms of respondents rating

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Respondents' rating/61</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition by the public and stakeholders</td>
<td>58</td>
</tr>
<tr>
<td>Image and reputation enhancement</td>
<td>54</td>
</tr>
<tr>
<td>Staff motivation and loyalty</td>
<td>41</td>
</tr>
<tr>
<td>Financial efficiency</td>
<td>38</td>
</tr>
<tr>
<td>Influence on organizational values, culture, mission, goals</td>
<td>57</td>
</tr>
<tr>
<td>Product brand support</td>
<td>49</td>
</tr>
<tr>
<td>Market position support</td>
<td>59</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>50</td>
</tr>
<tr>
<td>Advertising / communications support</td>
<td>28</td>
</tr>
<tr>
<td>Staff recruitment and retention</td>
<td>31</td>
</tr>
<tr>
<td>Trust-building among stakeholders</td>
<td>46</td>
</tr>
</tbody>
</table>

Source: Researcher (2012)
Fig 4.6: Importance of CSR to the bank in terms of respondents rating

Fig 4.6 clearly shows that there are a number of ways SCB finds CSR an important strategy in its operations in Kenya. However, based on the respondents interviewed, these factors do not hold equal strength in terms of importance. For instance, among these factors, recognition from stakeholders, the mission and vision of the bank and product brand support appear to gain more ground as influencers of CSR practice in the bank. Respondents were of the view that these factors are the core reason why CSR should be part of the bank’s corporate strategy. Stakeholders are seen as the key reason why the bank is able to survive in a very competitive environment such as Kenya. Consequently, they are given priority in terms of programs that could be of benefit to them. CSR provides a platform for such programs.
On the other hand, the respondents appeared to concur that CSR is not simply an accidental event in the bank. It is enshrined in the bank’s overall mission and goal and hence the bank has an obligatory duty to practice it. The fate of products was also seen as key to the bank’s operations and hence a motivator towards CSR-related strategies that can help in marketing the bank’s various products. Fig 6 shows that factors such as staff retention and advertising are not regarded as strong influencers of CSR. Even though they might play a role, this role will not be as significant as the ones touching on stakeholders.

4.6 Contribution of CSR to the growth of the bank

The study sought to establish whether engagement in CSR activities had had any impact on the growth of the bank’s portfolio. Unlike previous responses that appeared to be drawn from a shared policy and hence quite unanimous or near-unanimous, this particular one drew mixed attitudes as well as responses. 23 respondents were of the view that CSR had a major impact on the growth of the bank. Although they could not quantify in terms of profits, they still strongly felt CSR had had a contribution to the bank’s presence in Kenya. This sample represented 37.8% of the total accessible population. 13 respondents felt although there had been some contribution from CSR strategies, they had not had a very big impact on the growth of the bank as compared to other growth strategies. This view was represented by 21.3% of the sample. 16 respondents did not see any contribution CSR had made towards the growth of the bank. To them, it was simply an obligatory exercise without much emphasis on contribution to growth. This represented 26.2% of the accessible population. 9 respondents, most of whom were new postings to
the bank were still not sure whether CSR had made any contribution to the growth of the bank's portfolio. This represented 14.7% of the accessible sample. Fig 7 shows this distribution.

**Fig 4.7: Attitudes of CSR's contribution to growth**

![Chart showing attitudes towards CSR's contribution to growth](chart.png)

Source: Researcher (2012)

### 4.7 Challenges for CSR in SCB

The study sought to determine whether there were any challenges facing the implementation of CSR in SCB. The respondents were unanimous that CSR reporting was a major challenge despite being a critical process of viability evaluation. According to policy of the bank, CSR reporting is the function of clarifying — in writing — which CSR measures the bank has taken during a set reporting period. The report can be used both internally and as a medium of public communication. The expenses of writing a report consist mainly of acquiring a control system for measuring performance and possible inspection by an external evaluator. However, according to a unanimous opinion
by the respondents, a report benefits the company by offering valuable information for internal decision-making, and it is an important tool in maintaining good stakeholder relationships. By reporting on CSR, banks can affect the way they are perceived. A good CSR reputation can be a valuable asset as stakeholders become more conscious, as well as when competitors are found lacking in the area.

Despite this important role of reporting, the respondents agreed that there were several challenges related to CSR reporting currently. As the want for transparency has occurred, many certificates and auditing procedures have appeared. Yet, as CSR is a voluntary concept, reporting guidelines have a weaker effect. Nonetheless, the effort put into reports grows. One problem that remains is selecting priorities. Ensuring that set objectives reflect those of the stakeholders is important. Another concern is the number and extent of actions reasonable to ask of companies. Because social responsibility fundamentally has no limits, finding the balance between expectations and possibilities is crucial. In the end, companies must be able to justify their choices to all stakeholders. For example, when CSR increases costs, the necessity and positive outcomes of the action must be clarified in order to maintain goodwill among the shareholders.

The respondents further noted that sustainability is a difficult concept for reporting. Companies have no proper means to report on, for example, how their actions have affected attempts to equalize income or have they contributed to overall environmental sustainability. Sustainability is a global concept, and cannot fully be assessed at organization level. Additionally, a single company is not as crucial as the range of companies affecting the ecosystem. Thus action should also be taken on a wider scale in
order to truly assess how the environment has been affected. Sustainability as a goal seems to require a higher geographic or community authority to control resources.

In addition, a voluntary concept is suggested only to be credible if most people are willing to accept and commit to the terms. The other option is further official regulation; legislation would, undeniably, increase the number of reports. Also, the quality of voluntary reporting is problematic. As some metrics are chosen to be reported, major social issues like affected increase in consumption or distribution of wealth can remain overlooked. The respondents, and especially from the finance section of the bank strongly felt that auditing a CSR report should be regarded equally important as financial auditing. Development suggestions for the current reporting practices needed to be taken into consideration. Without defining the terms relating to CSR systematically and universally, consistency cannot be achieved. Legislation that requires straightforward reporting would also increase the comparability of reports and offer an objective guide to reporting undependable of the reports of leading companies. The measures of sustainability should be inspected in order to rule out the obsolete ones. Furthermore, sustainability itself should rather be seen as a systems concept instead of an organizational theory. These are issues the respondents and more importantly the bank management are aware of but whose logistics of implementation still pose a challenge.

In addition, the respondents were of the view that although the financial power of bank could be efficiently used in order to tackle social issues, the main hindrance it experienced was the need to enhancement of experience and sound methodology in estimating the value of the social goods / services they are providing or the confronting
social needs of the stakeholders. The respondents contended that businesses lose by the
loss of effective voting controls in determining organizational policy; consequently, a
business such as SCB can suffer unexpectedly when trying to allocate resources outside
its area of competence.

Further, the respondents were of the view that competing vigorously in open markets will
always be unreliable in continuously providing general social outputs. They consider that
a paradox could be identified when the more the business involves itself in social causes,
the more those causes become vulnerable to future decreases of funding. The challenge
therefore is to regulate spending outside the core functions of the business and
prioritizing based on tangible expected returns. However, due to increased competition
for a share of the market, allowances of risk have to be taken in directing funds to social
causes.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This study has demonstrated that apart from factors, there is growing interest among managers and executives, especially at multinational and multi-divisional companies, in the antecedents and significance of corporate social responsibility (CSR). Corporate leaders are attentive to the fact that business norms and standards, regulatory frameworks, and stakeholders' demands for corporate social responsibility (CSR) can vary considerably across nations, regions, and lines of business (McWilliams, Siegel, & Wright, 2006). Corporate social responsibility (CSR) consists of the economic, legal, ethical and discretionary responsibilities of firms towards their stakeholders (Maignan & Ferrell, 2000).

Demands for corporate social responsibility (CSR) come from external stakeholders, such as communities and societies with general expectations or governments with explicit requirements of social legitimacy (Wood, 1991). Some of corporate social responsibility (CSR) demands come from internal stakeholders, such as moral and relational needs of employees (R.V. Aguilera, Williams, Conley, & Rupp, 2006). Of interest, then, is what shapes a firm's CSR response arising from stakeholders' demands. Moreover, scholars have claimed that the inclination toward socially responsible corporate behavior differs across countries and much more research is needed to recognize why (Maignan & Ralston, 2002).
Several scholars have viewed strategic planning (Carroll & Hoy, 1984; McWilliams et al., 2006), as a crucial way that firms use to address stakeholders to assess their expectations. Through an active analysis of the environment, for instance, firms account for issues of government regulations, social nature, communities and societies, and develop proper responses (Burke & Logsdon, 1996). Mintzberg (1994) defined strategic planning as "the articulation and elaboration of strategies, or visions, that already exist."

On the basis of definition of strategic planning, Carroll and Hoy (1984) argued that a firm’s strategic planning efforts should guide all those activities necessary to adapt the environment, also including those associated with corporate social responsibility (CSR).

McWilliams and Siegel (2001) defined CSR as an action that perform to further some social good, beyond the interests of the firm and social that which is required by law. Dahlsrud (2008) did an analysis of several definitions and inferred that corporate social responsibility (CSR) is the practice through which firm’s try to improve all its actions concerned with the five organizational dimensions: stakeholders, social, economic, voluntariness and environmental. However, this study, in the determination of factors that influence CSR in international banks, relied on the operational definition of Maignan and Ferrell (2000). They defined CSR as actions of firms carried out to meet the economic, legal, ethical, and discretionary responsibilities that are imposed on them by their stakeholders. Economic responsibility refers to producing profits and meeting consumption needs, and legal responsibility of firms’ is to fulfill their economic
operations and mission within a legal framework. With respect to the ethical responsibilities, firms have an obligation to obey moral rules defining appropriate behaviors in society. Finally, discretionary responsibilities are those business deeds that are not mandatory but are anticipated by stakeholders as an evidence of good citizenship.

The study established that stakeholders have a much greater influence on decisions as to whether an organization will adopt CSR strategies or not. This position is validated by other similar studies in the past. For example, a Walker survey (1994) showed that half of the consumers are more likely to purchase from an organization which has good social reputation, while six in ten are more likely to avoid an organization with a bad reputation. In addition, research conducted in 1999 by “Fleishman-Hillard”, an international public relations agency, found that eighty-six per cent (86%) of the respondents would consider themselves more likely to buy a product or service if they learnt that Brown and Dacin (1997) showed that a negative image of CSR can damage the consumer’s valuation of a product or a service while in contrast a positive CSR image can improve product evaluations. Hence, CSR can create the context where the consumer develops purchase intentions because he/she has a positive image for the company. A survey conducted by Creyer and Ross in 1997 highlighted the way consumers think about corporate responsibility issues and the factors that influence their purchase decisions. Among others, consumers reported that they expect corporations to behave ethically; they included the ethicality of a firm as one of the key factors they take into account when purchasing and they are ready to reward ethical actions by paying higher prices for a product from an ethical company. In the same direction, the UK TGI survey for 2002
indicated that sixty-seven per cent (67%) of respondents agree with the statement ‘it is important that a company acts ethically (McWilliams & Siegel, 2001).

The study also established that despite the success of CSR both in practical terms and theoretical studies worldwide, challenges existed that could prove detrimental to the strategy in the long run. Issues of strategic prioritization, organization of implementation, real or perceived benefits, strained funding and increased competition were among those cited by respondents. Consequently, the government was called upon to insulate business engaging in CSR from unfair competition and provision of incentives such as tax waivers. This would in return enable businesses to have sufficient funds to run core business as well as contribute to communal well-being through CSR practices.

This study therefore found that just as stated in the wide literature cited, CSR is not simply a secondary strategy in the banking sector and more so international banks operating in host countries. CSR is a strategy that is driven by various factors of varying strengths and influences. The banks identify priority areas and target their CSR programs towards these areas. However, what emerged clearly was the importance of stakeholders as a factor in the adoption of CSR practices.

5.2 Conclusions

In conclusion, the study found that Corporate Social Responsibility represents the new millennium challenge and a truly paradigmatic shift for business corporations. There is increasing evidence that the CSR movement has picked up enough momentum to
continue unabated into the next century. But while there have been important breakthroughs in the theoretical understanding of CSR, empirical studies on validation of influencing factors have remained scant. Specifically, there is a scarcity of research addressing the influencing factors, philosophy and practice of CSR in developing countries such as Kenya. This study has attempted an effort towards that direction.

There was thus an overall consensus on the importance of the community as a critically important stakeholder, with a parallel emphasis on the discretionary CSR domain. As articulated by over 85% of the respondents; company needs to be in tune with the societies and communities in which it makes a living; this implies going beyond economic, legal and ethical responsibility and aligning itself with the community in which it operates. A similar conception of CSR was expressed as a realization that the bank operated within a bounded space and that giving back to the community was paramount; investing in the community implied a better environment to conduct the bank’s core business.

There was also evidence provided both by respondents and secondary records available at SCB that the bank’s approach to CSR is an inclusive one comprising of various strategic fronts in human resources, stakeholders and the community in which they live as well as environmental concerns. In addition, the bank’s CSR strategies extend its cover to assisting those with special needs through raising of funds from events such as the annual marathon. Proceeds from such events are directed towards cases that have been identified and which the bank feels an obligation to cover.
Although a sense of ethical obligation/responsibility was implicitly detected, the type of CSR explicitly referred to and emphasized invariably took the form of discretionary type activity. CSR in the SCB context is therefore largely understood to comprise the philanthropic contributions that business firms make over and above their mainstream activities. Nevertheless, the everyday activity of business has a much more profound social impact than its small voluntary community contributions, however valuable. The realization of this profound connection between the different facets of everyday activity of companies (e.g., economic, legal) and the well-being of society seems to have equal importance as influencing factors in the SCB context.

The study strongly established that Corporate Social Responsibility (CSR) is hardwired into the culture of Standard Chartered Bank (SCB). The executive team and board members of SCB set the CSR strategies that permeate this international bank. Respondents were unanimous that SCB has a responsibility to positively shape the communities in which it serves. SCB’s long term strategy of sustainable finance is achieved through setting the standards and requirements with regard to their clients’ approaches to the environment and society. Their long term strategy proves that a sustainable corporate approach to CSR helps, not hurts, the bottom line. Based on the knowledge and insight gained while visiting SCB to conduct this study, it is concluded that the integration of socially, environmentally, and financially responsible practices into the culture and value system of a company is important to ensure that CSR initiatives are effective and sustainable.
5.3 Recommendations

Although the study has highlighted the various factors that influence the practice of CSR at SCB this cannot be taken to be a conclusive undertaking on its own. Further research is required to determine especially why some factors have a far greater influence than others. Do these factors grade themselves naturally in a hierarchy of influence or stakeholders/the bank actually determines on their own the order of preference?

Second, content analysis did not reveal any direct connection between CSR and the banks financial profitability. The respondents merely alluded to perceived profitability in terms of increased customer portfolio. There was no evidence from the finance department of any actual figures CSR had contributed to the overall bank's profitability. Studies are therefore required to validate economic gains as a factor that would influence the practice of CSR in the bank or any other organization. Questions as to whether CSR provides a platform for an organization to increase profits and gain competitive advantage need to be addressed through an empirical research.

Lastly, this study was one sided. It focused on factors CSR practice from the point of view of the organization of the bank. The study therefore recommends that future studies on CSR should establish whether stakeholders are ever involved in deciding on the nature of CSR activities that target their communities. Are CSR activities simply imposed on communities or there are any credible bilateral and inclusive consultations to arrive at activities based on urgent needs or priorities.
REFERENCES


Burnes, B. (1996). No such thing as...a “one best way” to manage organizational change. Management Decision, 34 (10):11-18.


Appendix
Interview Guide

Name of respondent (optional)........................................................................

Position (Senior manager/middle level manager/finance/CSR staff/other staff)

1. What is your understanding of CSR?

2. Why has CSR become almost a compulsory practice in organizations lately?

3. When would you say SCB initiated CSR related practices?

4. What CSR initiatives does the bank run so far?

5. How would you describe the success of these CSR projects?

6. Would you say the practice has been sustainable so far?

7. If yes, what factors would you attribute to this sustainability?

8. Did the bank simply decide to start CSR projects or there are factors that inspired this?

9. If yes, kindly explain some of the major factors, which in your opinion, made SCB to undertake CSR

10. How is each of the factors you have explained important to the bank?

11. Of the factors you have explained, which among them do you think inspires the bank towards CSR the most and why? Or do they all carry equal importance?

12. How long do you see the bank sustain CSR projects?

13. In your opinion, has CSR contributed to overall growth of the bank?

14. If so, please explain briefly some of the areas it has a played a role in the growth of the bank

15. In your opinion, are there any challenges that have faced CSR in SCB this far?

16. Do you have any other information you would like to share with regard to CSR in SCB?

I wish to thank you for your time and re-assure you that the information you have shared with me will remain confidential and will only be used for the academic purposes for which it is intended.