AN INVESTIGATION INTO THE FACTORS AFFECTING CORPORATE
SOCIAL RESPONSIBILITY AMONG PUBLIC ORGANIZATIONS IN
KENYA: (CASE OF KPLC CO.)

BY

JOEL K. KEMEI

D53/R1/11510/04

A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTER OF BUSINESS ADMINISTRATION (HUMAN RESOURCES
MANAGEMENT OPTION)

SCHOOL OF BUSINESS

KENYATTA UNIVERSITY

MARCH 2008
DECLARATION

I hereby declare that this Research project report is my original work and has not been presented for an examination in any other University.

Signature........................ Date..........................

JOEL K. KEMEI
D53/RI/11510/04

This research project report is submitted to the School of Business for Examination with my approval as the university supervisor.

Signature........................ Date..........................

SHADRACK K. BETT
DEPARTMENT OF BUSINESS ADMINISTRATION

This research project report is submitted to the School of Business for Examination with my approval as the university supervisor.

Signature........................ Date..........................

DOMINIC NGABA
CHAIRMAN, DEPARTMENT OF BUSINESS ADMINISTRATION
KENYATTA UNIVERSITY
DEDICATION

This research is dedicated to my loving parents
ACKNOWLEDGEMENT

This research work has been made possible with the help of various people to whom I owe appreciation and acknowledgement.

I would like to sincerely acknowledge Mr. Bett Shadrack, my supervisor who gave me a lot of tit-bits without which this study would not have succeeded. I would also not hesitate to appreciate the efforts of my comrades like Kipyegon and others, and my colleagues including Miriam, Emmy and my immediate boss Mrs Soy Beatrice for their help, guidance and support. I also thank my employer KENGEN for the support and financial support, the management of KPLC for their authority to do the research within their organization. I also thank all the respondents for their time and responses, without which I would have had any data to analyze.

I also wish to appreciate my wife and children for their dedication and patience during the study since I took a lot of time away from them.

Finally I return all glory and honor to my savior and redeemer Jesus Christ for the life thus far.
This study sought to look into the factors that influence corporate social responsibility at Kenya Power and Lighting Company. This was done using the stakeholder model. Literature reviewed provided a discussion of the historical background of CSR function and its recent trends.

The study adopted a descriptive research design with a target population of 288 employees of KPLC based in Nairobi Area. Stratified sampling was used with a 25% sample rate obtaining a sample of 72 employees. Closed ended questionnaires were used to collect primary data as well as secondary data. From the data collected, 82% of the respondents had worked in the organization for more than 5 years. Ninety seven percent (97%) said that the company had a CSR policy, which dealt with issues like environmental conservation, health and safety of their employees, education for the community and the employees as well as the health of the community that they served. Thirty-eight respondents indicated that the operations of the company are affected by the CSR, which was carried out regularly as said by seventy six percent (76%) of the respondents.

Questionnaire was used to collect data, which was analysed using descriptive and non-parametric methods. The study found out that policy, concern for employees, customer, environment and community affects CSR at KPLC. However, there is need to establish to what extend do each of these factors affect CSR at the company, a gap which needs further research.

On the factors influencing CSR at KPLC, 62% said that the society influenced significantly, ninety two percent (92%) said that the nature of products of the company influenced CSR and another seventy seven percent (77%) said yes to health and safety, while for environment sixty three percent (63%) said yes it did influence. For poverty eradication, forty six (46) of the respondents said that they were not sure whether it influenced CSR. The study recommends that the company should set up a fully fledged CSR department and establish defined CSR programmes aimed at addressing its stakeholders concerns.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>I</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>III</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>IV</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>V</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>IX</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>X</td>
</tr>
<tr>
<td>DEFINITION OF OPERATIONAL TERMS</td>
<td>XI</td>
</tr>
<tr>
<td>LIST OF ACRONYMS AND ABBREVIATIONS</td>
<td>XIII</td>
</tr>
<tr>
<td><strong>CHAPTER ONE: INTRODUCTION</strong></td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background to the Study</td>
<td>1</td>
</tr>
<tr>
<td>1.1.1 Background of KPLC</td>
<td>3</td>
</tr>
<tr>
<td>1.2 Statement of the Problem</td>
<td>5</td>
</tr>
<tr>
<td>1.3 Research Objectives</td>
<td>7</td>
</tr>
<tr>
<td>1.4 Research Questions</td>
<td>7</td>
</tr>
<tr>
<td>1.5 Significance of the Study</td>
<td>7</td>
</tr>
<tr>
<td>1.6 Scope of Study</td>
<td>8</td>
</tr>
<tr>
<td><strong>CHAPTER TWO: LITERATURE REVIEW</strong></td>
<td>9</td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>9</td>
</tr>
<tr>
<td>2.2.1 Previous Studies done on CSR</td>
<td>9</td>
</tr>
</tbody>
</table>
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATION

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>INTRODUCTION</td>
<td>41</td>
</tr>
<tr>
<td>5.2</td>
<td>SUMMARY OF FINDINGS</td>
<td>41</td>
</tr>
<tr>
<td>5.3</td>
<td>CONCLUSIONS</td>
<td>43</td>
</tr>
<tr>
<td>5.4</td>
<td>RECOMMENDATIONS</td>
<td>44</td>
</tr>
<tr>
<td>5.5</td>
<td>SUGGESTIONS FOR FURTHER RESEARCH</td>
<td>45</td>
</tr>
</tbody>
</table>

REFERENCES ........................................................................................................... 46

APPENDICES ........................................................................................................... 49

APPENDIX 1 LETTER TO THE RESPONDENT ................................................................. 49

APPENDIX 2 QUESTIONNAIRE .................................................................................. 50
LIST OF FIGURES

Figure 2:1: The Conceptual Framework ................................................................. 23
Figure 4.2:1: Respondents by Gender ................................................................. 30
Figure 4.3:1: Does the Company have a CSR policy? ....................................... 32
Figure 4.3:2: Frequency of CSR functions ......................................................... 34
Figure 4.3:3 Is there a policy on Environmental Conservation? ......................... 36
Figure 4.3:4: Nature of product ....................................................................... 37
Figure 4.3:5: Does the nature of the Product influence Operations? ................. 38
Figure 4.3:6: To what extent does the Society influence CSR? ......................... 39
# LIST OF TABLES

Table 3.1: Target Population ......................................................................................... 26
Table 3.2: Sample Design .............................................................................................. 27
Table 4.2.1: Response Rate per department ................................................................. 29
Table 4.2.2 Response by job category .......................................................................... 31
Table 4.2.3 Length of Service ....................................................................................... 31
Table 4.3.1: Do you agree with the following? ............................................................... 35
Table 4.3.2: How significant is CSR on the following? ................................................. 40
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>A particular area or place, considered together with its inhabitants.</td>
</tr>
<tr>
<td>Corporate Citizenship</td>
<td>Is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. The aim of Social responsibility is to create increasingly higher standard of living, while preserving the profitability of the corporation for its stakeholders both within and outside the corporation.</td>
</tr>
<tr>
<td>Corporate Philanthropy</td>
<td>A company’s actions that bring benefit to local communities and others, as well as add value to the Company or brand reputation. These activities are often carried out through community affairs programmes, as opposed to as part of the company’s core activities.</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>A company’s action that contribute to sustainable development through the company’s core business activities, social investment and public policy debate.</td>
</tr>
<tr>
<td>Non-Governmental Organization</td>
<td>an organization that is not for profit and is independent of government. Stakeholder Used in business sector to refer to all those who are linked to it or affected by its activities, including shareholders, employees, customers, suppliers and communities in which the business operates.</td>
</tr>
</tbody>
</table>
Stakeholder
Used in business sector to refer to all those who are linked to it or affected by its activities, including shareholders, employees, customers, suppliers and communities in which it operates.

Triple bottom line
The triple bottom line focuses corporation's not just on economic value they create, but also on the environmental and social value they add and destroy. At its narrowest, TBL is used as a framework for measuring and reporting corporate performance against economic, social and environmental parameters.

Business Ethics
This is the ethical dimension of the firm and it focuses on promotion of good and interests both for the individuals within it and those it interacts with. It is premised on altruism i.e. consideration for others as opposed to egoism, which is self, centered. It is the foundation of CSR practice in organizations.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>Corporate social responsibility</td>
</tr>
<tr>
<td>EDF</td>
<td>Electricity de France</td>
</tr>
<tr>
<td>E. HOUSE</td>
<td>Electricity House</td>
</tr>
<tr>
<td>ERB</td>
<td>Electricity Regulatory Board</td>
</tr>
<tr>
<td>FKE</td>
<td>Federation of Kenya Employers</td>
</tr>
<tr>
<td>KenGen</td>
<td>Kenya Electricity Generating Company</td>
</tr>
<tr>
<td>KPC</td>
<td>Kenya Power Company</td>
</tr>
<tr>
<td>KPLC</td>
<td>Kenya Power and Lighting Company</td>
</tr>
<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
</tr>
<tr>
<td>TBL</td>
<td>Triple Bottom Line</td>
</tr>
<tr>
<td>TRDC</td>
<td>Tana River Development Corporation</td>
</tr>
</tbody>
</table>
CSR 1  Corporate Social Responsibility

CSR 2  Corporate Social Responsiveness
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Over the past ten to fifteen years ‘corporate social responsibility’ (CSR) has become an iconic buzzword. The idea that business can and should be responsible, that they must give back to society, is accepted widely. Examples of such socially responsible activities include philanthropy, volunteer work, and the reduction of environmental impact (Carr, et al., 2004).

The interest of Business Corporations in social welfare of its stakeholders particularly communities within which they operate has become one of the major emerging management issues in the recent past. With societal consciousness having risen to an all times high, the realm of stakeholders that Corporations must attend to has widened. It is suffice to point out that, demand on business has gone beyond mere payment of taxes, provision of quality goods and services and profits growth to Corporate Social Responsibility.

Logan. et.al (1997) describes C.S.R as meeting within reasonable means the expectations of all societal stakeholders to maximize the company’s positive image on its social and physical environment. It involves the idea that the corporation has a broader constituency to serve than that of stockholders alone. In more recent years, the term “stakeholder” has been widely used to express this broader set of responsibilities. CSR has been used interchangeably with concepts such corporate citizenship, corporate social performance, sustainable development, philanthropy and of late corporate social responsiveness.

The emerging belief that corporations have a greater responsibility to civil society than solely that of driving the economic system through the generation of profits has placed pressure on
companies to integrate social and environmental considerations into their business models. Whether this is driven internally through corporate leadership or externally through stakeholder pressure, the demand for corporations to meet the evolving values, interests and expectations of society has led businesses to rethink their mandates (Gawel, 2006).

A larger percentage of organizations particularly within the public sector in Africa and in particular Kenya are yet to appreciate the importance of CSR. The few, which practice CSR, does so because of three principal reasons namely, dependability on their responsiveness to external environment, State or local authorities' regulations and enhancement of their constant viability. However, over the past few years, the corporate world in Kenya has witnessed a flurry of activities on the CSR front. In fact, a few blue chips have raised CSR programmes a rank higher by establishing foundations to spearhead it. These companies include Celtel, Safaricom, Kenya Commercial Bank, and East African Breweries all of which from private sector. Graafland (2004) indicates that whatever the nature of the corporate social responsibility instituted by a firm, it must be undertaken with transparency objective in mind for its impact to be appreciated.

The major problem among others which faces the practicing of CSR in Kenya by organizations is lack of awareness of its importance to business and government or secular policy guidelines. Due to increasing consumer awareness courtesy to media houses for introducing “Consumer Alert” programmes and increased government regulations evidenced by ever rising regulatory bodies and the number of organizations practicing CSR is steadily growing note withstanding the adhoc style of practicing it. This is particularly true in the electric power sub sector. Gerishon Konditi (2005), Executive Director of Kenya Federation of Employers and Electricity Regulatory Board members noted that though safety and
environment. He urged particularly the Kenya Power Lighting Co. to compensate customers who loss property and appliances due to faulty power systems, protect the environment and ensure security of its staff. Materi Kereri (2005), then Executive Chairman E.R.B asserts that K.P.L.C aging distribution systems and poor compensation of customers are the firms undoing in business and is one of the reasons why the company has been making losses. The junk of its revenues going to compensation, which with a socially responsible behavior by the company and its staff would not occur. Therefore there is need to investigate factors and the extent to which they affect CSR in public firms.

1.1.1 Background of KPLC

The Electric power industry in Kenya dates back to 1922 when East African Power and Lighting Limited, was incorporated to generate and distribute power. The company changed its name to The Kenya Power and Lighting Company Limited (KPLC) through special resolutions in 1983. In 1954 Kenya Power Company Limited (KPC) was incorporated as a private company and later converted to a public company in 1955. KPC was to raise funds from the international markets to construct a transmission line from Tororo to Nairobi to facilitate power import from Uganda and to develop power-generating facilities including geothermal resources.

The reforms of the Kenya’s power sub-sector commenced in 1996 with the purpose of creating a legal and regulatory framework to enhance efficient use of resources dedicated to the supply of electricity to the economy and also to encourage private sector investment in the industry. In this respect, the Government engaged the services of consulting Electricity de France (EDF) whose terms of reference was the separation of the generation function from transmission and distribution on respective management organization
structures, bulk supply and retail tariffs. Consistent with the recommendation, the Government commenced the reforms with the merger of Tana River Development Corporation (TRDC) with Kenya Power Company (KPC) in 1997 to form the new KPC. This was followed by the transfer of all the public generation facilities under KPLC, Tana and Athi River Development Authority (TARDA) and Kerio valley Development Authority (KVDA) including those under construction to the new KPC. The transmission and distribution assets were put under KPLC. The company purchases its 90% of electric power from Kenya Electricity Generating CO. which generates it in remote areas of Kenya, e.g. Seven forks and Turkwel gorge generation plants. The generated power is transmitted by K.P.L.C through use of transmission lines where they are stepped -down at substations from where it is distributed to consumers.

K.P.L.C supplies electric power, which is an essential service and therefore it, is important that it is safe and reliable to its large and rather complex customer base of over 800,000 customers. It has to ensure that it provides for ten meters safe corridor in its distribution in 11 kV electric power load (lines). The process of electric power transmission involves relocation, mobilization, compensation and resettlement of communities close to transmission lines and it also requires safe corridors. Over 90% of electric power in Kenya is sourced from natural resources namely water and steam and therefore the sector have a lot to do with environment and community. The firm interacts a lot with the communities and the environment not to mention customer demand and employees expectations. As a result of this, there have been feelings that affected communities (people) should be provided with electric power and employment, which the company may have not been able to provide due to technical or financial reasons.
The many deaths, which have occurred due to exposed wires or violation of safe corridors as required by electric power provisions is a manifestation that KPLC needs to address its CSR concerns. Equally, due to poor provisions of protective clothing and wear, the company has lost some employees and revenue due to compensation as a result of harm caused by faulty electric power systems. In 2003, unionisable staff protested due to lack of protective clothing and wear leading to huge losses.

The construction of transmission lines also affects the environment and ecosystems. The trees and bushes including settlements beneath transmission lines are normally cleared. This has raised environmental concerns from the environmentalists and non-governmental organizations. The K.P.L.C In-house Magazine, The Stima (1st quarter 2006) underscored the important role of energy sector and in particular K.P.L.C in conservation of environment and thus eco-systems. The extent to which CSR function at KPLC is affected by concern for customer, community, workforce, environment and policy is the thrust of this investigation report.

1.2 Statement of the Problem

In view of the background of the study, it is very clear that organizations within energy sector and in particular KPLC has a big role of CSR. However, whereas it is important for organizations within the energy sector to be socially responsible, there are many factors that can influence the practice of CSR. According to Ben Davies of CSR Europe in his survey conducted in Europe in February 2006, CEOs and Boards, consumers, NGO’s and National Governments influences CSR practices greatly in that order. At the moment, it is generally accepted that Public firms equally has a role in CSR but however studies nor investigations has not been done to ascertain factors which affect CSR in public firms particularly within
the energy sector. While a considerable number of papers on the subject present concrete achievements, there has been relatively little in-depth work carried out on the mechanisms (factors) that lead to successful CSR.

In addition, there seems to be a growing commitment by the business sector overall to pursue policies, make decisions and follow directions and actions that are congruent with the overriding objectives and values of the societies in which that business is embedded (Loza and Ogilvie, 2001). However, whereas it is important for Organizations in the public sector to be socially responsible, there are many factors both internal and external that can affect the practice of CSR. These factors usually take the form of concerns of stakeholders of the firm.

Armstrong (2000) indicates that provision of social welfare facilities by firms is a responsibility of firms and Pearce (2000) asserts that environmental and customer concerns are among the key factors of CSR in firms. Therefore from the previous research done and views of above quoted authors, it can be generally concluded that a number of factors affecting practice of CSR. However these factors, which affect CSR particularly in the public sector firms in Kenya, is yet to be established and documented.

In view of the afore mentioned, there was need to investigate factors that affect CSR. This study therefore, sought to investigate the factors affecting CSR among public organizations with particular reference in the energy sector with KPLC as a case study.
1.3 Research Objectives

The broad objective of the study was to investigate the factors that affect the practice of Corporate Social Responsibility at KPLC. However, the research concentrated specifically on the following objectives:

1. To find out whether company policies influenced CSR.
2. To determine if a concern for employees affected CSR.
3. To investigate whether the nature of products and services (customer care) that the company produces or provides had a significant influence on CSR.
4. To find out if environmental concern and welfare for the society affected CSR.
5. To recommend to the management the factors that affects their CSR activities and the possible solutions to CSR concerns.

1.3 Research Questions

The study sought will seek to answer the following questions:

1. To what extent do the company policies affect the practice of CSR at KPLC?
2. Do the concern for employees in the organization influence CSR?
3. How does the nature of products and services produced and offered affect CSR?
4. To what extent do environmental concern and the welfare of society affect CSR?

1.4 Significance of the Study

This research report is considered to be of great importance to various groups. It will help the top KPLC management in that it will be able to understand the needs and demands of the society in which they operate as well as the concerns of its employees. The government regulations and policies on the environment will also be an issue to be considered by the management. On their hand, the employees will also be able to understand their societal roles
that they should be performing on daily basis, as the society is their consumer base and they cannot afford to neglect their demands.

The research report will also benefit other public organizations, which understand the need to implement CSR programmes. It is inevitable for them and thus will require having baseline information in which to base policy formulation and implementation on the CSR practice.

The research, since it shall not be conclusive in itself, will also provide a research field where gaps will exist for researchers who will need to conduct further research on these emerging management phenomena.

1.6 Scope of Study

Kenya Power and Lighting Company comprise geographical regions and this study focused in Nairobi Area. The study further focused on Stima Plaza depot, which is the headquarters of K.P.L.C as a sample.

The population sample for this study comprised Top, Middle and Operational levels of members of staff from Corporate Communications, Human Resources, Finance and Customer service Divisions. A sample of all the staff based in the four departments was taken and used in the study. Further the study addressed CSR issues with a focus on policy, workplace, marketplace, environment and community.

The status, form, and factors affecting establishment and sustainability of CSR policies, practices and programs at Kenya Power Lightning Company was be investigated and analyzed. The study took into account, department, job category and sex in sampling.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature that is considered relevant to the problem of this study. The chapter reviews literature in the following subtopics: Definition of corporate social responsibility, historical overview, previous studies on corporate responsibility, and the theoretical framework. The chapter also provides the conceptual framework, which was adopted for this study.

2.2 Previous Studies done on CSR

The history of corporate social responsibility stretches back for centuries; however, the best-documented information regarding the impact of business on society begins in the 1950's. Formal writing was published primarily in the United States, although footprints of CSR are evident throughout the world (Carroll, 1999).

The concept of C.S.R thus came into its own during this period of time as a response to the changing social values of society. Business executives began to talk about the social responsibilities of business and to develop specific social programs in response to problems of a social rather than economic nature. It began to be appreciated that corporations are more than economic institutions - they have a responsibility to help society to solve pressing social problems many of which corporations helped to cause by devoting resources to the solutions of these problems. However the origin of CSR can be placed within the firm where employees started to demand increased well being which included health, safety and commensurate wages.
The twentieth century saw a shift from paternalistic treatment of employees to an approach where corporate beneficiaries expanded to include employees. Greater focus on the community emerged in late twentieth century with the development of corporate philanthropy.

The modern era of corporate social responsibility begins in this decade with the publication of Howard R. Bowen, "Social Responsibilities of the Businessman". This and future publications earned him the unofficial title "Father of Corporate Social Responsibility" (Carroll, 1999).

Different authors have defined corporate social responsibility differently. Bowen’s work established the initial definition of “social responsibilities of business” as the obligation of business to operate their activities in line with objectives and values of society (Carroll, 1999). The idea that business should think of its actions beyond pure profit resonated with businessmen of the era.

The Harvard Business Review (2003) reports that CSR is a mutual interaction between the company and participants (stakeholders) in its environment to meet not only its economic but also its social objective. The definition and application of CSR depends on the particular firm’s objective and the motivation for getting involved with stakeholder expectations. Further, European Commission Green Paper (2001) defines CSR as company’s voluntary contribution to society and environment. Kibas (2004), in his paper presented at FKE workshop in Kenya, on impact of CSR defined it as companies involvement in responsible practice in separating and balancing the social, economic and environmental components of
the business while building shareholder value. This definition suggests a balancing of shareholder profit motivation and societal, economic and environmental contribution.

In spite of the varied definitions in terms of emphasis, the nature of corporate social responsibility basically remains the same irrespective of the firm's orientations. For purposes of understanding and simplicity, CSR can be referred to as Corporate Social action. The nature of corporate Social action includes its focus or target of corporate efforts e.g. arts, education, health service, and the form that it takes e.g. Cash, in-kind donations, voluntarism and level (amount). From the definitions, there is wide consensus that corporate social action refers to the set of social problems or needs that corporate activities are intended to mitigate or benefit. The form of corporate Social action can be systematically categorized into cash, volunteerism, in-kind donations and non-commercial sponsorship. Level of corporate social action refers to the amount spend by a company on Social activities whose obvious measure is financial though the level can be quantified in non-financial terms such as the number of Corporate Volunteer hours.

Recent research reveals CSR to be popular amongst companies, particularly large corporations with many stakeholders. For instance, a survey carried out in Canada showed that 69 per cent of companies had a social marketing campaign when surveyed in 1996. In Australia, a 2000 Price Waterhouse survey revealed that 97 per cent of Australian companies identified CSR to be important to a business's success (Lupi, 2001).

Further research indicates that there is also a wealth of research indicating the 'bottom line' value of CSR. However, the predominant notion of CSR that Australian company leaders are ready to implement is balanced, with 74 per cent saying that a company's main duty is to
remain profitable. Their efforts at CSR were varied, but the minority have an integrated strategy. Most are involved in environmental projects (67%), while 61 per cent participated in philanthropy. Only 11 per cent implemented public education programs, 7 per cent were involved in community partnerships and only 21 per cent used social auditing as a measure of progress (The Common Good, 2000).

The subject of Social responsibility received some attention prior to the 1960's, but it was societies concern with social issues in those years that made the concept of responsibility of major importance to business organization.

However, beginning in the 1970's, a theoretical representation began to take place regarding the corporation’s response to social environment. This new approach was labeled “Corporate Social Responsiveness”. It signified shift from responsibility (obligations) to responsiveness (voluntary). Fredrick (1978) referred to Corporate Social Responsibility as CSR, and corporate Social Responsiveness as CSR 2. This shift this new concept of social responsiveness was defined by Fredrick (1978) as the capacity of corporations to respond to social pressures.

2.2.2 Policy Guidelines on CSR

Studies have raised whether CSR entails the implementation of voluntary initiatives or whether it is simply seen as compliance to regulation in the various areas related to society and the environment. Friedman argues that CSR relates to obeying the law and making as much money for shareholders as possible. In this case, CSR relates to regulatory compliance and more specifically to compliance with regulation related to society and the environment. CSR has, however, also come to be broadly perceived as a set of voluntary measures that
apply to corporate performance beyond legal compliance (Pollution Probe, 2004). From this perspective, CSR is voluntary and is to be distinguished from mere legal compliance.

However, in Kenya, CSR is more of a voluntary based function and is more customers driven. In fact, there is neither legal provision nor policy guidelines at the Government and also sectoral levels; it is only at the corporate level where CSR policies are emerging in Kenya. Systematic accounting is demanded for CSR program’s to prove they are complimentary to the overall business objectives of the firm. This has led into the rise of social audit (Pearce, 2000). Over the years, CSR ceased to be a domain of a handful of managers concerned with social or environmental impact of firms operations, and rather became part of the overall business strategy of most corporations. The social and environmental concerns of the firm have turned out to be opportunities, which can be exploited for the good of the firm.

In mid 1970’s, governments became engaged in shaping business behavior and making business respond to a wide array of social increased in the west in the 1980’s and in Africa and particularly Kenya in the last decade. In Kenya, we have already witnessed an increase in formation of regulatory bodies, E.R.B that was created in 1992 being one of them. This regulation came to be known as social regulations. This approach focuses on government regulations, which is meant to set standards. However, this approach has been accused of breeding political interference in business, which is against the free enterprise spirit of business.
2.2.3 Effects of Employee concern on CSR

Corporate Social Responsibility can be broadly categorized into two namely internal and external with former focusing on internal publics (employees) and the latter on general public. Human resources in a key factor of production and therefore it is imperative that CSR begins right within the firm itself i.e. the workplace. With regard to the workplace, the basic social corporate responsibility starts with human rights and labour rights. The more socially responsible a firm is the higher the likelihood that productivity will rise.

According to Armstrong (2000), the case for providing employee services rests mainly on the abstract grounds of the social responsibility of organizations for those who work in them. This is not paternalism as in the traditional Japanese sense, where the worker's whole life centers on the employer. Rather, it is simply the realization that in exchange for offering their services, employees are entitled to rather more than their pay, benefits and healthy and safe systems of work. They are also entitled to consideration as human beings, especially when it is remembered that many of their personal problems arise in the context of work and are best dealt with there. People's worries and the resulting stress may well arise from work and their concerns about security, money, health, and relationships with others. But they also bring their personal problems to work; and many of these cannot be solved without reference to the situation there-they may require time off to deal with sick children or partners, or care for relatives, or advise on how to solve their problems and so minimize interference with their work.

The social argument for employee welfare services is the most compelling one, but there is also an economic argument. Increases in morale or loyalty may not result in commensurate
or, indeed, in any increases in productivity, but undue anxiety can result in reduced effectiveness. Even if welfare services cannot increase individual productivity, they can help to minimize decreases. Herzberg's two-factor model, in effect, placed welfare among the hygiene factors, but he did not underestimate the importance of 'hygiene' as a means of eliminating or at least reducing causes of anxiety or dissatisfaction.

A further practical argument in favour of employee welfare services is that a reputation for showing concern helps to improve the image of the firm as a good employer and thus assists in public image of the company. Welfare may not directly increase productivity, but it may increase commitment and help in the retention of key employees.

A strong case for employee welfare services therefore exists, and the real question is not 'Why welfare?' but 'What sort of welfare?'

2.2.4 Impact of products and services on CSR

The rise of the consumer movement (increasing buyer power) has meant that buyers - customers and investors - are increasingly flexing their economic muscle. "The customer is our Top priority" is a slogan that would be claimed by the majority of businesses.

At the market place the issue revolves around how corporations conduct business. Do corporations follow good governance practices? Does it have code of business ethics, which is adhered to? Is it using globally accepted accounting practices, and is it disclosing relevant information to the market place. All these issues treat a firm’s CSR functions as an instrument of instituting transparency and accountability in operations.
A focus on customer satisfaction causes managers to realize the importance of providing quality customer service. Strong customer’s service initiative is a key component of their corporate mission. CSR function is more critical than the other two in view of the trend and I’ am foreseeing a future where CSR will absorb marketing and public relations and be part of its activities.

The other emerging aspect of CSR is that it is now being used effectively and efficiently as a marketing tool of the firms. In fact majority of private firms have used successfully. It is common in Kenya now to find companies sponsoring events for example, Safari Rally as a way of advertising their products. Equally it is a public relations and communication tool for firms. It enhances the public image and reputation of the firm. To confirm this majority of the firm places CSR function under either marketing or public relations department.

Both present and potential customers attribute certain qualities to particular businesses. On the other hand a negative public image often prompts firms to re-emphasize the beneficial aspects of their mission. Firms seldom address the question of their public image. Although public agitation often stimulated greater attention to this question, the firms are concerned about their public image even in the absence of such agitation.

2.2.5 Effects of Environmental concern on CSR

Although the process by which organizations adapt to their task environment is a major managerial and empirical concern (Miles, Snow, Meyer and Coleman Jr., 1978; Slater and Narver, 1999; Venkatraman and Prescott, 1990), the non-task, or social environment has received relatively little attention. The attention bestowed upon the task environment is
because it is "the primary set of forces to which an organization must respond" (Miles, et al, 1978). Accordingly, organizational strategy, which is "how an organization defines its relationship to its environment in the pursuit of its objectives" (Bourgeois, 1980), is largely shaped by an organization’s task environment. Likewise, because "the legitimacy of an institution may depend on how it adapts to the changing values of society"(Votaw, 1965), organizational strategy should reflect the social environment in which the organization is embedded.

Generally, studies examining organizational adaptation to the social environment have used a "lagging" measure, namely social performance. Social performance, which may be judged by differing stakeholders according to their interests or involvement with a particular firm, has been criticized as a measure of social strategy-environment co-alignment for a number of reasons. First, many of the studies using the measure “have no underlying logic that explains why the variables being measured and correlated are supposed to produce meaningful results” (Wood and Jones, 1998). Second, lagging measures, in contrast to “leading” measures, which are more likely to lead to construction of a meaningful theoretical system, ignore the drivers of performance (Svendsen, Boutlier, Abbot and Wheeler, 2001). This study explored the organization’s orientation towards social adaptation in the environment.

2.2.6 Concerns of the Community and Business Ethics vs CSR

All Organization exists within a particular community and society in general and therefore, in the course of doing business, it interacts a lot with it. It is only through CSR apart from business transactions, which is very formal and thus limited that the interaction can be meaningfully exploited. The practice of CSR from community/society perspective is based on Social Contract and Feminist theories, Stakeholder, Ethical and political models of CSR. The
social contract theory emphasizes on mutually beneficial relationship between society and the firm. The terms of contract are found in the laws and regulations that society establishes as the legal framework within which a business must operate and through shared understandings that prevail as to each group’s expectations of the other. It is a set of two way understanding between businesses and a society. Therefore CSR policies, programmes and practices according to this theory should be a product of both society and the corporations.

The feminist theory (Pearce 2000) focuses on the ethics of care. This theory is the root of philanthropic corporate citizenship, which is a form of CSR. It assumes that a corporation has conscience and concern to needy individuals and groups within the environment it operates in. It focuses on trails of close relationships such as sympathy, compassion, fidelity and friendship. This theory explains the reasons why most business firms engage on charitable programmes and activities.

Business is concern with the promotion of good, both for the individual and society and does so at three levels according to Ethical model: Macroeconomic, Meso-economic and Micro-economic. The most comprehensive one of the three is the macro-economic level where focus is laid on the morality of economic systems of macro-strategies. At this level the various economic systems are scrutinized for their moral justifiability. At the second area of inquiry, the meso-economic level, the focus is on the moral responsibility of economic enterprise to the society. This is because economic enterprise does not exist in isolation, but are linked in different ways to the communities in which they operate. For that reason, on this level of inquiry the investigation deals with the nature and the extent of the responsibilities of economic institutions towards the society. This level of inquiry is also referred to as the business and society level. The most important issues discussed are the corporations, their activities, and their responsibility towards the different stakeholders.

Perhaps the most important of the three levels is the micro-economic level. At this level we deal with moral issues that occur within the economic enterprises. The inquiry at this stage deals mainly with problems that require decision-making within the confines of a specific economic enterprise. Best described as a citizenship approach, this model sees CSR as an
interwoven relationship between a company and its community. In it, firms are assured, created, motivated or sustained by its philanthropic character. Due to its profit reduction potential, very few companies practice it. However many firms direct particular efforts such as corporate giving in this direction. While family owned firm might have commercial dimensions to their CSR strategies, they often take an ethical or often religious approach to their CSR philosophy (Logan 1997). Increasingly, companies may use components of this model to define their corporate communications and goals but not their overall practice and performance.

At community level the critical approach for implementing CSR programmes is through provision of employment opportunities since this ensures community ownership and acceptability. PING (2002) claims that this approach wishes to see the corporation as a member of community rather than operating outside it. Provision of employment and social welfare facilities to community ensures that a Corporation can find what the Community can find from it and hence identify and address its community employment issues.

2.3 Critical Review of Major Issues

The concept of CSR has been applied only relatively recently in Kenya. Africa host emerging specialist CSR organizations. These include the Partnership Forum in Zambia and Ufadhili in Kenya. Such organizations are raising the profile of CSR issues at national and International levels and bringing some familiarity with CSR concepts and practices. Although these organizations are firmly rooted in their national contexts, and tend to focus their efforts on sensitizing local stakeholders to CSR, they also have some links to international CSR debates. These specialist organizations complement many other civil society groups working on certain aspects of CSR (albeit not called ‘CSR’ in most cases). These include trade as well as HIV/AIDS; other workplace issues are also significant CSR concerns, particularly in Kenya (Mumo, 2005).
Cronin (2001) asserts that while CSR can be examined in many others forms exhibited by the Triple Bottom Line approach or its variants, it is its social impact that is of the greatest importance to the community. Over the last several decades, common understanding of CSR evolved from discrete concerns about specific functions to a holistic business strategy. Approaches to CSR span along a philosophical continuum—from a concern for others to an interest only for the business and its profits. Very few companies are located on the extremes.

According to Lyons (2001), most companies combine a variety of beliefs and methods when implementing a CSR policy. Most firms have policies and its practices, which contain a mixture of motives. A more accurate understanding of alignments is offered by four models namely Stakeholder, Political, Ethical and Neoclassical drawn from Burlingame and Young (1996) which understand the CSR as corporate philanthropy and can also be used to describe CSR as a whole. This study was based on Stakeholder model; however other models were alluded to in the study.

This model seeks to balance competition of various groups that support a company including the customers and the shareholders. The concepts of Triple Bottom Line, accountability and corporate citizenship are most clearly represented by this model. It proposes a system of consultation, communication and evaluation whereby all stakeholders, not just shareholders, are considered to be valued participants in the company’s well being. New research on the connection between corporate social and financial performance supports the clear relationship between complementary successes in each area (Margolis & Walsh 2001). Proponents of this style of CSR often advance arguments geared towards financial, market, human resource and reputation indicators (Zadek & Weiser, 2001; Peters, 2001). While the components of the
other models may exist within this model, a focus on stakeholder model is gaining clear support in the corporate sector.

In general, stakeholders claim appropriate returns on their investment; employee seeks broadly defined job satisfactions; customers want what they paid for; suppliers seek dependable buyers; government want adherence to legislation; unions seeks benefits for their members; competitors want fair competition; local communities want the firm to be a responsible citizen; and the general public expects the firms existence to improve the quality of life.

2.4 Summary of the Literature Review and Research Gap

The literature review indicates that concerns from the organizations stakeholders affects corporate social responsibility practice. These concerns translates into factors which affects CSR and underpins reason why corporations engage in CSR and it includes ability to operate now and in future by acknowledging the areas of harm, risks or opportunity that not only affect their well being but also that of the stakeholders. Customers, Employees, Commercial and Society, pressure groups including environmentalist and government regulations are dissernable stakeholders from the literature review. The literature review proofs beyond reasonable doubt that stakeholders concerns affects CSR. However, it does not clearly and specifically defines the factors and the extent they affect CSR in public organizations and in particular within the energy sector.

Studies and research has been done but with bias on private firms which as indicated in the review, are a head on practice of CSR as compared with public organization. It is against this
background that the purpose of this study was to bridge the gap by investigating factors and the extent to which they affect CSR in public organizations with particular reference to KPLC.

2.5 The Conceptual Framework

This study adopted a conceptual framework, which hinges on both the independent and the dependent variables. Independent variables for this study were: policy guidelines, employees, products and services, the environment and the community. A policy refers to regulations and guidelines governing operations of firms; concern for employees refers to provisions of social welfare facilities while product and service refers to provision of safe, customer care and reliable product or service with warranties to customers. The corporate organization is an integral member of the Society where it exists and therefore drains its resources from it and also source for market. Environmental responsibility is meant to mutualise disastrous environmental impacts both in terms of conservation and preservation. The dependent variable for this study was CSR.

Key to this framework is CSR, which is interlia affected by economic, environmental and social practices, programs and policies of the Company. At the ethical front, existing CSR should invariably be focused on the market place, community, workforce and customers with the main objective of having in place target sensitive advertisement programmes, moral practices and sustainable human rights.

As regards environment variables, this should interactively be of mutual benefits to the firm owners, community and the workforce. Economically, it is recognized that is the basis of any firm’s, incorporation. Hence the objective should have budgets in place that focus resource allocations optimally towards the achievement of the firm’s objectives and its stakeholders in
a sustainable manner. Finally regarding the social component, both the community and the workforce should be the target. In summary therefore, the conceptual framework, drawing from the stakeholder model captures all the variables necessary.

The practice of CSR at KPLC is dependent on the mentioned factors and they directly or indirectly affect how it is practiced in the organization. These factors are illustrated diagrammatically in figure 2.1 below.

Figure 2.1: The Conceptual Framework

Source: Researcher (2007)
The Conceptual Framework in figure 2.1 above comprises two sides namely right side consisting of five elements namely Company Policies, concern for employees, concern for environment, societal concern and products and services and the left side consisting of one element namely corporate social responsibility. The five elements are independent of each other but they jointly affect the corporate social responsibility. The corporate social responsibility is dependent on the right hand elements. The five arrows indicate that the right-hand elements (independent variable) affects the left hand elements (dependent variable) and the right arrow indicated that the independent variables jointly affects the dependent variable. In summary, the conceptual framework is an equation of how independent variables (factors affecting CSR) affects the dependent variable (CSR) the extent to which they affect CSR in public organizations with particular reference to KPLC.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section describes the procedures that were followed in conducting the study. It covers the research design that was employed, the target population, sampling procedure, the sample size, research instruments, the process of data collection and the procedure for analysis of the data that were collected from the field as well as limitations of this study.

3.2 Study design

This study used descriptive research design. This design was considered appropriate since as stated by Coopers and Schindler (2003), such design is appropriate for studies where the objective is to provide a comparative description of the characteristics of the population and cases where the researcher wishes to discover association among different variables. Given that there exists the predetermined independent variables, the researcher sought to discover the association between these factors and these variables.

The design was appropriate to the study because the study focused on investigation of factors, which affected corporate social responsibility at KPLC, and therefore a descriptive approach fitted well.

3.3 Target population

The study targeted staff of KPLC headquarters at Stima plaza. However, the concentration was on the top management, middle level management and the operational or supervisory level of staff from the departments of Human Resources, Public Relations and
Communication, Finance and Customer service. The population and the subsequent sample of the study were as represented in the table below.

Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Department</th>
<th>Population</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Communications &amp; PR</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Human resource</td>
<td>62</td>
<td>22</td>
</tr>
<tr>
<td>Finance</td>
<td>46</td>
<td>16</td>
</tr>
<tr>
<td>Customer Service</td>
<td>174</td>
<td>60</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>288</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Researcher, (2007)

3.4 Sample procedure and Sample size

Given that the entire population of KPLC was quite large, widely distributed and was not possible to study the entire population, sampling was used. Proportionate stratified and simple random sampling was used to select the sample. The sample was 25% of the staff within Divisions dealing with CSR concerns based in Stima Plaza, Nairobi.

From the population of 288, a sample of 72 was identified using stratified random sampling with the ratio of 0.25 as indicated in table 3.2. According to Mugenda and Mugenda (1999), a representative sample is one that is at least 10% of the total population.
### Table 3:2: Sample Design

<table>
<thead>
<tr>
<th>Department</th>
<th>No. of staff</th>
<th>Ratio</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Communications &amp; Public Relations</td>
<td>6</td>
<td>0.25</td>
<td>2</td>
</tr>
<tr>
<td>Human resources &amp; Administration</td>
<td>62</td>
<td>0.25</td>
<td>16</td>
</tr>
<tr>
<td>Finance</td>
<td>46</td>
<td>0.25</td>
<td>11</td>
</tr>
<tr>
<td>Customer Service</td>
<td>174</td>
<td>0.25</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>288</strong></td>
<td><strong>1.00</strong></td>
<td><strong>72</strong></td>
</tr>
</tbody>
</table>

Source: Researcher, (2007)

### 3.5 Data collection procedures and instruments

Both primary and secondary data were collected. Primary data was collected through questionnaires that were dropped and collected after two weeks. The questionnaire had mostly closed ended questions as well as open ended which gave the respondents an opportunity to express their comments and views that may not have captured in the closed ended ones. Secondary data was collected from documented literature in form of organization reports and manual and any other publication in the field of CSR choice including the company’s in house magazine - Stima News.

### 3.6 Data Analysis and Presentation

Data was collected, tabulated and analyzed using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS). Inferential statistics was also used for qualitative data. The use of frequency tables, cross tabulations as well as measures of central tendency and those of dispersion were employed in the analysis. Data presentation was done using the bar graphs and pie charts as well as tables that summarized the information.
collected. This enabled the researcher to make comparisons draw conclusions and find out to what extent policy, concern for employees, society, customer affects CSR.

3.7 Limitations of the Study

The Limitations of this study included among others:

1) Issue related to confidentiality since some respondents were not willing to provide information relating to CSR activities they undertake.

2) Some of those responsible for CSR activities were generally busy people and did not allocated adequate time for questionnaire completion and follow-up interviews.

3) Inadequacy of resource in terms of time, money and human to undertake the study.
CHAPTER FOUR

DATA ANALYSIS, DISCUSSIONS AND PRESENTATION

4.1 Introduction

The chapter provides and discusses the results of the study. It provides the research findings and results from the respondents based on the questionnaires that they filled.

4.2 Quantitative Analysis

The research had a sample size of 72 respondents, which represented a 25% of the entire target population. Of these 72 respondents, a response rate of eighty-six (86%) was achieved. This was achievable based on the fact that the researcher distributed the questionnaires himself and collected them after two weeks. This enhanced confidence on the respondents and hence responded well. Thus the responses would be inferred for the whole target population. The sample was representative enough and conclusions about the population would be sufficiently made. The response rates per department is as in table 4.1

Table 4.2.1 Response Rate per department

<table>
<thead>
<tr>
<th>Department</th>
<th>Sample size</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Communications &amp; Public Relations</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Human resources &amp; Administration</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Finance</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Customer Service</td>
<td>43</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>62</td>
</tr>
</tbody>
</table>

Source: Research Data (2007)
Personal Information

Of the 62 respondents, there were thirty nine (39) male and the other twenty three (23) were female as represented in figure 4.2.1 below. The representation was good as the response was not inclined to one gender only.

Figure 4.2.1: Respondents by Gender

![Respondents by Gender](image)

Source: Research Data (2007)

The responses according to the job category within the company were as tabulated below (table 4.2.). This information is important to this study as it gives the information about the Corporate Social Responsibility (CSR) from the perspective of the different categories of the job would differ. A combination of responses from these different categories then would be crucial in making conclusive inferences from the responses.
Table 4.2.2: Responses by job category

<table>
<thead>
<tr>
<th>Job category</th>
<th>Responses</th>
<th>Percentage of response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>1</td>
<td>1.61%</td>
</tr>
<tr>
<td>Management</td>
<td>28</td>
<td>45.16%</td>
</tr>
<tr>
<td>Operational</td>
<td>33</td>
<td>53.22%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2007)

Considering that employees with different times of service for the company would have different and varied views about the whole concept of CSR, the researcher also asked the respondents to indicate the lengths of service in the company. The responses showed that of the 62 respondents, only eleven (11) had been in the company for a period less than 5 years while sixteen (16) had worked for the company for more than 10 years. The rest (35 respondents) had served the company for between 5 and 10 years (table 4.3)

Table 4.2.3: Length of Service

<table>
<thead>
<tr>
<th>Length of service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 5 years</td>
<td>11</td>
<td>18%</td>
</tr>
<tr>
<td>5 - 10 years</td>
<td>35</td>
<td>56%</td>
</tr>
<tr>
<td>Above 10 years</td>
<td>16</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2007)
4.3 Qualitative Analysis

When the respondents were asked whether the company had a Corporate Social Responsibility (CSR) policy, sixty (60) of them, representing ninety seven (97%), indicated that the policy existed but the other two (2) stated that the company did not have a policy on CSR (figure 4.2)

Figure 4.3: Does the Company have a CSR policy?

The respondents said that the company had CSR policies on improvement of education in the society through educational scholarships as well as protection of the forests and enhancing reafforestation. The company also encourages the staff to participate in charitable activities for example participation in charity walks and the need to conduct the company’s business ethically (within the ethics of business and competition) and respectably. The company advocates for the provision of clean and safe water for households through funding of water projects for the community within the company’s areas of operations.

Source: Research Data (2007)
On whether the company has a different department that deals solely on the concept of CSR, five (5) respondents gave a yes answer whereas forty six (46) indicated a no answer but that the function was performed within the department of Public Relations and Communication. The rest eleven (11) respondents indicated that the department does not exist within the organization at all.

All the respondents (100%) responded that the CSR function within the company had its budget during the financial year. This meant that the company provided (budgeted) for CSR in its financial obligations in any particular financial year. All the respondents also indicated that the CSR function influenced the operations of the entire company. Indeed of the sixty two (62) respondents, thirty eight (38) said that the function affected the company’s operations significantly whereas another eighteen (18) indicated that the effect was moderately significant. Four (4) respondents indicated that the effect was extremely significant while the remaining two (2) thought that CSR was insignificant and did not affect much the operations of the company.

The respondents indicated that the company has several programmes and activities that they carry out in the trying to enhance its corporate social responsibility. They cited the education scholarships that they give to bright students from poor family backgrounds, the provision of clean drinking water, the promotion of health services for the communities surrounding the company’s areas of operations. The company also participates through sponsorships of community projects and activities like the Dettol Heart Run, sponsoring sporting events, tree planting and rural electrification programmes.
When asked the frequency of these programmers, seventy six percent (76%) of the respondents said that the programmes are carried out regularly, twenty one percent (21%) said the programmes are carried out periodically while the other three percent (3%) said the programmes were rarely carried out.

**Figure 4.3.2: Frequency of CSR functions**

![Pie chart showing the frequency of CSR functions and programmes carried out]

Source: Research Data (2007)

They all agreed that the welfare activities that the company undertakes enhance CSR. They responded rather uniformly when asked whether they agreed or disagreed with the fact that CSR had enhanced the following welfare activities within the organization. With a mean of agree, the respondents (forty six) said that the provision of protective clothing enhanced CSR, thirty four (34) agreed that the clean working conditions enhanced CSR while a mean response of (3) not sure, eighteen (18) respondents were not sure whether the salaries and benefits the company gave them enhanced CSR or not. Twenty one (21) respondents said that the guidance and counseling enhanced CSR, while twenty-nine (a mean of 2) agreed that the time off for studies, or volunteer work enhanced CSR in the company. Another mean of two
(2), twenty nine (29) respondents said that the training and development programmes that they received from their employer facilitated CSR (table 4.3.1)

Table 4.3.1: Do you agree with the following?

<table>
<thead>
<tr>
<th>Welfare Activity</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>STD</th>
<th>Mode</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protective Clothing</td>
<td>6</td>
<td>46</td>
<td>6</td>
<td>4</td>
<td>0</td>
<td>18.942</td>
<td>46</td>
<td>2.12903</td>
</tr>
<tr>
<td>Clean Working Conditions</td>
<td>14</td>
<td>34</td>
<td>6</td>
<td>8</td>
<td>0</td>
<td>13.069</td>
<td>34</td>
<td>2.12903</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>1</td>
<td>11</td>
<td>18</td>
<td>21</td>
<td>9</td>
<td>7.87401</td>
<td>21</td>
<td>3.32258</td>
</tr>
<tr>
<td>Guidance and Counseling</td>
<td>12</td>
<td>21</td>
<td>11</td>
<td>14</td>
<td>2</td>
<td>6.81909</td>
<td>21</td>
<td>2.46774</td>
</tr>
<tr>
<td>Time off (for studies, volunteer work etc)</td>
<td>7</td>
<td>29</td>
<td>12</td>
<td>10</td>
<td>4</td>
<td>9.76217</td>
<td>29</td>
<td>2.59677</td>
</tr>
<tr>
<td>Training and development Opportunities</td>
<td>16</td>
<td>29</td>
<td>7</td>
<td>6</td>
<td>4</td>
<td>10.3586</td>
<td>29</td>
<td>2.24194</td>
</tr>
</tbody>
</table>

Source: Research Data (2007)

Where 1 - Strongly agree, 2 - Agree, 3 - Not sure, 4 - Disagree and 5 - Strongly Disagree and STD – Standard Deviation

When the respondents were asked whether there was a policy on environmental conservation in the company, eighty one percent (81%) said that the policy was there while the other nineteen percent (19%), said that there was no policy on environmental conservation.
They said that the policy enhanced the distribution of seedlings to the community for tree planting which will ensure the protection of water catchments areas and water resources for sustainable hydro and geothermal power generation and power distribution. They also said that the environmental policy had facilitated the tree planting and reforestation with an aim of reducing pollution emanating from power transmission stations. The programmes would also ensure the recycling, reuse and management of the by-products and wastes from the power transmission and distribution stations. Asked whether they thought the company had done enough to protect the environmental conservation, fifty four (54) of them indicated that the company had done enough while the other eight (8) said that the company had not done sufficiently.

When asked about the nature of the product that the company dealt with, the results are as in the figure 4.3.4.
When they were asked whether the nature of the product that the company dealt with influenced the operations of the company, ninety two percent (92%) said that the yes the product influenced the operations while the other eight percent (8%) did not influence (figure 4.3.5)

Source: Research Data (2007)
Figure 4.3.5: Does the nature of the Product influence Operations?

Source: Research Data (2007)

On whether the extent to which the society influenced the social responsibility of the company, sixty two percent (62%) aid that they played a very significant role, six percent (6%) said that the society was extremely significant, nineteen percent (19%) said it was significant, while thirteen percent said that it was moderately significant. This meant that the respondents were in agreement that the role of the society could not be wished away as it had a significant role (figure 4.3.6)
To what extent does the Society influence CSR?

All the respondents indicated that the society influences CSR because the communities initially propose all the projects implemented thus the reason why society influenced greatly CSR as part of the corporate social responsibility.

Source: Research Data (2007)

Where ES – Extremely significant

VS – Very Significant

S – Significant

MS – Moderately Significant

IS – Insignificant
Table 4.3:2: How significant is CSR on the following?

<table>
<thead>
<tr>
<th>Issue</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>σ</th>
<th>Mode</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and safety</td>
<td>2</td>
<td>48</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>20.5134</td>
<td>48</td>
<td>2.16129</td>
</tr>
<tr>
<td>Environment</td>
<td>1</td>
<td>39</td>
<td>20</td>
<td>2</td>
<td>0</td>
<td>17.0088</td>
<td>39</td>
<td>2.37097</td>
</tr>
<tr>
<td>Poverty</td>
<td>0</td>
<td>7</td>
<td>46</td>
<td>6</td>
<td>3</td>
<td>18.9816</td>
<td>46</td>
<td>3.08065</td>
</tr>
<tr>
<td>Education</td>
<td>2</td>
<td>35</td>
<td>11</td>
<td>12</td>
<td>2</td>
<td>13.5019</td>
<td>35</td>
<td>2.62903</td>
</tr>
<tr>
<td>Medical</td>
<td>1</td>
<td>13</td>
<td>35</td>
<td>12</td>
<td>1</td>
<td>13.8852</td>
<td>35</td>
<td>2.98387</td>
</tr>
</tbody>
</table>

Source: Research Data (2007)

Where 1 – Extremely significant

2 – Very significantly

3 – Significantly

4 – Moderately significantly

5 – Insignificantly

σ – Standard Deviation

The respondents were also asked the extent to which the organization had dealt with the various issues in the CSR programmes. From the responses forty eight (48) respondents with mean two (2) said that the health and safety programmes was very significant in the social responsibility, so was environmental issues. However, regarding poverty, the majority of the respondents (49) said that it was not significant in the social responsibility of the company. On education the majority (35) of the respondents said that it was very significant while another thirty - five (35) said that medical facilities were significant.
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter contains summary of findings, conclusions of the study, recommendations arising of the study and suggestions for further study.

5.2 Summary of Findings

With an eighty six percent (86%) response rate the study achieved the responses that enables the researcher to make conclusions that would be representative of the entire population. The gender representation was adequate in that sixty three percent (63%) for male and the other thirty seven percent (37%) were female. Thus the responses from both genders would be critical, as they would differ based on their gender. Majority of the respondents (56%) had worked for the organization for between five (5) and ten (10) years. Twenty six percent (26%) had worked for more than ten (10) years but the other eighteen percent (18%) had an experience of less than five (5) years. This means that the most of the staff (82%) have sufficient experience in the organization, which implies dependable responses about corporate social responsibility at the company.

Ninety seven percent (97%) of the respondents were in agreement that the company had the corporate social responsibility policy, which included improvement of education in the society through educational scholarships as well as protection of the forests and enhancing reafforestation. The company also encourages the staff to participate in charitable activities and advocates for the provision of electricity, clean and safe water for households through funding of water projects for the community within the company’s areas of operations. Majority of the respondents (46) indicated that the company did not have a department that
handled CSR separately but that it was being handled by the Public Relations and Communications department of the company. All the respondents also indicted that the company budgeted for CSR activities during any given financial year.

Majority of the respondents (38) said that CSR affected the operations of the company significantly while another four (4) said that CSR was extremely significant to the company. Seventy six percent (76%) of the respondents said that the CSR activities were carried out regularly, twenty one percent (21%) said that they were carried out periodically while the remaining three percent (3%) said that they were rarely carried out. Forty - six (46) of the respondents said that the provision of protective clothing enhanced CSR while another thirty - four (34) respondents agreed that the clean working conditions enhanced CSR. Eighteen (18) respondents were not sure whether the salaries and benefits the company gave them enhanced CSR or not while another twenty one (21) respondents said that the guidance and counseling enhanced CSR. Twenty - nine (29) respondents said that they the training and development programmes that they received from their employer facilitated also enhanced CSR.

Fifty four (54) of the respondents indicated that the company had done enough regarding environmental conservation since they had invested in reforestation programmes while the other eight (8) said that the company had not done sufficiently. On the whether the products that the company produced influenced the operations of the company; ninety two percent (92%) affirmed that while the other eight percent (8%) did not attest to this. Sixty two percent (62%) of the respondents said that the society influenced significantly the corporate social responsibility (CSR) of the company. Another six percent (6%) said that the society was extremely significant in the CSR but the other nineteen percent (19%) said that the effect was
significant. This means that all the respondents were in agreement that the society played a significant role in CSR at Kenya Power and Lighting Company. They indicated that the society played significant role since it is usually the society that proposes areas that the company should assist within their areas. Majority of the respondents (48 and 39 respectively) said that health, safety and environment were significant in CSR whereas forty six (46) of them said that they were not sure that poverty eradication was significant for CSR. They also indicated that education was significant to CSR in the company.

5.3 Conclusions

From the summary different conclusions can be made regarding CSR at KPLC. The company had a CSR policy but the CSR programmes were being coordinated from the Public Relations and Communication department. On the environment, the company had done some activities including reforestation through tree planting and provision of seedlings to the communities while on education they had provided scholarships to bright children from poor family backgrounds. For the employees of the company, the company gave them study leaves; study time offs on top of funding for their skill and knowledge advancements.

In the areas of health and safety, the company had ensured that the employees had protective clothing and safe working environment with suitable working conditions both within the offices and the power stations. It is also determined that the society from where these CSR activities are conducted played a critical role in the determination of the activities to be conducted by the company in their areas. Thus there is need to incorporate their views since their priorities were not the priorities of the company.
In summary, the company policies influenced the CSR function within the company so is the concern for employees. As part of the CSR activities, the company should consider the plight of the employees. It is also evident that the nature of the products that the company dealt with provided a significant influence in the implementation of CSR activities, as well as the environmental concern and the welfare of the society.

5.4 Recommendations

From the conclusions the researcher recommends that the company enhance more of the CSR activities through the establishment of a fully-fledged department of CSR. This will not only give the department more responsibility and time but also enhance confidence by the employees on CSR activities. The establishment of the department will also ensure that the CSR activities that the company deals are enhanced and the society that the programmes are being implemented. This will also ensure that the company becomes more focused in the CSR activities, as they will have more attention from the department. The department will also ensure that more programmes are developed to meet with the rising need and demand for these activities.

Given that the respondents indicated that the welfare of employees also influenced CSR, the company needs to ensure that its employees are facilitated through more activities geared towards their development and general welfare. This will not only ensure motivation but also enhance their role in the enhancement of the CSR activities in the company. For better activities, enhanced community participation and for more results, the company needs collaboration with government agencies, NGOs and other companies in environmental conservation and protection efforts. This will ensure that the results and effects of the company efforts will not be minimal since more collaboration with the government and NGOs will ensure more funding and financial support. The company should also advocate
for efforts through initiation of a national environmental day within the company and establish competition in schools, or even communities within their areas of operation on tree planting, conservational efforts and other related areas. For maximum results and ownership by company employees, the company should involve all the employees in the CSR activities.

5.5 Suggestions for Further Research

From the study, the researcher suggests that future researchers conduct the following researches.

i. The relationship between CSR and the performance or productivity of the company.

ii. There is also need to find out the role of government policies and regulations on CSR on the commitment of companies to CSR activities.

iii. Determination of sustainability of CSR programmes.
REFERENCES


Manifest Communications Inc (1996) Survey – Corporate Attitudes to Social Responsibility Manifest: Canada Toronto, Conference Board of Canada, Available from:


Dear Respondent,

**RE: MBA RESEARCH PROJECT**

I am a Postgraduate student at Kenyatta University pursuing a Master of Business Administration degree. I am carrying out study on “An Investigation into Factors Affecting Corporate Social Responsibility among Public Organizations in Kenya: The Case of Kenya Power Lighting Company”. The success of the research substantially depends on your cooperation.

I hereby request you to respond to the questionnaire items as honestly as possible and the best of your knowledge. The questionnaire is designed for the purpose of this study only therefore the responses shall absolutely be confidential and anonymously give. No name shall be required from any respondent.

Thanking you in Advance.

Yours faithfully,

JOEL KEMEI
Appendix 2 Questionnaire

Please up the questionnaire as duly as possible and as honest as possible

SECTION A: PERSONAL DATA

1. (a) Gender □Male □Female

(b) Indicate your job category in the organization
   □ Executive □ Management □ Operational

(c) Department □ Human Resources □ Finance □ Communication & PR
   □ Customer service

(d) Length of Service the company?
   Less than 5 years {}
   Between 5 and 10 years {}
   Over 10 years {}

SECTION B: CSR PRACTICE AT KPLC

2 Does your company have a policy on CSR?
   Yes [] (go to 3)
   No []

3 Highlight the policies that the company has concerning CSR.
   i. ............................................
   ii. ............................................
   iii. ............................................
   iv. ............................................
4 Does the company have a separate department that deals with CSR or it is a section with a department?
   Yes []
   No, a section within a department (state the department) []
   No it does not exist []

5 During budgeting and planning, does CSR have its own budget?
   Yes []
   No (go to 6) []

6 Where does CSR therefore derive its financing? .........................................................
........................................................................................................................................

7 Does Corporate Social Responsibility (CSR) influence the operations of your company?
   Yes [] (go to 3)
   No []

8 To what extent does it influence?

<table>
<thead>
<tr>
<th>Extent</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   Where 1 - Extremely significant, 2 - Significant, 3 – Moderately Significant, 4 - Insignificant and 5 – Not aware

9 Briefly outline the programmes that the company carries out to implement CSR.
   i.  .........................................................
   ii. .........................................................
   iii. .........................................................
iv. .................................................................

v. .................................................................

10 How often are the listed CSR programmes (in 9 above) carried out?

☐ Regularly (annually)

☐ Periodically - (State e.g. monthly)

☐ Rarely

11 Do the welfare activities that the company provides enhance CSR within your company?

Yes [ ] (go to 7)

No [ ]

12 To what extent have they enhanced?

<table>
<thead>
<tr>
<th>Welfare Activity</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protective Clothing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean Working Conditions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guidance and Counseling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time off (for studies, volunteer work etc)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and development Opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Where 1 - Strongly agree, 2 – Agree, 3 - Not sure, 4 – Disagree and 5 - Strongly Disagree

13 Is there a policy on environmental conservation in the Company?

☐ Yes [ ] No
14 If yes to 13 above, what are the provisions that the policies have regarding environmental conservation?

i. ........................................

ii. ........................................

iii. ........................................

iv. ........................................

v. ........................................

15 in your own opinion, has the company done enough to enhance the environmental conservation?

Yes [ ]

No [ ]

16 What recommendation do you have for the company in order to facilitate more action regarding environmental conservation within the company? ....................

........................................................................................................................................

........................................................................................................................................

........................................................................................................................................

17 How would you rate the nature of the product that the company provide to its customers?

Highly Perishable [ ]

Moderately perishable [ ]

Durable (not perishable) [ ]

18 Do you think the nature of the service or product your company provides influence the operations of the CSR activities? Yes [ ] No [ ]

19 To what extent is the nature of the product significant in the provision of CSR services by the company?
Where 1 - Extremely significant, 2 - Significant, 3 – Moderately Significant, 4 – Insignificant and 5 – Not aware

20 To what extend does Society affects CSR in the Organization?

1 - Extremely significant [ ]
2 - Very significant [ ]
3 - Significant [ ]
4 - Moderately significant [ ]
5 - Insignificant [ ]

21 How has the organization dealt with the society in its CSR programmes? (Explain)

..........................................................................................................................

..........................................................................................................................

..........................................................................................................................

22 To what extent does CSR policy in our organization address the following issues

<table>
<thead>
<tr>
<th>Issue</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Where 1 - Extremely significantly, 2 - Very significantly, 3 – Significantly, 4 – Moderately and 5 – Insignificantly
23 Indicate to what extent does your organization practise CSR in the following forms

Use scale

<table>
<thead>
<tr>
<th>Forms of CSR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteer services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donation (in kind)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholding and gain sharing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (Specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Where 1 – Quite often, 2 – Often, 3 – Moderately, 4 – Rarely and 5 - Not at all

23 What suggestions do you have that may help the organization spearhead better CSR activities?

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

THANKYOU AND GOD BLESS YOU FOR YOUR TIME